WORLD ENERGY SOLUTIONS, INC.

FORM 8-K
(Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 3, 2012

World Energy Solutions, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-34289	04-3474959
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

100 Front Street Worcester, Massachusetts	01608
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (508) 459-8100

N/A
(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On October 3, 2012, World Energy Solutions, Inc. (the "Company") acquired substantially all of the assets and certain obligations of Northeast Energy Partners, LLC ("NEP") pursuant to an Asset Purchase Agreement (the "Asset Purchase Agreement") between the Company, NEP, and its members. NEP is a Connecticut based energy management and procurement company. The purchase price is approximately $7.9 million in cash and a $2.0 million Promissory Note with NEP (the "NEP Note"). The NEP Note bears interest at 4% with $1.5 million of principal plus interest due on October 1, 2013 and the remaining $500,000 of principal plus interest due April 1, 2014. NEP may also earn up to an additional $3,180,000 in cash and shares, with up to $2.5 million in cash, and 153,153 in shares based on achieving certain 12-month revenue and earnings before interest, taxes, depreciation and amortization (EBITDA) targets, as defined. The NEP Note is unsecured and subordinated to financing with Silicon Valley Bank ("SVB"). A press release describing the acquisition is attached as Exhibit 99.1.

On October 3, 2012, the Company, together with its wholly-owned subsidiary, World Energy Securities Corp., entered into a Fourth Loan Modification Agreement (the "Fourth Modification Agreement") with SVB, which modifies a Loan and Security Agreement between the Company and SVB dated September 8, 2008. SVB has increased the Company's borrowing capability to $9 million, including a $6.5 million term loan (the "Term Loan"), bearing interest at prime plus 2.75% (currently 6%), that replaces the Company's prior $2.5 million term loan. The Term Loan is interest only for the first three months followed by 39 equal principal payments commencing on January 1, 2013. In addition, the Company will continue to maintain a $2.5 million line of credit with SVB, which has been extended to March 14, 2014. No borrowings have been made under the line-of-credit to date. Terms of the loan modification are substantially the same as under the previous facility.

On October 3, 3012, the Company entered into a Note Purchase Agreement with Massachusetts Capital Resource Company ("MCRC"), in which the Company entered into an 8-year, $4 million Subordinated Note due 2020 with MCRC (the "MCRC Note"). The MCRC Note bears interest at 10.5% and is interest only for the first four years followed by 48 equal principal payments commencing October 31, 2016. The Company must pay a premium of 5% of the total principal outstanding if it prepays the MCRC Note before October 1, 2013, a 3% premium if it prepays the MCRC Note before October 1, 2014, and a 1% premium if it prepays the MCRC Note before October 1, 2015.

The foregoing description of the Asset Purchase Agreement, the NEP Note, the Subordination Agreement, the Fourth Loan Modification Agreement, the Note Purchase Agreement and the MCRC Note does not purport to be complete and is qualified in its entirety by reference to the full text of such documents attached to this Form 8-K as Exhibits 2.1, 4.1, 10.3, 10.1, 10.2 and 4.3 respectively, and incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets

The Company refers to Item 1.01 above, "Entry into a Material Definitive Agreement," and incorporates the contents of that section herein, as if fully set forth under this Section 2.01.

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

The Company's discussion under Item 1.01 of this Current Report is hereby incorporated by this reference.

Item 3.02. Unregistered Sales of Equity Securities

The Company refers to Item 1.01 above, "Entry into a Material Definitive Agreement," and incorporates the contents of that section herein, as if fully set forth under this Section 3.02. Pursuant to the Asset Purchase Agreement, NEP may be paid an earn-out which includes up to 153,153 in shares, which, if earned in full, would equal less than 1% of the current issued and outstanding shares of common stock of the Company.

Pursuant to the Fourth Loan Modification with SVB, the Company granted to SVB a 7-year Warrant for the purchase of 45,045 shares of common stock of the Company, with a conversion price of $4.44 per share (the "Warrant"), which, if converted immediately would equal approximately 1% of the current issued and outstanding shares of common stock of the Company.

The issuances of the equity securities described herein was exempt from registration pursuant to the exemption contained in Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 of Regulation D, inasmuch as it was not a public offering since no general solicitation or advertising of any kind was used in connection with the issuances and there was only limited accredited investors.

The foregoing description of the Asset Purchase Agreement and the Warrant do not purport to be complete and is qualified in its entirety by reference to the full text of such documents attached to this Form 8-K as Exhibits 2.1 and 4.1 respectively, and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The financial statements required to be filed by Item 9.01(a) of Form 8-K will be filed by amendment no later than 71 calendar days after the date this Current Report on Form 8-K is required to be filed.

(b) Financial Statements of Business Acquired.

The financial statements required to be filed by Item 9.01(b) of Form 8-K will be filed by amendment no later than 71 calendar days after the date this Current Report on Form 8-K is required to be filed.

(d) Exhibits

See Exhibit Index attached hereto.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WORLD ENERGY SOLUTIONS, INC.

Date: October 4, 2012

By: /s/ James Parslow
Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
2.1	Asset Purchase Agreement by and among World Energy Solutions, Inc., Northeast Energy Partners, LLC, and its Members dated October 3, 2012
4.1	Promissory Note dated October 3, 2012 by World Energy Solutions, Inc. for the benefit of Northeast Energy Partners, LLC
4.2	Warrant to Purchase Stock between World Energy Solutions, Inc. and Silicon Valley Bank
4.3	Subordinated Note Due 2020 by World Energy Solutions, Inc. for the benefit of Massachusetts Capital Resource Company
10.1	Fourth Loan Modification Agreement, dated October 3, 2012 to Loan and Security Agreement with Silicon Valley Bank
10.2	Note Purchase Agreement dated October 3, 2012 between World Energy Solutions, Inc. and Massachusetts Capital Resource Company
10.3	Subordination Agreement with Northeast Energy Partners, LLC and Silicon Valley Bank dated October 3, 2012
99.1	Press Release dated October 4, 2012

Exhibit 2.1

ASSET PURCHASE AGREEMENT

Dated October 3, 2012

by and between

World Energy Solutions, Inc.

and

Northeast Energy Partners, LLC and its Members

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") is entered into as of October 3, 2012 by and among World Energy Solutions, Inc., a Delaware corporation (the " Buyer "), and Northeast Energy Partners, LLC, a Connecticut limited liability company (the " Seller ") and John Hardy, Thomas Lockwood and Lora Monroe, being all of the members of the Seller (the "Members"), jointly and only with respect to certain sections of this Agreement. This Agreement contemplates a transaction in which the Buyer will purchase substantially all of the assets and assume none of the liabilities of Seller except as described in this Agreement.

Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in Article VIII.

In consideration of the representations, warranties and covenants herein contained, the Parties agree as follows.

ARTICLE I

THE ASSET PURCHASE

1.1 Purchase and Sale of Assets .

(a) Upon and subject to the terms and conditions of this Agreement, the Buyer agrees to purchase from the Seller, and the Seller agrees to sell, transfer, convey, assign and deliver to the Buyer, for the consideration specified below in this Article I, all right, title and interest in, to and under the Acquired Assets.

(b) Notwithstanding the provisions of Section 1.1(a) , the Acquired Assets shall not include the Excluded Assets.

1.2 Assumption of Liabilities .

(a) Upon and subject to the terms and conditions of this Agreement, the Buyer shall assume and become responsible for, from and after the date hereof, only the Assumed Liabilities.

(b) Notwithstanding the terms of Section 1.2(a) or any other provision of this Agreement to the contrary, the Buyer shall not assume or become responsible for, and the Seller shall remain liable for, the Retained Liabilities.

1.3 Purchase Price . The Purchase Price to be paid by the Buyer in accordance with Section 1.4 for the Acquired Assets shall be up to $13,090,959 and shall consist of:

(a) $7,910,959 in cash (the "Cash Portion") in accordance with Section 1.5(b) below;

(b) $2,000,000 shall be paid by a promissory note of the Buyer in the form attached here to as Exhibit A ("Seller Note"); and

(c) up to an additional $3,180,000 in cash and Shares (the "Earnout") will be paid to Seller in accordance with the terms of Section 1.7 below.

1.4 Left Intentionally Blank.

1.5 The Closing .

(a) The Closing shall take place remotely upon the execution and delivery of this Agreement by all of the parties hereto. All transactions at the Closing shall be deemed to take place simultaneously, and no transaction shall be deemed to have been completed and no documents or certificates shall be deemed to have been delivered until all other transactions are completed and all other documents and certificates are delivered.

(b) At the Closing:

(i) the Seller shall execute and deliver to the Buyer a bill of sale in substantially the form attached hereto as Exhibit B (the " Bill of Sale ") in order to effect the sale, transfer, conveyance and assignment to the Buyer of valid ownership of the Acquired Assets;

(ii) each of Buyer and Seller shall execute and deliver to the other Party an instrument of assignment and assumption agreement in substantially the form attached hereto as Exhibit C with respect to all Assigned Contracts in order to effect the assumption by the Buyer of the Assumed Liabilities arising out of any Assigned Contracts (the " Assignment and Assumption Agreement ");

(iii) the Buyer shall pay to the Seller, payable by wire transfer or other delivery of immediately available funds to an account designated by the Seller the Cash Portion;

(iv) the Seller shall deliver to the Buyer the $2,000,000 Seller Note.

(vi) the Seller shall deliver to the Buyer the various certificates, instruments and documents referred to in Section 4.1 and/or as otherwise provided for in this Agreement;

(vii) the Buyer shall deliver to the Seller the various certificates, instruments and documents referred to in Section 4.2 and/or as otherwise provided for in this Agreement;

(viii) the Buyer and the Seller shall execute and deliver to each other a cross-receipt evidencing the transactions referred to above and each shall execute such other documents required by this Agreement including, without limitation, such instruments required to assign Seller's interest in the Acquired Assets to Buyer.

1.6 Allocation . The Buyer and the Seller agree to allocate the Purchase Price (and all other capitalizable costs) among the Acquired Assets and the non-solicitation and non-competition covenants set forth in Sections 5.2 and 5.3 for all purposes (including financial accounting and tax purposes) in accordance with the allocation schedule attached hereto as

Schedule 1.6. Buyer and Seller agree to use the allocations determined pursuant to this Section 1.6 for all tax purposes, including without limitation, those matters subject to Section 1060 of the Code, and the Treasury regulations promulgated thereunder. Buyer and Seller shall prepare and submit to the other for review their IRS Forms 8594 within ninety (90) days after the Closing. Each party shall have thirty (30) days to complete its review.

1.7 Earnout. The Earnout will be paid to Seller by Buyer based on the following:

Achievement of EBITDA Target	Earnout Paid in Cash	Earnout Paid in Shares
$0 to $1,999,999	$ 0	$ 0
$2,000,000 to $2,149,999	$ 625,000	$ 170,000
$2,150,000 to $2,299,999	$ 625,000	$ 170,000
$2,300,000 to 2,449,999	$ 625,000	$ 170,000
$2,450,000+	$ 125,000	$ 45,000
$2,450,000+ AND Achievement of Revenue Target of $5,200,00+	$ 500,000	$ 125,000

Each tier of the Earnout is cumulative. By way of example, if Seller achieves an EBITDA Target of $2,301,000, the Earnout payment shall be $1,875,000 in cash and $510,000 in Shares.

The measurement period for the determination of achievement of the EBITDA Target and for the Revenue Target in the last tier above for the purpose of determining any Earnout payment shall be from October 1, 2012 through and including September 30, 2013 (the "Earnout Period"), and the Earnout payment shall be made on or before December 31, 2013.

The number of Shares shall be determined by the dollar amount of the Earnout payable in Shares divided by the Conversion Price. The Conversion Price shall be the greater of (1) the NASDAQ Price; or (2) the volume weighted average price of XWES common stock on the NASDAQ Capital Market for the ten (10) consecutive trading days immediately preceding the Closing Date; provided that in no event shall the Conversion Price be less than $1.00.

Payment of the Earnout shall be subject to the Buyer's setoff rights under Section 6.5(b) of this Agreement.

For purposes of this Section 1.7:

(a) Russ Monroe ("Monroe"), as the former president of the Seller and in his capacity as an employee of the Buyer, will continue to maintain books and records to measure EBITDA of the Seller's ongoing business during the Earnout Period and will provide Buyer with an EBITDA calculation within thirty (30) days of each quarter end.

It is the intention of the Parties that EBITDA will be calculated consistent with the historical financial results of the Seller and will include all normal and customary charges

associated with running the business. The Parties agree that revenue will be measured on a cash receipt basis from October 1, 2012 through September 30, 2013 consistent with how the Seller has historically accounted for revenue. Expenses will be recorded on a cash basis consistent with how the Seller has historically recorded such expenses. However, the Parties agree that certain items that are costs during the Earnout Period but not paid until after the Earnout Period will be reflected as part of the Earnout calculation. Monroe will not exclude certain incurred expenses by holding off payment to the respective vendor and/or employee. For example, Buyer intends to continue the Seller's commission plan through December 31, 2013. Bonuses may not be paid until December 31, 2013. As a result, Monroe's calculation of expenses will include an accrual of the respective bonus amount attributable for the Earnout Period. It is the intention of the Parties that EBITDA will reflect twelve (12) months of revenue and twelve (12) months of expenses attributable to the Seller's ongoing business. To the extent certain costs change (e.g. compensation, commission, bonus, benefits) as result of Buyer's acquisition of Seller's assets, such costs shall be properly reflected in the calculation of EBITDA.

It is understood that Buyer will account for Seller's operating results on a GAAP basis which will vary from Monroe's calculation of EBITDA. In no event shall Buyer's accounting affect Monroe's calculation of EBITDA. In addition, any revenues derived from Curb Energy, LLC or Rate Droppers, LLC or any efficiency projects conducted by Buyer post-acquisition will not be included in the EBITDA calculation. Similarly, no expenses attributable to Curb Energy, LLC or Rate Droppers, LLC will be reflected as part of the Earnout calculation. The parties agree that expenses related to the Seller's ongoing business will not be arbitrarily allocated to Curb Energy, LLC or Rate Droppers, LLC.

It is understood that the Buyer is purchasing the business for the long-term growth and profit prospects of the Seller. To that end, Monroe will continue to operate the business consistent with historical practices and as a going concern focused on the long-term growth and profitability of the business. At all times prior to the expiration of the applicable EBITDA measurement period for the Earnout, Buyer shall: (i) maintain the staffing levels, marketing, billing, invoicing, collection, incurring of expenses and employ methods of generating revenue and making expenditures and maintaining relationship management procedures and otherwise conduct Buyer's operation from the Leased Premises as were conducted by Seller in the Ordinary Course of Business immediately prior to the Closing Date, (ii) not unreasonably delay any marketing initiatives, execution of new Supplier Agreements and/or Assigned Contracts, and/or otherwise take any action which has the result of reducing revenue and/or increasing expenses with respect to Buyer's operation of the Division, as hereinafter defined, from the Leased Premises; (iii) not divert any new or current customers or suppliers to any Subsidiary and/or Affiliate of Buyer or any third party to provide the services currently provided by Seller, (iv) at a minimum, maintain and operate the business operations of Buyer to be conducted from the Leased Premises generated in part from the Acquired Assets so purchased by Buyer (the "Division") from the Leased Premises from the Closing Date through and including the Earnout measurement period; and (v) not take any other act for the purposes, directly or indirectly, of precluding Seller from receiving the full benefit of the Earnout. The Buyer will not make operating decisions for the sole purpose of attaining the Earnout criteria to the detriment of the long-term health of the Buyer. It is also understood that Buyer will integrate Seller into its retail group as part of its mid-market offering. For example, Monroe shall not terminate any employee other than for

performance simply to benefit from short-term cost savings. In addition, Monroe shall not postpone hiring decisions or any other programs that have historically been in place or were planned during the Earnout Period prior to the acquisition. It is also understood that the Seller will benefit from cost synergies as a result of the acquisition. For example, Monroe will no longer have to keep separate business insurance, incur professional fees for audit and tax reasons, and pay business taxes. In addition, Monroe will realize cost reductions for several operational expenses within human resources, accounting, information technology and marketing functions that will be handled by the Buyer post-acquisition. These are synergies attributable to the Buyer resulting from the acquisition. Seller agrees that Buyer will request Monroe to perform certain duties and incur certain costs as a component of the Buyer's operation. For example, Buyer may appoint Monroe to handle all administrative duties related to its mid-market group. This may require hiring additional personnel, incurring additional travel costs and other costs. Monroe may not unreasonably deny to perform any of these duties that are deemed to benefit the Buyer for the long-term. It is not the intention of the Buyer to burden Monroe with costs incremental to what it has historically incurred. However, the Buyer anticipates utilizing the cost synergies attributable to the acquisition to invest in the future growth of the Seller for the Buyer's ongoing business. These cost synergies are not to the benefit of Monroe alone for the purpose of achieving its Earnout targets.

(b) For purposes of calculating the Earnout, in the event of a breach by Buyer of its obligations under subparagraph (a) of this Section 1.7 which precludes Seller from receiving the full benefit of the Earnout, Seller shall be deemed to have achieved the Earnout as set forth in this Section 1.7 . Additionally, upon a Change of Control Transaction, which results in a breach of Buyer's obligations under this Section 1.7 and precludes Seller from receiving the full benefit of the Earnout, Seller shall be deemed to have achieved the Earnout; and

(c) As promptly as possible, but in no event later than November 30, 2013, the Buyer shall deliver to Seller a written statement setting forth Buyer's calculation of the Earnout, together with reasonable documentation supporting the calculation thereof (the " Earnout Statement "). Within thirty (30) days after receipt of such Earnout Statement (the " Earnout Objection Period "), Seller must notify Buyer of any objections to Buyer's determinations of the applicable Earnout payment, providing in reasonable detail the basis for such objections. In the event that Seller does not timely or properly notify Buyer within the Earnout Objection Period that Seller has any objections to such statements or Buyer's calculation of the applicable Earnout payment shall be final and binding hereunder. In the event that Seller does notify Buyer, within the Earnout Objection Period, that Seller has any such objection, then Buyer and Seller shall attempt to resolve such disputed items. In the event Seller and Buyer are unable to resolve the disputed items within thirty (30) days after receipt by Buyer of Seller's notice of dispute, the Parties' respectively engaged independent certified public accountants shall attempt to resolve the disputed items. In the event that such accounting firms are unable to resolve such disputed items within sixty (60) days of Seller's notice of dispute, such disputed items shall be referred to such independent accounting firm as mutually agreed upon by Buyer and Seller or, in the absence of such agreement such independent accounting firm as Seller and Buyer's respective accounting firms jointly appoint to finally resolve such disputed items (provided that such firm has not within the preceding thirty-six (36) months had a, and does not have a current or prospective, business relationship with Buyer or Seller, or any of their respective Subsidiary

and/or Affiliates). The determination of such accounting firm shall be made as promptly as possible and shall be final and binding upon the parties absent demonstrable error. Seller and Buyer each shall be permitted to submit such data and information to such accounting firm as such party deems appropriate. The parties shall share responsibility for the out-of-pocket expenses and fees incurred in connection with resolving such disputed items as follows: (A) if the accounting firm's determination results in additional amounts payable to Seller as Earnout, Buyer will be responsible for all of the fees and expenses of the accounting firm so chosen by Seller's and Buyer's accounting firms; and (B) if the accounting firm's determination does not result in additional amounts payable to Seller as Earnout payment, Seller will be responsible for all of the fees and expenses of the accounting firm so chosen by Seller's and Buyer's respective accounting firms.

Any additional amounts payable to Seller as an Earnout payment determined by this Section 1.7 shall be made within three (3) business days after the applicable Earnout Payment has been finally determined in accordance with this Section 1.7 by wire transfer or other delivery of immediately available funds to an account designated by the Seller.

1.8 Further Assurances . At any time and from time to time after the Closing, at the reasonable request of a Party and without further consideration, the other Party shall execute and deliver such other instruments of sale, transfer, conveyance and assignment and take such actions as the other Party may reasonably request to more effectively effectuate the intent of this Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller represents and warrants to the Buyer that, except as set forth in the Disclosure Schedule, the statements contained in this Article II are true and correct as of the date of this Agreement, except to the extent such representations and warranties are specifically made as of a particular date (in which case such representations and warranties will be true and correct as of such date). The Disclosure Schedule shall be arranged in sections and subsections corresponding to the numbered and lettered sections and subsections contained in this Article II. With respect to each such disclosure of the Disclosure Schedule, notwithstanding any reference to a specific section, all such information shall be deemed to qualify all other sections, where applicable, and not just such section.

2.1 Organization, Qualification and Corporate Power . The Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Connecticut. The Seller is duly qualified to conduct business and is in good standing under the laws of each jurisdiction listed in Section 2.1 of the Disclosure Schedule, which jurisdictions constitute the only jurisdictions in which the nature of the Seller's businesses as is presently conducted or the ownership or leasing of its properties as presently owned or leased requires such qualification. The Seller has all requisite power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it. The Seller has furnished to the Buyer complete and accurate copies of its Articles of Organization and its current Operating Agreement and Seller is not in default under or in violation of any provision of such documents and agreements. The Operating Agreement provided to the Buyer is the only

instrument setting forth (i) the rights, preferences and privileges of the Members (including all holders of equity or profits interests) of the Seller with respect to the Seller and/or among such Members, and (ii) matters relating to the operation and governance of the Seller.

2.2 Members and Membership Interests. The Members constitute all of the members of the Seller and Section 2.2 of the Disclosure Schedule sets forth their respective membership interests in the Seller. There are no options, warrants or other instruments giving any party the right to acquire any interest in the Seller. There are no outstanding agreements or commitments to which the Seller is a party or which are binding upon the Seller providing for the redemption of any of its membership interests.

2.3 Authorization of Transaction.

(a) The Seller has all requisite power and authority to execute and deliver this Agreement and the Ancillary Agreements and to perform its obligations hereunder and thereunder. The execution and delivery by the Seller of this Agreement and the Ancillary Agreements, the performance by the Seller of this Agreement and the Ancillary Agreements and the consummation by the Seller of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary action on the part of the Seller and its Members.

(b) Except as set forth in Schedule 2.3 of the Disclosure Schedule, this Agreement has been duly and validly executed and delivered by the Seller and constitutes, and each of the Ancillary Agreements, upon its execution and delivery by the Seller will constitute, a valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

2.4 Noncontravention. Except as set forth in Section 2.4 of the Disclosure Schedule, neither the execution and delivery by the Seller of this Agreement or the Ancillary Agreements to which they are party, nor the consummation by the Seller of the transactions contemplated hereby or thereby, will (a) conflict with or violate any provision of the organizational and operational documents and agreement of the Seller (including without limitation its Operating Agreement, (b) require on the part of the Seller any notice to or filing with, or any permit, authorization, consent or approval of, any Governmental Entity, (c) to the Knowledge of Seller, conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of obligations under, create in any party the right to terminate, modify or cancel, or require any notice, consent or waiver under, any contract or instrument to which the Seller is a party or by which the Seller is bound or to which any of its assets is subject, (d) result in the imposition of any Security Interest upon any assets of the Seller or (e) to the Knowledge of Seller, violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Seller or any of its properties or assets.

2.5 Subsidiaries . Seller has no Subsidiaries. The Seller does not control directly or indirectly or have any direct or indirect equity participation or similar interest in any corporation, partnership, limited liability company, joint venture, trust or other business association or entity.

2.6 Financial Statements .

(a) The Seller has provided to the Buyer the Financial Statements set forth in Section 2.6 to the Disclosure Schedule and to the Knowledge of Seller, the Financial Statements (i) comply as to form in all respects with applicable accounting requirements, (ii) to the Knowledge of Seller, were prepared in accordance with the income tax basis of accounting applied on a consistent basis throughout the periods covered thereby (except as may be indicated in the notes to such financial statements) and to the Knowledge of Seller, fairly present the financial position of the Seller as of the dates thereof and the results of its operations and cash flows for the periods indicated, consistent with the books and records of the Seller, except that the unaudited interim financial statements, if any, are subject to normal and recurring year-end adjustments which will not be material in amount or effect and do not include footnotes. Except as set forth in the Financial Statements, the Seller has no liabilities or obligations, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to July 31, 2012, (ii) obligations under contracts and commitments incurred in the Ordinary Course of Business; and (iii) any other liabilities and obligations of a type or nature, which, in all such cases, individually and in the aggregate would not have a Seller Material Adverse Effect.

2.7 Absence of Certain Changes . Except as set forth in Section 2.7 to the Disclosure Schedule, since July 31, 2012, there has occurred no event or development which, individually or in the aggregate, has had, or could reasonably be expected to have in the future, a Seller Material Adverse Effect.

2.8 Left Intentionally Blank.

2.9 Tax Matters .

(a) Seller has properly filed on a timely basis all material Tax Returns that it is and was required to file, and all such Tax Returns were true, correct and complete in all material respects. The Seller has properly paid on a timely basis all material Taxes, required by law to pay that were due and payable. All material Taxes that the Seller is or was required by law to withhold or collect have been withheld or collected and, to the extent required, have been properly paid on a timely basis to the appropriate Governmental Entity. The Seller has complied with all information reporting and back-up withholding requirements in all material respects, including maintenance of the required records with respect thereto, in connection with amounts paid to any employee, independent contractor, creditor or other third party.

(b) The unpaid Taxes of the Seller for periods through the date of the Most Recent Balance Sheet Date do not materially exceed the accruals and reserves for Taxes (excluding accruals and reserves for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the Most Recent Balance Sheet. All Taxes attributable to the period from and after the Most Recent Balance Sheet Date and continuing through the Closing Date are, or will be, attributable to the conduct by the Seller of its operations in the Ordinary Course of Business.

(c) No examination or audit of any Tax Return of the Seller by any Governmental Entity is currently in progress or, to the Knowledge of the Seller, threatened or contemplated. Section 2.9(c) of the Disclosure Schedule sets forth each jurisdiction (other than United States federal) in which the Seller files, or is required to file or has been required to file a material Tax Return or is or has been liable for material Taxes on a "nexus" basis. The Seller has not been informed by any jurisdiction that the jurisdiction believes that the Seller was required to file any Tax Return that was not filed.

(d) The Seller is, and has been since its inception, a limited liability company validly classified and treated as a partnership for federal income tax purposes and has been validly treated in a similar manner for purposes of the income Tax laws of all states in which it has been subject to taxation.

(e) Except as set forth in Section 2.9(e) of the Disclosure Schedules, the Seller has delivered or made available to the Buyer (i) complete and correct copies of all Tax Returns of the Seller relating to Taxes for all Taxable periods for which the applicable statute of limitations has not yet expired and (ii) complete and correct copies of all private letter rulings, revenue agent reports, information document requests, notices of assessment, notices of proposed deficiencies, deficiency notices, protests, petitions, closing agreements, settlement agreements, pending ruling requests and any similar documents submitted by, received by or agreed to by or on behalf of the Seller relating to Taxes for all taxable periods for which the applicable statute of limitations has not yet expired.

(f) The Seller has not (i) waived any statute of limitations with respect to Taxes or agreed to extend the period for assessment or collection of any Taxes, (ii) requested any extension of time within which to file any Tax Return, which Tax Return has not yet been filed, or (iii) executed or filed any power of attorney relating to Taxes with any Governmental Entity.

(g) The Seller is not a party to any litigation regarding Taxes.

(h) There are no Security Interests with respect to Taxes upon any of the Acquired Assets, other than with respect to Taxes not yet due and payable. To the Knowledge of Seller, there is no basis for the assertion of any claim relating or attributable to Taxes.

(i) The Seller is not bound by any tax indemnity, tax sharing or tax allocation agreement.

(j) The Seller is not a "foreign person" within the meaning of Section 1445 of the Code.

2.10 Ownership and Condition of Assets .

(a) The Seller is the true and lawful owner, and has good title to, all of the Acquired Assets, free and clear of all Security Interests, except as set forth in Section 2.10(a) of the Disclosure Schedule. Upon the Closing, the Buyer will become the true and lawful owner of, and will receive good title to, the Acquired Assets, free and clear of all Security Interests.

(b) Except as set forth in Section 2.10(b) of the Disclosure Schedule, each tangible Acquired Asset is free from material defects, has been maintained in accordance with normal industry practice and to the Knowledge of Seller, is in good operating condition and repair (subject to normal wear and tear) and is suitable for the purposes for which it presently is used.

(c) Section 2.10(c) of the Disclosure Schedule lists individually (i) all Acquired Assets which are fixed assets (within the meaning of GAAP), indicating the cost, accumulated book depreciation (if any) and the net book value of each such fixed asset as of the Most Recent Balance Sheet Date, and (ii) all other Acquired Assets of a tangible nature (other than inventories) whose book value exceeds $10,000.00.

(d) Each Acquired Asset constituting an item of equipment or other asset that the Seller has possession of pursuant to a lease agreement or other contractual arrangement is in such condition that, upon its return to its lessor or owner under the applicable lease or contract, the obligations of the Seller to such lessor or owner will have been discharged in full.

2.11 Owned Real Property . The Seller does not own and has never owned any real property.

2.12 Real Property Leases . Except as set forth in Section 2.12 of the Disclosure Schedule, Seller is not a party to any real property Lease as of the Closing Date.

2.13 Intellectual Property .

(a) There are no Seller Registrations.

(b) Seller has no Patent Rights.

(c) *Protection Measures* . The Seller has taken reasonable measures to protect the proprietary nature of each item of Seller Owned Intellectual Property, if any, and to maintain in confidence all trade secrets and confidential information comprising a part thereof. To the Knowledge of Seller, Seller has complied with all applicable contractual and legal requirements pertaining to information privacy and security. No complaint relating to an improper use or disclosure of, or a breach in the security of, any such information has been made or, to the Knowledge of the Seller, is threatened against the Seller. To the Knowledge of the Seller, there has been no: (i) unauthorized disclosure of any third party proprietary or confidential information in the possession, custody or control of the Seller or (ii) breach of the Seller's security procedures wherein confidential information has been disclosed to a third person.

(d) *Inbound IP Agreements* . Section 2.13(d) of the Disclosure Schedule identifies (i) each item of Seller Licensed Intellectual Property and the license or agreement pursuant to which the Seller Exploits it (excluding currently-available, off the shelf software programs that are part of the Internal Systems and are licensed by the Seller pursuant to "shrink wrap" licenses, the total fees associated with which are less than $2,500) and (ii) each agreement,

contract, assignment or other instrument pursuant to which the Seller has obtained any joint or sole ownership interest in or to each item of Seller Owned Intellectual Property. To the Knowledge of Seller, no third party inventions, methods, services, materials, processes or Software are included in or required to Exploit the Customer Offerings or Internal Systems. None of the Customer Offerings or Internal Systems includes "shareware," "freeware" or other Software or other material that was obtained by the Seller from third parties other than pursuant to the license agreements listed in Section 2.13(d) of the Disclosure Schedule.

(e) *Employee and Contractor Assignments* . Each employee and each independent contractor of the Seller has executed a valid and binding written agreement expressly assigning to the Seller all right, title and interest in any inventions and works of authorship, whether or not patentable, invented, created, developed, conceived and/or reduced to practice during the term of such employee's employment or such independent contractor's work for the Seller, and all Intellectual Property rights therein, and has waived all moral rights therein to the extent legally permissible.

(f) *Infringement by Seller* . To the Knowledge of Seller, none of the Customer Offerings, or the Exploitation thereof by the Seller or by any reseller, distributor, customer or user thereof, or any other activity of the Seller, infringes or violates, or constitutes a misappropriation of, any Intellectual Property rights of any third party. To the Knowledge of Seller, none of the Internal Systems, or the Seller's past, current or currently contemplated Exploitation thereof, or any other activity undertaken by them in connection with the Business, infringes or violates, or constitutes a misappropriation of, any Intellectual Property rights of any third party. Section 2.13(f) of the Disclosure Schedule lists any complaint, claim or notice, or threat of any of the foregoing (including any notification that a license under any patent is or may be required), received by the Seller alleging any such infringement, violation or misappropriation and any request or demand for indemnification or defense received by the Seller from any reseller, distributor, customer, user or any other third party; and the Seller has provided to the Buyer copies of all such complaints, claims, notices, requests, demands or threats, as well as any legal opinions, studies, market surveys and analyses relating to any alleged or potential infringement, violation or misappropriation.

2.14 Contracts .

(a) Section 2.14 of the Disclosure Schedule lists the following agreements (written or oral) to which the Seller is a party as of the date of this Agreement:

(i) any agreement (or group of related agreements) for the lease of personal property from or to third parties providing for lease payments in excess of $10,000.00 per annum or having a remaining term longer than three months;

(ii) any agreement (or group of related agreements) for the purchase or sale of products or for the furnishing or receipt of services (A) which calls for performance over a period of more than one year, (B) which involves more than the sum of $10,000.00, or (C) in which the Seller has granted manufacturing rights, "most favored nation" pricing provisions or marketing or distribution rights relating to any products or territory or has agreed to purchase a minimum quantity of goods or services or has agreed to purchase goods or services exclusively from a certain party;

(iii) any agreement concerning the establishment or operation of a partnership, joint venture or limited liability company;

(iv) any agreement (or group of related agreements) under which it has created, incurred, assumed or guaranteed (or may create, incur, assume or guarantee) indebtedness (including capitalized lease obligations) involving more than $10,000 or under which it has imposed (or may impose) a Security Interest on any of its assets, tangible or intangible;

(v) any agreement for the disposition of any significant portion of the assets or business of the Seller (other than sales of products in the Ordinary Course of Business) or any agreement for the acquisition of the assets or business of any other entity (other than purchases of inventory or components in the Ordinary Course of Business);

(vi) any agreement concerning exclusivity or confidentiality;

(vii) any employment or consulting agreement;

(viii) any agreement involving any current or former officer, manager or member of the Seller;

(ix) any agreement which contains any provisions requiring the Seller to indemnify any other party (excluding indemnities contained in agreements for the purchase, sale or license of products entered into in the Ordinary Course of Business);

(x) any agreement under which the Seller is restricted from selling, licensing or otherwise distributing any of its technology or products, or providing services to, customers or potential customers or any class of customers, in any geographic area, during any period of time or any segment of the market or line of business;

(xi) any agreement which would entitle any third party to receive a license or any other right to intellectual property of the Buyer or any of the Buyer's Affiliates following the Closing; and

(xii) any other agreement (or group of related agreements) either involving more than $10,000.00 or not entered into in the Ordinary Course of Business.

(b) The Seller has delivered to the Buyer a complete and accurate copy of each agreement listed in Section 2.13 or Section 2.14 of the Disclosure Schedule. Except as otherwise provided in this Agreement, with respect to each agreement so listed: (i) the agreement is legal, valid, binding and enforceable and in full force and effect subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity); and (ii) neither the Seller nor, to the

Knowledge of the Seller, any other party, is in breach or violation of, or default under, any such agreement, and no event has occurred, is pending or, to the Knowledge of the Seller, is threatened, which, after the giving of notice, with lapse of time, or otherwise, would constitute a breach or default by the Seller or, to the Knowledge of the Seller, any other party under such agreement.

2.15 Backlog. To the Knowledge of Seller, all Backlog of the Seller are valid receivables and the Seller is not aware of any setoffs or counterclaims. A complete and accurate list of the Backlog was provided to Buyer by Russ Monroe on September 6, 2012 and a summary by supplier of the Backlog is included in Schedule 2.15 of the Disclosure Schedule. The Seller has not received any written notice from an account debtor stating that any Backlog is subject to any contest, claim or setoff by such account debtor.

2.16 Insurance. Section 2.16 of the Disclosure Schedule lists each insurance policy (including fire, theft, casualty, comprehensive general liability, workers compensation, business interruption, environmental, product liability, errors and omissions, professional liability and automobile insurance policies and bond and surety arrangements) to which the Seller is a party, all of which are in full force and effect. There is no material claim pending under any such policy as to which coverage has been questioned, denied or disputed by the underwriter of such policy. All premiums due and payable under all such policies have been paid, neither the Seller nor the Buyer will be liable for retroactive premiums or similar payments, and the Seller is otherwise in compliance in all material respects with the terms of such policies. To the Knowledge of the Seller there is no threatened termination of, or premium increase with respect to, any such policy. To the Knowledge of Seller, Seller's insurance is adequate in terms of scope and coverage to pay all claims arising or made prior to the Closing.

2.17 Litigation. Except as set forth in Section 2.17 of the Disclosure Schedule, there is no Legal Proceeding which is pending or has been threatened in writing against the Seller which (a) seeks either damages or equitable relief in any way relating to the Seller or its business or (b) in any manner challenges or seeks to prevent, enjoin, alter or delay the transactions contemplated by this Agreement. There are no judgments, orders or decrees outstanding against the Seller.

2.18 Warranties. No product or service manufactured, sold, leased, licensed or delivered by the Seller is subject to any guaranty, warranty, right of return, right of credit or other indemnity other than third-party manufacturers' warranties for which the Seller has no liability.

2.19 Employees.

(a) Section 2.19 of the Disclosure Schedule contains a list of all employees of the Seller, along with the position and the annual rate of compensation of each such person. Each current or past employee of the Seller has entered into a confidentiality and assignment of inventions agreement with the Seller, a copy or form of which has previously been delivered to the Buyer. Section 2.19 of the Disclosure Schedule contains a list of all employees of the Seller who are a party to a non-competition agreement with the Seller; copies of such agreements have previously been delivered to the Buyer. Section 2.19 of the Disclosure Schedule contains a list of all employees of the Seller who are not citizens of the United States. To the Knowledge of Seller,

no key employee or group of employees has any plans to terminate employment with the Seller (other than for the purpose of accepting employment with the Buyer following the Closing) or not to accept employment with the Buyer. Seller is in compliance with all applicable laws relating to the hiring and employment of employees.

(b) The Seller is not a party to or bound by any collective bargaining agreement, nor has it experienced any strikes, grievances, claims of unfair labor practices or other collective bargaining disputes. To the Knowledge of Seller, there is no organizational effort made or threatened, either currently or within the past two years, by or on behalf of any labor union with respect to employees of the Seller.

2.20 Employee Benefits .

(a) Section 2.20(a) of the Disclosure Schedule contains a complete and accurate list of all Seller Plans. Complete and accurate copies of (i) all Seller Plans which have been reduced to writing, (ii) written summaries of all unwritten Seller Plans, (iii) all related trust agreements, insurance contracts and summary plan descriptions, and (iv) all annual reports filed on IRS Form 5500, 5500C or 5500R and (for all funded plans) all plan financial statements for the last five plan years for Seller Plan, have been delivered to the Buyer.

(b) Each Seller Plan has been administered in all material respects in accordance with its terms and Seller and the ERISA Affiliates has in all material respects met its obligations with respect to each Seller Plan and has made all required contributions thereto. The Seller, each ERISA Affiliate and each Seller Plan are in compliance in all material respects with the currently applicable provisions of ERISA and the Code and the regulations thereunder (including Section 4980 B of the Code, Subtitle K, Chapter 100 of the Code and Sections 601 through 608 and Section 701 et seq. of ERISA). All filings and reports as to each Seller Plan required to have been submitted to the Internal Revenue Service or to the United States Department of Labor have been duly submitted. No Seller Plan has assets that include securities issued by the Seller or any ERISA Affiliate.

(c) There are no Legal Proceedings (except claims for benefits payable in the normal operation of the Seller Plans and proceedings with respect to qualified domestic relations orders) against or involving any Seller Plan or asserting any rights or claims to benefits under any Seller Plan that could give rise to any material liability.

(d) All the Seller Plans that are intended to be qualified under Section 401(a) of the Code have received determination letters from the Internal Revenue Service to the effect that such Seller Plans are qualified and the plans and the trusts related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, no such determination letter has been revoked and revocation has not been threatened, and no such Seller Plan has been amended since the date of its most recent determination letter or application therefor in any respect, and no act or omission has occurred, that would adversely affect its qualification or materially increase its cost. Each Seller Plan which is required to satisfy Section 401(k)(3) or Section 401(m)(2) of the Code has been tested for compliance with, and satisfies the requirements of Section 401(k)(3) and Section 401(m)(2) of the Code for each plan year ending prior to the Closing Date.

(e) Neither the Seller nor any ERISA Affiliate has ever maintained an Employee Benefit Plan subject to Section 412 of the Code or Title IV of ERISA.

(f) At no time has the Seller or any ERISA Affiliate been obligated to contribute to any "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA).

(g) There are no unfunded obligations under any Seller Plan providing benefits after termination of employment to any employee of the Seller (or to any beneficiary of any such employee), including but not limited to retiree health coverage and deferred compensation, but excluding continuation of health coverage required to be continued under Section 4980B of the Code or other applicable law and insurance conversion privileges under state law. The assets of each Seller Plan which is funded are reported at their fair market value on the books and records of such Seller Plan.

(h) No act or omission has occurred and no condition exists with respect to any Seller Plan that would subject the Seller or any ERISA Affiliate to (i) any material fine, penalty, tax or liability of any kind imposed under ERISA or the Code or (ii) any contractual indemnification or contribution obligation protecting any fiduciary, insurer or service provider with respect to any Seller Plan.

(i) Each Seller Plan is funded by, associated with or related to a "voluntary employee's beneficiary association" within the meaning of Section 501(c)(9) of the Code.

(j) No Seller Plan is amendable and terminable unilaterally by the Seller at any time without liability or expense to the Seller or such Seller Plan as a result thereof (other than for benefits accrued through the date of termination or amendment and reasonable administrative expenses related thereto) and, no Seller Plan, plan documentation or agreement, summary plan description or other written communication distributed generally to employees by its terms prohibits the Seller from amending or terminating any such Seller Plan.

(k) Section 2.20(k) of the Disclosure Schedule discloses each: (i) agreement with any member, director, executive officer or other key employee of the Seller (A) the benefits of which are contingent, or the terms of which are altered, upon the occurrence of a transaction involving the Seller of the nature of any of the transactions contemplated by this Agreement, (B) providing any term of employment or compensation guarantee or (C) providing severance benefits or other benefits after the termination of employment of such director, executive officer or key employee; (ii) agreement, plan or arrangement under which any person may receive payments from the Seller that may be subject to the tax imposed by Section 4999 of the Code or included in the determination of such person's "parachute payment" under Section 280G of the Code; and (iii) agreement or plan binding the Seller, including any stock option plan, stock appreciation right plan, restricted stock plan, stock purchase plan, severance benefit plan or Seller Plan, any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement.

(l) Section 2.20(l) of the Disclosure Schedule sets forth the policy of the Seller with respect to accrued vacation, accrued sick time and earned time off and the amount of such liabilities as of the date hereof.

(m) Each Seller Plan that is a "nonqualified deferred compensation plan" (as defined in Code Section 409A(d)(1)) has been operated since January 1, 2005 in good faith compliance with Code Section 409A and IRS Notice 2005-1. No Seller Plan that is a "nonqualified deferred compensation plan" has been materially modified (as determined under Notice 2005-1) after October 3, 2004. No event has occurred that would be treated by Code Section 409A(b) as a transfer of property for purposes of Code Section 83. No stock option or equity unit option granted under any Seller Plan has an exercise price that has been or may be less than the fair market value of the underlying stock or equity units (as the case may be) as of the date such option was granted or has any feature for the deferral of compensation other than the deferral of recognition of income until the later of exercise or disposition of such option.

2.21 Environmental Matters.

(a) The Seller has complied with all applicable Environmental Laws. There is no pending nor, to the Knowledge of Seller, threatened civil or criminal litigation, written notice of violation, formal administrative proceeding, or investigation, inquiry or information request by any Governmental Entity, relating to any Environmental Law involving the Seller.

(b) To the Knowledge of Seller, the Seller has no liabilities or obligations arising from the release of any Materials of Environmental Concern into the environment.

(c) The Seller is not a party to or bound by any court order, administrative order, consent order or other agreement with any Governmental Entity entered into in connection with any legal obligation or liability arising under any Environmental Law.

2.22 Legal Compliance. The Seller has, at all times, conducted its business in compliance with each applicable law (including rules and regulations thereunder) of any federal, state, local or foreign government, or any Governmental Entity except where such non-compliance would not reasonably be expected to have a Seller Material Adverse Effect.The Seller has not received any notice or communication from any Governmental Entity alleging noncompliance with any applicable law, rule or regulation except where such non-compliance would not reasonably be expected to have a Seller Material Adverse Effect.

2.23 Customers and Suppliers. Section 2.23 of the Disclosure Schedule sets forth a list of (a) each customer that accounted for more than 1% of the consolidated revenues of the Seller during the last full fiscal year or the interim period through the Most Recent Balance Sheet Date and the amount of revenues accounted for by such customer during each such period and (b) each supplier that is the sole supplier of any significant product or service to the Seller. No such customer or supplier has indicated within the past year that it will stop, or decrease the rate of, buying products or supplying products, as applicable, to the Seller.

2.24 Permits. Section 2.24 of the Disclosure Schedule sets forth a list of all Permits issued to or held by the Seller. To the Knowledge of Seller, each such Permit is in full force and effect; the Seller is in compliance with the terms of each such Permit except where such non-compliance

would not reasonably be expected to have a Seller Material Adverse Effect and, to the Knowledge of Seller, no suspension or cancellation of such Permit is threatened and there is no basis for believing that such Permit will not be renewable upon expiration.

2.25 Certain Business Relationships With Affiliates. Seller has no Affiliates.

2.26 Brokers' Fees. The Seller has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

2.27 Books and Records. The books and records of the Seller accurately reflect the assets, liabilities, business, financial condition and results of operations of the Seller and have been maintained in accordance with reasonable business and bookkeeping practices. Section 2.27 of the Disclosure Schedule contains a list of all bank accounts and safe deposit boxes of the Seller and the names of persons having signature authority with respect thereto or access thereto.

2.28 Left Intentionally Blank.

2.29 Controls and Procedures. The Seller maintains accurate books and records reflecting its assets and liabilities and maintains proper and adequate internal control over financial reporting which provide assurance that (i) transactions are executed with management's authorization, (ii) transactions are recorded as necessary to permit preparation of the consolidated financial statements of the Seller and to maintain accountability for the Seller's consolidated assets, (iii) access to assets of the Seller is permitted only in accordance with management's authorization, (iv) the reporting of assets of the Seller is compared with existing assets at regular intervals and (v) accounts, notes and other receivables and inventory were recorded accurately, and proper and adequate procedures are implemented to effect the collection thereof on a current and timely basis.

2.30 Government Contracts. The Seller has not been suspended or debarred from bidding on contracts or subcontracts with any Governmental Entity; to the Knowledge of Seller, no such suspension or debarment has been threatened or initiated; and to the Knowledge of Seller, the consummation of the transactions contemplated by this Agreement will not result in any such suspension or debarment of the Seller or the Buyer (assuming that no such suspension or debarment will result solely from the identity of the Buyer). The Seller has not been or is now being audited or investigated by the United States Government Accounting Office, the United States Department of Defense or any of its agencies, the Defense Contract Audit Agency, the contracting or auditing function of any Governmental Entity with which it is contracting, the United States Department of Justice, the Inspector General of the United States Governmental Entity, or any prime contractor with a Governmental Entity; nor, to the Knowledge of Seller,, has any such audit or investigation been threatened. To the Knowledge of Seller, there is no valid basis for (i) the suspension or debarment of the Seller from bidding on contracts or subcontracts with any Governmental Entity or (ii) any claim (including any claim for return of funds to the Government) pursuant to an audit or investigation by any of the entities named in the foregoing sentence. The Seller has no agreements, contracts or commitments which require it to obtain or maintain a security clearance with any Governmental Entity.

2.31 Securities Laws .

(a) The Seller and the Members have been furnished all of the materials relating to the Buyer, and its payment of the Purchase Price, that have been requested and each of them has been afforded an opportunity to ask questions of, and receive answers from, management of the Buyer in connection with the payment of the Purchase Price. The Seller and the Members have not been furnished with any oral or written representation in connection with the payment of the Purchase Price by or on behalf of the Buyer that it has relied on that is not contained in this Agreement.

(b) Each of the Seller and the Members: (i) is an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended; (ii) has obtained, in its judgment, sufficient information to evaluate the merits and risks of the payment of the Earnout with securities of the Buyer; (iii) has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks associated with such payment of the Earnout with securities of the Buyer and to make an informed investment decision with respect thereto, and (iv) has consulted with his or its own advisors with respect to the receipt of securities as part of the Earnout.

(c) The securities being acquired hereunder are being acquired for each of the Seller and the Members' own account for investment and not for the benefit or account of any other person and not with a view to, or in connection with, any unlawful resale or distribution thereof. Each of the Seller and the Members fully understands and agrees that it must bear the economic risk of the investment in securities received hereunder for an indefinite period of time because, among other reasons, such securities received hereunder have not been registered under the Securities Act of 1933, as amended or under the securities laws of any states, and, therefore, the securities are "restricted securities" and cannot be resold, pledged, assigned or otherwise disposed of unless they are subsequently registered under the Securities Act of 1933, amended and under the applicable securities laws of such states or an exemption from such registration is otherwise available. Each of the Seller and the Members understands that the Buyer is not under any obligation to register such securities on the Seller and the Members' behalf or to assist such Seller and the Members in complying with any exemption from registration under the Securities Act or applicable state securities laws.

(d) Each of the Seller and the Members intends that the applicable state securities law will apply to its receipt of the securities hereunder. Each of the Seller and the Members meets all suitability standards imposed by the state securities laws relating to the receipt of the securities as part of the Earnout hereunder without registering any of the Buyer's securities under the securities laws of such state.

(e) Buyer shall assist Seller with an opinion of counsel with respect to any transfer of the shares if there is no material question as to the availability of Rule 144 promulgated under the Securities Act of 1933, as amended.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller that the statements contained in this Article III are true and correct as of the date of this Agreement.

3.1 Organization and Corporate Power . The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Buyer has all requisite corporate power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it.

3.2 Authorization of the Transaction . The Buyer has all requisite power and authority to execute and deliver this Agreement and the Ancillary Agreements and to perform its obligations hereunder and thereunder and all other agreements contemplated by this Agreement. The execution and delivery by the Buyer of this Agreement and the Ancillary Agreements and the consummation by the Buyer of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of the Buyer. This Agreement has been duly and validly executed and delivered by the Buyer and constitutes a valid and binding obligation of the Buyer, enforceable against it in accordance with its terms.

3.3 Noncontravention . Neither the execution and delivery by the Buyer of this Agreement or the Ancillary Agreements, nor the consummation by the Buyer of the transactions contemplated hereby or thereby, will (a) conflict with or violate any provision of the Certificate of Incorporation or by-laws of the Buyer, (b) require on the part of the Buyer any filing with, or permit, authorization, consent or approval of, any Governmental Entity, (c) conflict with, result in breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of obligations under, create in any party any right to terminate, modify or cancel, or require any notice, consent or waiver under, any contract or instrument to which the Buyer is a party or by which it is bound or to which any of its assets is subject, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Buyer or any of its properties or assets except, in each case of (a) through (d), where such breach or violation would not reasonably be expected to have a Buyer Material Adverse Effect.

3.4 Equity Consideration . The Shares which may be issued to Seller under this Agreement are and/or will be duly and validly authorized by the Buyer when and if issued to Seller and the potential issuance of any such Shares to Buyer do not and will not violate at the time of the issuance to Seller any applicable rule or regulation applicable to Buyer or by which Buyer is subject.

3.5 Buyer SEC Documents; No Undisclosed Liabilities .

(a) Buyer has filed all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) with the SEC required to be filed by Buyer since January 1, 2011 (such documents, the " Buyer SEC Documents "). As of their respective dates, the Buyer SEC Documents complied in all material respects with the requirements of the Securities Act or the Securities and Exchange Act of 1934, as amended, as

the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Buyer SEC Documents, and, as of their respective dates, none of the Buyer SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Buyer included in the Buyer SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto as of their respective dates, were prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly presented in all material respects the financial position of Buyer and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(b) Except as set forth in the most recent financial statements included in the Buyer SEC Documents filed by Buyer and publicly available prior to the date of this Agreement or for liabilities incurred in connection with this Agreement or in the ordinary course of business since the date of the most recent financial statements included in the Buyer SEC Documents, Buyer has no liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that would be required by GAAP to be reflected in, or reserved against or otherwise described in the consolidated balance sheet of Buyer (including the notes thereto) which, individually or in the aggregate, have had or would reasonably be expected to have a Buyer Material Adverse Effect.

ARTICLE IV

CONDITIONS PRECEDENT

4.1 Conditions to Obligations of the Buyer. The obligation of the Buyer to consummate the transactions contemplated by this Agreement to be consummated at the Closing is subject to the satisfaction of the following additional conditions:

(a) the Seller shall have obtained at its own expense (and shall have provided copies thereof to the Buyer) all of the waivers, permits, consents, approvals or other authorizations, and effected all registrations, filings and notices, which are required on the part of the Seller except with respect to the tax clearance letter issued by the Connecticut Department of Revenue Services;

(b) the representations and warranties of the Seller set forth in Sections 2.1 (first sentence), 2.2 and 2.3 and any representations and warranties of the Seller set forth in this Agreement that are qualified as to materiality shall be true and correct in all respects, and all other representations and warranties of the Seller set forth in this Agreement shall be true and correct in all material respects, in each case as of the date of this Agreement and as of the Closing as though made as of the Closing, except to the extent such representations and warranties are specifically made as of a particular date (in which case such representations and warranties shall be true and correct as of such date);

(c) the Seller shall have performed or complied with its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing;

(d) no Legal Proceeding shall be pending or threatened; and no judgment, order, decree, stipulation or injunction shall be pending, threatened, or in effect which would (i) prevent consummation of the transactions contemplated by this Agreement, (ii) cause the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affect adversely the right of the Buyer to own, operate or control any of the Acquired Assets, or to conduct the business of the Seller as currently conducted, following the Closing;

(e) the Seller shall have delivered to the Buyer the Seller Certificate;

(f) the Seller shall have delivered to the Buyer documents evidencing the release or termination of all Security Interests on the Acquired Assets, and copies of filed UCC termination statements with respect to all UCC financing statements evidencing Security Interests or written statements from the lien holders evidencing repayment in full of all outstanding principal loan amounts and interest with respect to any such loans evidencing such Security Interests;

(g) the Buyer shall have secured financing for the transactions contemplated herein on terms acceptable to the Buyer;

(h) the Buyer shall have entered into a lease of the premises at 174 South Road, Enfield, Connecticut on terms acceptable to Buyer;

(i) Russ Monroe has entered into an employment agreement with the Buyer on terms satisfactory to each party to such agreement; and

(j) the Buyer shall have received such other certificates and instruments (including certificates of good standing of the Seller in its jurisdiction of organization and the various foreign jurisdictions in which it is qualified, certified organizational and operational documents, certificates as to the incumbency of officers and the adoption of authorizing resolutions) as it shall reasonably request in connection with the Closing.

4.2 Conditions to Obligations of the Seller . The obligation of the Seller to consummate the transactions contemplated by this Agreement to be consummated at the Closing is subject to the satisfaction of the following additional conditions:

(a) the representations and warranties of the Buyer set forth in the first sentence of Section 3.1 and in Section 3.2 and any representations and warranties of the Buyer set forth in this Agreement that are qualified as to materiality shall be true and correct in all respects, and all other representations and warranties of the Buyer set forth in this Agreement shall be true

and correct in all material respects, in each case as of the date of this Agreement and as of the Closing as though made as of the Closing, except to the extent such representations and warranties are specifically made as of a particular date (in which case such representations and warranties shall be true and correct as of such date);

(b) the Buyer shall have performed or complied with in all material respects its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing;

(c) no Legal Proceeding shall be pending or threatened wherein an unfavorable judgment, order, decree, stipulation or injunction would (i) prevent consummation of the transactions contemplated by this Agreement or (ii) cause the transactions contemplated by this Agreement to be rescinded following consummation, and no such judgment, order, decree, stipulation or injunction shall be in effect;

(d) the Buyer shall have delivered to the Seller the Buyer Certificate;

(e) the Seller shall have received such other certificates and instruments (including certificates of good standing of the Buyer in its jurisdiction of organization, certificates as to the incumbency of officers and the adoption of authorizing resolutions) as it shall reasonably request in connection with the Closing;

(f) Russ Monroe has entered into an employment agreement with the Buyer on terms satisfactory to each party to each such employment agreement; and

ARTICLE V

POST-CLOSING COVENANTS

5.1 Proprietary Information. From and after the Closing, Seller, unless required by legal process, shall not disclose or make use of (except to pursue its rights under this Agreement or the Ancillary Agreements and with respect to providing any information under this Agreement to its attorneys, accountants and other professionals), any knowledge, information or documents of a confidential nature or not generally known to the public with respect to Acquired Assets, the Seller's business or the Buyer or its business (including the financial information, technical information or data relating to the Seller's products and names of customers of the Seller), except to the extent that such knowledge, information or documents shall have become public knowledge other than through improper disclosure by the Seller and except to the extent such information (a) is known to the public and did not become so known through any violation of legal obligation on the part of any of the Seller; (b) is required to be disclosed under the provisions of any applicable law, or by any stock exchange or similar body; or (c) is required to be disclosed by a rule or order of any court of competent jurisdiction. Notwithstanding the foregoing, Buyer acknowledges and agrees that the Seller, and its owners, have developed relationships with the customers of the business of Seller, and their owners may maintain such relationships for purposes of commercial activities that do not violate Section 5.3.

5.2 Solicitation and Hiring. For a period of five (5) years after the Closing Date, Seller and each of the Members shall not, either directly or indirectly (including through an

Affiliate), (a) solicit or attempt to induce any Restricted Employee to terminate his or her employment with the Buyer or any subsidiary of the Buyer or (b) hire or attempt to hire any Restricted Employee; provided , that this clause (b) shall not apply to any individual whose employment with the Buyer or a subsidiary of the Buyer has been terminated for a period of six months or longer.

5.3 Non-Competition .

(a) For a period of five (5) years after the Closing Date, Seller and each of the Members shall not, either directly or indirectly as an owner, partner, officer, employee, director, investor, lender, consultant, independent contractor or otherwise, (i) design, develop, manufacture, market, sell or license any product or provide any service anywhere in the United States which is competitive with any product designed, developed (or under development), manufactured, sold or licensed or any service provided by the Seller within the three-year period prior to the Closing Date or (ii) engage anywhere in the United States in any business competitive with the business of the Seller as conducted as of the Closing Date or during the three-year period prior to the Closing Date. Notwithstanding anything contained in this Agreement to the contrary, in no event shall the Seller or any Member (i) have any obligation to ensure compliance by any other party with respect to this Section 5.3 or (ii) have any liability whatsoever for the breach of this Section 5.3 by any other party.

(b) Seller and each of the Members agree that the duration and geographic scope of the non-competition provision set forth in this Section 5.3 are reasonable. In the event that any court determines that the duration or the geographic scope, or both, are unreasonable and that such provision is to that extent unenforceable, the Parties agree that the provision shall remain in full force and effect for the greatest time period and in the greatest area that would not render it unenforceable. The Parties intend that this non-competition provision shall be deemed to be a series of separate covenants, one for each and every county of each and every state of the United States of America and each and every political subdivision of each and every country outside the United States of America where this provision is intended to be effective.

5.4 Tax Matters .

(a) All transfer taxes, deed excise stamps and similar charges related to the sale of the Acquired Assets contemplated by this Agreement shall be paid by the Seller.

(b) The Seller shall be responsible for all Tax liabilities attributable to its business prior to and including the Closing Date.

(c) The Buyer shall be responsible for all Taxes attributable to the conduct of its business after the Closing Date.

(d) The Buyer shall make available to the Seller and its representatives all records and materials reasonably required by the Seller to prepare, pursue or contest any Tax matters related to taxable periods (or portions thereof) ending on or before the Closing Date and shall provide reasonable cooperation to the Seller in such case. The Seller shall make available to the Buyer and its representatives all records and materials reasonably required by the Buyer to prepare, pursue or contest any Tax matters arising after the Closing which have factual reference to the pre-closing tax period and shall provide reasonable cooperation to the Buyer in such case.

5.5 Sharing of Data .

(a) The Seller shall have the right for a period of seven years following the Closing Date to have reasonable access to such books, records and accounts, including financial and tax information, correspondence, production records, employment records and other records that are transferred to the Buyer pursuant to the terms of this Agreement for the limited purposes of concluding its involvement in the business conducted by the Seller prior to the Closing Date and for complying with its obligations under applicable securities, tax, environmental, employment or other laws and regulations. The Buyer shall have the right for a period of seven years following the Closing Date to have reasonable access to those books, records and accounts, including financial and accounting records (and to the extent available, the work papers of the Seller's independent accountants), tax records, correspondence, production records, employment records and other records that are retained by the Seller pursuant to the terms of this Agreement to the extent that any of the foregoing is needed by the Buyer for the purpose of conducting the business of the Seller after the Closing and complying with its obligations under applicable securities, tax, environmental, employment or other laws and regulations. Neither the Buyer nor the Seller shall destroy any such books, records or accounts retained by it without first providing the other Party with the opportunity to obtain or copy such books, records, or accounts at such other Party's expense.

(b) Seller will cooperate with the Buyer's auditors and Seller's auditors to produce the financial information and statements necessary so that Buyer may comply with its federal, state and regulatory reporting requirements. Seller will respond to any reasonable requests made by the Buyer, the Buyer's auditors or the Seller's auditors promptly. Promptly upon request by the Buyer, the Seller shall authorize the release to the Buyer of all files pertaining to the Seller, the Acquired Assets or the business or operations of the Seller held by any federal, state, county or local authorities, agencies or instrumentalities. Seller understands that Buyer will suffer harm if it does not meet regulatory requirements regarding reporting of this transaction.

5.6 Use of Name . Seller shall not use the name Northeast Energy Partners or any name reasonably similar thereto after the Closing Date. Within 10 days following the Closing, the Seller shall amend its organizational documents and state filings, where appropriate, and other corporate records, if necessary, to comply with this provision.

5.7 Cooperation in Litigation . From and after the Closing Date, each Party shall fully cooperate with the other in the defense or prosecution of any litigation or proceeding already instituted or which may be instituted hereafter against or by such other Party relating to or arising out of the conduct of the business of the Seller or the Buyer prior to or after the Closing Date and related to the transaction contemplated by this Agreement (other than litigation among the Parties and/or their Affiliates arising out the transactions contemplated by this Agreement). The Party requesting such cooperation shall pay the reasonable out-of-pocket expenses incurred in providing such cooperation (including legal fees and disbursements) by the Party providing such cooperation and by its officers, directors, employees and agents.

5.8 Assignment of Supplier Agreements .

(a) Notwithstanding anything to the contrary herein, only those Supplier Agreements that may be assigned or transferred without the consent of a third party are being assigned to the Buyer as of the Closing Date. Instead, the Seller will use its Commercially Reasonable Efforts to collect any and all amounts due to the Seller pursuant to the Supplier Agreements. The Seller will direct all suppliers making payments pursuant to the Supplier Agreements to remit payment directly to a lockbox that will be established with Silicon Valley Bank pursuant to a lockbox agreement (the " Supplier Agreement Lockbox "). The Seller agrees that it shall forward promptly to the Buyer any monies, checks or instruments received by the Seller after the Closing Date (a) pursuant to Supplier Agreements and (b) related to items earned, invoiced or to be invoiced after October 1, 2012. The Seller shall provide to the Buyer such reasonable assistance as the Buyer may request with respect to the collection of any such accounts receivable, provided the Buyer pays the reasonable out-of-pocket expenses of the Seller and its officers, directors and employees incurred in providing such assistance. Effective as of the Closing, the Seller hereby grants to the Buyer a power of attorney for the sole purpose of endorsing and cashing any checks or instruments payable or endorsed to the Seller or its order which are received by the Buyer and which relate to accounts receivable purchased by the Buyer from the Seller.

(b) If and to the extent that after the Closing Date, Buyer collects revenue pursuant to Any Supplier Agreement that relates to an invoice generated prior to October 1, 2012, Buyer shall remit such amounts to Seller within thirty (30) days after the end of the calendar month in which such amounts were received along with such schedules it has prepared to support the determination of such amount. Seller shall have the right at its expense to examine those financial records of Buyer as may be reasonably necessary to confirm the accuracy of the schedules provided to Seller and any calculations or payments made by Buyer hereunder. The Buyer will afford Seller access to the records during normal business hours, upon reasonable advance notice given by the Seller, and subject to such reasonable limitations as the Buyer may impose to delete competitively sensitive or privileged information.

5.9 Employees . Effective as of the Closing, the Seller shall terminate the employment of each of its employees. The Buyer shall be permitted to offer employment to each such employee, terminable at the will of the Buyer. The Seller hereby consents to the hiring of any such employees by the Buyer and waives, with respect to the employment by the Buyer of such employees, any claims or rights the Seller may have against the Buyer or any such employee under any non-competition, confidentiality or employment agreement.

5.10 Third-Party Notices and Consents .

(a) The Seller shall use its Reasonable Best Efforts to obtain, at its expense, all such waivers, consents or approvals from third parties, and to give all such notices to third parties, as listed or are required to be listed in the Disclosure Schedule.

(b) If (i) any of the Assigned Contracts or other assets or rights constituting Acquired Assets may not be assigned and transferred by the Seller to the Buyer (as a result of either the provisions thereof or applicable law) without the consent or approval of a third party, (ii) the Seller, after using its Reasonable Best Efforts, is unable to obtain such consent or approval

prior to the Closing and (iii) the Closing occurs nevertheless, then (A) such Assigned Contracts and/or other assets or rights shall not be assigned and transferred by the Seller to the Buyer at the Closing and the Buyer shall not assume the Seller's liabilities with respect thereto at the Closing, (B) the Seller shall continue to use its Reasonable Best Efforts to obtain the necessary consent or approval as soon as practicable after the Closing, and (C) upon the obtaining of such consent or approval, the Buyer and the Seller shall execute such further instruments of conveyance (in substantially the form executed at the Closing) as may be necessary to assign and transfer such Assigned Contracts and/or other assets or rights (and the associated liabilities and obligations of the Seller) to the Buyer.

5.11 Curb Energy and Rate Droppers Asset Purchase Agreement

The Buyer and Curb Energy, LLC and Rate Droppers, LLC shall negotiate in good faith to enter into an asset purchase agreement acceptable to Buyer, Seller and Curb Energy, LLC and Rate Droppers, LLC within thirty (30) days of the Closing Date on mutually agreeable terms.

5.12 Insurance Coverage

Seller shall obtain, at Seller's expense, within thirty (30) days of the Closing Date a policy for tail coverage for its existing employee practices insurance policy for a period of twelve (12) months from the Closing Date.

5.13 Connecticut Light and Power

Seller will continue to pay the electricity invoice from Connecticut Light and Power for the Leased Premises, and Buyer will reimburse Buyer for such amounts within ten (10) days of receipt of an invoice from Seller.

ARTICLE VI

INDEMNIFICATION

6.1 Indemnification by the Seller. The Seller and its Members shall jointly and severally indemnify Buyer (and its officers, directors and affiliates) in respect of, and hold the Buyer (and its officers, directors and affiliates) harmless against, Damages incurred or suffered by the Buyer or any Affiliate thereof resulting from, relating to or constituting:

(a) any breach, as of the date of this Agreement, of any representation or warranty of any Seller contained in this Agreement, any Ancillary Agreement or any other agreement or instrument furnished by Seller to the Buyer pursuant to this Agreement;

(b) any failure to perform any covenant or agreement of Seller contained in this Agreement, any Ancillary Agreement or any agreement or instrument furnished by Seller to the Buyer pursuant to this Agreement;

(c) any Retained Liabilities; and/or

(d) the operation of its business or the Acquired Assets prior to the Closing Date.

6.2 Indemnification by the Buyer . The Buyer shall indemnify the Seller in respect of, and hold it harmless against, any and all Damages incurred or suffered by the Seller resulting from, relating to or constituting:

(a) any breach, as of the date of this Agreement, of any representation or warranty of the Buyer contained in this Agreement, any Ancillary Agreement or any other agreement or instrument furnished by the Buyer to the Seller pursuant to this Agreement;

(b) any failure to perform any covenant or agreement of the Buyer contained in this Agreement, any Ancillary Agreement or any other agreement or instrument furnished by the Buyer to the Seller pursuant to this Agreement;

(c) any Assumed Liabilities; and/or

(d) operation of its business or the Acquired Assets after the Closing Date.

6.3 Indemnification Procedure .

(a) In the event that any Legal Proceedings shall be instituted or that any claim or demand (" Claim ") shall be asserted by any Person in respect of which payment may be sought under Section 6.1 and 6 .2 hereof (regardless of the limitations set forth in Section 6.4), the Indemnified Party shall reasonably and promptly cause written notice of the assertion of any Claim of which it has knowledge which is covered by this indemnity to be forwarded to the Indemnifying Party. The Indemnifying Party shall have the right, at its sole option and expense, to be represented by counsel of its choice, which must be reasonably satisfactory to the Indemnified Party, and to defend against, negotiate, settle or otherwise deal with any Claim which relates to any Damages indemnified against hereunder. If the Indemnifying Party elects to defend against, negotiate, settle or otherwise deal with any Claim which relates to any Damages indemnified against hereunder, it shall within thirty (30) days (or sooner, if the nature of the Claim so requires) notify the Indemnified Party of its intent to do so. If the Indemnifying Party elects not to defend against, negotiate, settle or otherwise deal with any Claim which relates to any Damages indemnified against hereunder, the Indemnified Party may defend against, negotiate, settle or otherwise deal with such Claim. If the Indemnifying Party shall assume the defense of any Claim, the Indemnified Party may participate, at his or its own expense, in the defense of such Claim. The parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such Claim. Notwithstanding anything in this Section 6.3 to the contrary, neither the Indemnifying Party nor the Indemnified Party shall, without the written consent of the other party, settle or compromise any indemnifiable Claim or permit a default or consent to entry of any judgment unless the claimant and such party provide to such other party an unqualified release from all liability in respect of the indemnifiable Claim. Notwithstanding the foregoing, if a settlement offer is made by the applicable third party claimant, and the Indemnifying Party notifies the Indemnified Party in writing of the Indemnifying Party's willingness to accept the settlement offer and, subject to the applicable limitations of Section 6.4 , pay the amount called for by such offer, and the Indemnified Party

declines to accept such offer, the Indemnified Party may continue to contest such indemnifiable Claim, free of any participation by the Indemnifying Party, and the amount of any ultimate liability with respect to such Indemnifiable Claim that the Indemnifying Party has an obligation to pay hereunder shall be limited to the amount of the settlement offer.

(b) After any final judgment or award shall have been rendered by a Governmental Body of competent jurisdiction and the expiration of the time in which to appeal therefrom, or a settlement shall have been consummated, or the Indemnified Party and the Indemnifying Party shall have arrived at a mutually binding agreement with respect to a Claim hereunder, the Indemnified Party shall forward to the Indemnifying Party notice of any sums due and owing by the Indemnifying Party pursuant to this Agreement with respect to such matter.

6.4 Survival of Representations and Warranties . The representations and warranties of the Parties shall (a) survive Closing and (b) shall expire eighteen (18) months after the Closing Date, except that (i) the representations and warranties set forth in Sections 2.1 and 2.2 shall survive the Closing without limitation, and (ii) the representations and warranties set forth in Section 2.9, 2.10(a), 2.20 and 2.21 shall survive until 30 days following the expiration of the statute of limitations applicable to the matters referred to within each such section. If an Indemnified Party delivers to an Indemnifying Party, before expiration of a representation or warranty, a notice of a Claim based upon a breach of such representation or warranty, then the applicable representation or warranty shall survive until, but only for purposes of, the resolution of any claims arising from or related to the matter covered by such notice. The rights to indemnification set forth in this Article VI shall not be affected by (i) any investigation conducted by or on behalf of an Indemnified Party or any knowledge acquired (or capable of being acquired) by an Indemnified Party, whether before or after the date of this Agreement, with respect to the inaccuracy or noncompliance with any representation, warranty, covenant or obligation which is the subject of indemnification hereunder or (ii) any waiver by an Indemnified Party of any closing condition relating to the accuracy of any representations and warranties or the performance of or compliance with agreements and covenants.

6.5 Exclusive Remedy and Set-Off .

(a) Except with respect to claims based on fraud, after the Closing, the rights of the Indemnified Parties under this Article VI shall be the exclusive remedy of the Indemnified Parties with respect to claims resulting from or relating to any misrepresentation, breach of warranty or failure to perform any covenant or agreement contained in this Agreement.

(b) The Seller and the Buyer hereby agree that should the Buyer be entitled to indemnification under Section 6.1 of this Agreement, the Buyer shall first set off the outstanding indebtedness evidence by the Seller Note and the Earnout against any and all obligations of the Seller and the Members arising under Section 6.1 of this Agreement. The Buyer shall not attempt to collect any Damages directly from the Seller and/or any of the Members unless and until it has exhausted all set off rights with respect to the Seller Note and the Earnout.

6.6. Certain Limitations on Indemnification .

(a) Notwithstanding the provisions of this Article VI , neither Seller nor Buyer shall have any indemnification obligations for Damages pursuant to Section 6.1 or 6.2 , unless the aggregate amount of all such Damages finally determined for which such party would be liable, but for this paragraph (a) exceeds $50,000 (the "Basket"), and in such event, the Indemnifying Party shall then be required to pay the total amount of such Damages in excess of the Basket, and subject to the Cap, provided that such limitation shall not apply to Seller's breach of Section 2.9 .

(b) None of the Seller Parties or the Buyer shall be required to indemnify any Person for Damages pursuant to Section 6.1 or 6.2 for an aggregate amount of all such Damages exceeding $2,500,000.00 provided that such limitation shall not apply to claims based on fraud. (the "Cap").

6.7 Treatment of Indemnity Payments . Any payments made to an Indemnified Party pursuant to this Article VI shall be treated as an adjustment to the Purchase Price for tax purposes.

ARTICLE VIII

DEFINITIONS

For purposes of this Agreement, each of the following terms shall have the meaning set forth below.

" Acquired Assets " shall mean all of the assets, properties and rights of the Seller existing as of the Closing, except to the extent included in the definition of Excluded Assets and to the extent assignable, including:

(a) all trade and other accounts receivable that are payable to the Seller, and all rights to unbilled amounts for products delivered or services provided, together with any security held by the Seller for the payment thereof;

(b) all computers, machinery, equipment, tools and tooling, furniture, fixtures, supplies, leasehold improvements, and other tangible personal property;

(c) all Intellectual Property, if any;

(d) all rights under Assigned Contracts to the extent assignable;

(e) all claims, prepayments, deposits, refunds, causes of action, chooses in action, rights of recovery, rights of setoff and rights of recoupment;

(f) all Permits to the extent assignable;

(g) all books, records, accounts, ledgers, files, documents, correspondence, lists (including customer and prospect lists), employment records, manufacturing and procedural manuals, Intellectual Property records, sales and promotional materials, studies, reports and other printed or written materials;

(h) all insurance policies of the Seller, as well as all proceeds which may be payable thereunder; and

(i) all rights of the Seller in and with respect to the assets associated with its Employee Benefit Plans.

" Affiliate " shall mean any affiliate, as defined in Rule 12b-2 under the Securities Exchange Act of 1934.

" Agreement " shall have the meaning set forth in the first paragraph of this Agreement.

" Ancillary Agreements " shall mean the Bill of Sale and Assignment and Assumption Agreement referred to in Section 1.5 .

" Assigned Contracts " shall mean the agreements listed on Section 2.14 of the Disclosure Schedule (except for those agreements that are specifically indicated on Section 2.14 of the Disclosure Schedule as not being deemed Assigned Contracts or are not capable of being assigned).

" Assignment and Assumption Agreement " shall have the meaning set forth in Section 1.5 .

" Assumed Liabilities " shall mean (a) all obligations of the Seller arising after the Closing under the Assigned Contracts, other than any liabilities for any breach, act or omission by the Seller prior to the Closing under any Assigned Contract, (b) any liability for Taxes in accordance with Section 5.4(d), (c) for any commission and/or bonus due to any employee of the Seller for deals booked and eligible for commission for the period from July 1, 2012 to September 30, 2012 per Seller's Sales Incentive Compensation ("SIC") Plan and scheduled to be paid on October 31, 2012, provided such employee is employed or engaged by Buyer after the Closing Date, and (d) for any commission and/or bonus due per the terms of Seller's SIC Plan any employee or independent contractor of the Seller subsequent to the Closing Date provided such employee or independent contractor is employed or engaged by Buyer after the Closing Date; (e) the Settlement and Release Agreement dated March 23, 2009 between Seller and Constellation NewEnergy; (f) the Settlement and Release Agreement dated January 27, 2008 between Seller and Constellation NewEnergy; (g) the Agreement dated March 22, 2010 between Seller and M & W Scoops, Inc.; and (h) any obligation set forth in Schedule 1.2

" Backlog " shall mean estimated future commissions to be collected by Buyer from energy supply contracts between energy suppliers and energy consumers deals that have been brokered by the Buyer through September 30, 2012.

" Bill of Sale " shall have the meaning set forth in Section 1.5 of this Agreement.

" Buyer " shall have the meaning set forth in the first paragraph of this Agreement.

" Buyer Certificate " shall mean a certificate to the effect that each of the conditions specified in clauses (a) through (c) (insofar as clause (c) relates to Legal Proceedings involving the Buyer) of Section 4.11 is satisfied in all respects.

" Buyer Material Adverse Effect " shall mean a material adverse effect on any of the Assets or on the business, operations, property, financial condition, results of operations or cash flow of Buyer or the business of Buyer. For the avoidance of doubt, the parties agree that the terms "material", "materially" or "materiality" as used in this Agreement with an initial lower case "m" shall have their respective customary and ordinary meanings, without regard to the meaning ascribed to Buyer or Seller Material Adverse Effect.

" Cap " has the meaning set forth in Section 5.5(b) of this Agreement.

" CERCLA " shall mean the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

" Change of Control Transaction " shall mean (A) the liquidation, bankruptcy, merger, consolidation, dissolution or winding up of the Buyer; (B) the acquisition of the Buyer by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation) that results in the transfer of fifty percent (50%) or more of the outstanding voting power of the Buyer; (C) a sale of all or substantially all of the assets of the Buyer, (D) any Person or group of related persons for purposes of Section 13(d) of the Exchange Act (a " Group ") (other than any Person or Group who owns or has the right to acquire Buyer's common stock on the date hereof) shall become the beneficial owner (within the meaning of Section 13(d) of the Exchange Act), directly or indirectly, of common stock of the Buyer representing more than 40% of the aggregate outstanding voting power of the Buyer and such Person or Group actually has the power to vote such common stock in any election, or (E) a majority of the board of directors of the Buyer shall consist of Persons who was not (i) a member of the board of directors on the Closing Date, or (ii) nominated for election or elected to the board of directors of the Buyer with the affirmative vote of a majority of the members of the board of directors on the Closing Date; that occurs prior to the expiration of the measurement period for the Earnout payment.

" Claim " shall have the meaning set forth in Section 6.3(a) of this Agreement.

" Closing " shall mean the closing of the transactions contemplated by this Agreement.

" Closing Date " shall mean the date of this Agreement.

" Code " shall mean the Internal Revenue Code of 1986, as amended.

" Customer Offerings " shall mean (a) the services that the Seller (i) currently provides or makes available to third parties, or (ii) has provided or made available to third parties within the previous four years, or (iii) currently plans to provide or make available to third parties in the future and (b) the products (including Software and Documentation) that the Seller (i) currently develops, manufactures, markets, distributes, makes available, sells or licenses to or for third parties, or (ii) has developed, manufactured, marketed, distributed, made available, sold or licensed to or for third parties within the previous six years, or (iii) currently plans to develop, manufacture, market, distribute, make available, sell or license to or for third parties in the future. A true and complete list of all Customer Offerings is set forth in Section 2.13(c) of the Disclosure Schedule.

" Damages " shall mean any and all debts, obligations and other liabilities (whether absolute, accrued, contingent, fixed or otherwise, or whether known or unknown, or due or to become due or otherwise), diminution in value, monetary damages, fines, fees, penalties, interest obligations, deficiencies, losses and expenses (including amounts paid in settlement, interest, court costs, costs of investigators, fees and expenses of attorneys, accountants, financial advisors and other experts, and other expenses of litigation).

" Disclosure Schedule " shall mean the disclosure schedule provided by the Seller to the Buyer on the date hereof and attached to this Agreement.

" Dispute " shall mean the dispute resulting if the Indemnifying Party in a Response disputes its liability for all or part of the Claimed Amount.

" Documentation " shall mean printed, visual or electronic materials, reports, white papers, documentation, specifications, designs, flow charts, code listings, instructions, user manuals, frequently asked questions, release notes, recall notices, error logs, diagnostic reports, marketing materials, packaging, labeling, service manuals and other information describing the use, operation, installation, configuration, features, functionality, pricing, marketing or correction of a product, whether or not provided to end user.

" EBITDA " or " Earnings before Interest, Taxes Depreciation and Amortization " shall mean income from operations, plus any depreciation and amortization expense reflected within income from operations, all applied on a consistent basis with the Financial Statements of Seller taking into consideration the methodology for calculating the Earnout set forth in Section 1.7(a) .

" EBITDA Target " shall mean the financial metrics as specified in the table set forth in Section 1.7 .

" Employee Benefit Plan " shall mean any "employee pension benefit plan" (as defined in Section 3(2) of ERISA), any "employee welfare benefit plan" (as defined in Section 3(1) of ERISA), and any other written or oral plan, agreement or arrangement involving direct or indirect compensation, including insurance coverage, severance benefits, disability benefits, deferred compensation, bonuses, stock options, stock purchase, phantom stock, stock appreciation or other forms of incentive compensation or post-retirement compensation.

" Environmental Law " shall mean any federal, state or local law, statute, rule, order, directive, judgment, Permit or regulation or the common law relating to the environment, occupational health and safety, or exposure of persons or property to Materials of Environmental Concern, including any statute, regulation, administrative decision or order pertaining to: (i) the presence of or the treatment, storage, disposal, generation, transportation, handling, distribution, manufacture, processing, use, import, export, labeling, recycling, registration, investigation or remediation of Materials of Environmental Concern or documentation related to the foregoing; (ii) air, water and noise pollution; (iii) groundwater and soil contamination; (iv) the release, threatened release, or accidental release into the environment, the workplace or other areas of Materials of Environmental Concern, including emissions, discharges, injections, spills, escapes or dumping of Materials of Environmental Concern; (v) transfer of interests in or control of real property which may be contaminated; (vi) community or worker right-to-know disclosures with

respect to Materials of Environmental Concern; (vii) the protection of wild life, marine life and wetlands, and endangered and threatened species; (viii) storage tanks, vessels, containers, abandoned or discarded barrels and other closed receptacles; and (ix) health and safety of employees and other persons. As used above, the term "release" shall have the meaning set forth in CERCLA.

" ERISA " shall mean the Employee Retirement Income Security Act of 1974, as amended.

" ERISA Affiliate " shall mean any entity which is, or at any applicable time was, a member of (1) a controlled group of corporations (as defined in Section 414(b) of the Code), (2) a group of trades or businesses under common control (as defined in Section 414(c) of the Code), or (3) an affiliated service group (as defined under Section 414(m) of the Code or the regulations under Section 414(o) of the Code), any of which includes or included the Seller.

" Excluded Assets " shall mean the following assets of the Seller:

(a) the governing documents, qualifications to conduct business as a foreign limited liability company, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, membership or security transfer books and other documents relating to the organization and existence of the Seller as a limited liability company;

(b) all rights relating to refunds, recovery or recoupment of Taxes;

(c) any of the rights of the Seller under this Agreement or under the Ancillary Agreements;

(d) prepayments by Seller on insurance policies not assumed;

(e) those assets listed on Schedule 1.1(b) attached hereto and/or pursuant to the Disclosure Schedule.

(f) all cash, short term investments, deposits, bank accounts and similar assets and all motor vehicles.

" Exploit " shall mean develop, design, test, modify, make, use, sell, have made, used and sold, import, reproduce, market, distribute, commercialize, support, maintain, correct and create derivative works of.

" Financial Statements " shall mean:

(a) the statement of assets, liabilities and members' equity-income tax basis, statements of revenues, expenses and members' equity-income tax basis and statements of cash flows-income tax basis of the Seller as of the end of July 31, 2012 and for each of the years ended December 31, 2009, December 31, 2010 and December 31, 2011; and

(b) the Most Recent Balance Sheet and the unaudited profit and loss statements for the seven (7) months ended as of the Most Recent Balance Sheet Date.

" Force Majeure Event " shall mean a (i) fire, flood, earthquake, hurricane, elements of nature or acts of God; (ii) wars (declared and undeclared), acts of terrorism, sabotage, riots, civil disorders, rebellions or revolutions; or (iii) acts of any governmental authority with respect to any of the foregoing, and provided that such default or delay cannot reasonably be circumvented by the non-performing Party through the use of commercially reasonable alternate sources, workaround plans or other commercially reasonable means.

" GAAP " shall mean United States generally accepted accounting principles consistently applied.

" Governmental Entity " shall mean any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency.

" Indemnified Party " shall mean a party entitled, or seeking to assert rights, to indemnification under Article VI of this Agreement.

" Indemnifying Party " shall mean the party from whom indemnification is sought by the Indemnified Party.

" Intellectual Property " shall mean the following subsisting throughout the world:

(a) Patent Rights;

(b) Trademarks and all goodwill in the Trademarks;

(c) copyrights, designs, data and database rights and registrations and applications for registration thereof, including moral rights of authors;

(d) mask works and registrations and applications for registration thereof under the laws of any jurisdiction;

(e) inventions, invention disclosures, statutory invention registrations, trade secrets and confidential business information, know-how, manufacturing and product processes and techniques, research and development information, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information, whether patentable or nonpatentable, whether copyrightable or noncopyrightable and whether or not reduced to practice; and

(f) other proprietary rights relating to any of the foregoing (including remedies against infringement thereof and rights of protection of interest therein under the laws of all jurisdictions).

" Intellectual Property Registrations " means Patent Rights, registered Trademarks, registered copyrights and designs, mask work registrations and applications for each of the foregoing.

" Internal Systems " shall mean the Software and Documentation and the computer, communications and network systems (both desktop and enterprise-wide), laboratory equipment, reagents, materials and test, calibration and measurement apparatus used by the Seller in its business or operations or to develop, manufacture, fabricate, assemble, provide, distribute, support, maintain or test the Customer Offerings, whether located on the premises of the Seller or hosted at a third party site. All Internal Systems that are material to the business of the Seller is listed and described in Section 2.13(c) of the Disclosure Schedule.

" Knowledge of Seller " shall mean the (i) actual knowledge of Thomas Lockwood, Lora Monroe, John Hardy, Russell Monroe, Susan DiMare, and/or Tim Lockwood, or (ii) if a reasonable prudent individual similarly situated to the persons listed in clause (i) could reasonably be expected to discover or otherwise become aware of that fact or matter in the course of conducting a reasonably comprehensive investigation regarding the accuracy of any representation or warranty in this Agreement.

" Lease " shall mean any lease or sublease pursuant to which the Seller leases or subleases from another party any real property.

" Leased Premises " shall mean 174 South Road, Enfield, Connecticut 06082.

" Legal Proceeding " shall mean any action, suit, proceeding, claim, arbitration or investigation before any Governmental Entity or before any arbitrator.

" Materials of Environmental Concern " shall mean any: pollutants, contaminants or hazardous substances (as such terms are defined under CERCLA), pesticides (as such term is defined under the Federal Insecticide, Fungicide and Rodenticide Act), solid wastes and hazardous wastes (as such terms are defined under the Resource Conservation and Recovery Act), chemicals, other hazardous, radioactive or toxic materials, oil, petroleum and petroleum products (and fractions thereof), or any other material (or article containing such material) listed or subject to regulation under any law, statute, rule, regulation, order, Permit, or directive due to its potential, directly or indirectly, to harm the environment or the health of humans or other living beings.

" Members " shall mean Lora Monroe, John Hardy and Thomas Lockwood.

" Most Recent Balance Sheet " shall mean the unaudited balance sheet of the Seller as of the Most Recent Balance Sheet Date.

" Most Recent Balance Sheet Date " shall mean July 31, 2012.

" NASDAQ Price " shall mean the consolidated closing bid price of XWES common stock at the time this Agreement is executed. If this Agreement is executed before 4PM Eastern Standard Time, the NASDAQ Price will be the consolidated closing bid price for the business day prior to the date this Agreement is executed. If this Agreement is executed after 4PM Eastern Standard Time, the NASDAQ Price will be the consolidated closing bid price on the date this Agreement is executed.

" Open Source Materials " means all Software, Documentation or other material that is distributed as "free software", "open source software" or under a similar licensing or distribution model, including, but not limited to, the GNU General Public License (GPL), GNU Lesser General Public License (LGPL), Mozilla Public License (MPL), or any other license described by the Open Source Initiative as set forth on www.opensource.org .

" Ordinary Course of Business " shall mean the ordinary course of business consistent with past custom and practice (including with respect to frequency and amount).

" Parties " shall mean the Buyer and/or the Seller and Party shall mean any of the Buyer or the Seller.

" Patent Rights " shall mean all patents, patent applications, utility models, design registrations and certificates of invention and other governmental grants for the protection of inventions or industrial designs (including all related continuations, continuations-in-part, divisionals, reissues and reexaminations).

" Permits " shall mean all permits, licenses, registrations, certificates, orders, approvals, franchises, variances and similar rights issued by or obtained from any Governmental Entity (including those issued or required under Environmental Laws and those relating to the occupancy or use of owned or leased real property).

" Person " shall mean any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, trust, unincorporated organization, or other entity, or any governmental agency, and any officer, department, commission, board, bureau, or instrumentality thereof.

" Purchase Price " shall mean the purchase price to be paid by the Buyer for the Acquired Assets.

" Reasonable Best Efforts " shall mean best efforts, to the extent commercially reasonable.

" Response " shall mean a written response containing the information provided for in Section 6.3(c).

" Restricted Employee " shall mean any person who was an employee of the Buyer on the date of this Agreement.

" Retained Liabilities " shall mean any and all liabilities or obligations (whether known or unknown, absolute or contingent, liquidated or unliquidated, due or to become due and accrued or unaccrued, and whether claims with respect thereto are asserted before or after the Closing) of the Seller which are not Assumed Liabilities t. The Retained Liabilities shall include, without limitation, all liabilities and obligations of the Seller:

(a) for income, transfer, sales, use or other Taxes arising in connection with the consummation of the transactions contemplated by this Agreement (including any income Taxes arising as a result of (i) the transfer by the Seller to the Buyer of the Acquired Assets, (ii) any deemed transfer by a subsidiary of the Seller of its assets pursuant to an election under

Section 338(h)(10) of the Code, (iii) the Seller having an "excess loss account" (within the meaning of Treasury Regulation §1.1502-19) in the stock of any Subsidiary of the Seller, or (iv) the Seller having deferred gain on any "deferred intercompany transaction" (within the meaning of Treasury Regulation §1.1502-13));

(b) for costs and expenses incurred in connection with this Agreement or the consummation of the transactions contemplated by this Agreement;

(c) under this Agreement or the Ancillary Agreements;

(d) for any Taxes, including deferred taxes or taxes measured by income of the Seller earned prior to the Closing, any liabilities for federal or state income tax and FICA taxes of employees of the Seller which the Seller is legally obligated to withhold, any liabilities of the Seller for employer FICA and unemployment taxes incurred, and any liabilities of the Seller for sales, use or excise taxes or customs and duties however, to the extent Seller assumes commissions (with respect to earnings taxed as W-2 earnings) there are payroll taxes associated with it and Buyer shall be responsible for such taxes;

(e) under any agreements, contracts, leases or licenses which are not Assigned Contracts ;arising prior to the Closing under the Assigned Contracts, and all liabilities for any breach, act or omission by the Seller prior to the Closing under any Assigned Contract;

(f) for any commissions earned by any employee or independent contractor of the Seller on or before the Closing Date, whether or not such employee or independent contractor is employed or engaged by Buyer on or after the Closing Date, except to the extent such commissions are Assumed Liabilities;

(g) Left Intentionally Blank.

(h) arising out of events, conduct or conditions existing or occurring prior to the Closing that constitute a violation of or non-compliance with any law, rule or regulation (including Environmental Laws), any judgment, decree or order of any Governmental Entity, or any Permit or that give rise to liabilities or obligations with respect to Materials of Environmental Concern;

(i) to pay severance benefits to any employee of the Seller whose employment is terminated (or treated as terminated) in connection with the consummation of the transactions contemplated by this Agreement, and all liabilities resulting from the termination of employment of employees of the Seller prior to the Closing that arose under any federal or state law or under any Employee Benefit Plan established or maintained by the Seller;

(j) any unemployment claims filed as a result of Seller's termination of employees following Buyer's purchase of the Acquired Assets that result in any adverse consequences for Buyer including, but not limited to, any adverse effect on Buyer's unemployment insurance experience rating.

(k) to indemnify any person or entity by reason of the fact that such person or entity was a director, officer, employee, or agent of the Seller or was serving at the request of the

Seller as a partner, trustee, director, officer, employee, or agent of another entity (whether such indemnification is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses, or otherwise and whether such indemnification is pursuant to any statute, charter document, bylaw, agreement, or otherwise);

(l) injury to or death of persons or damage to or destruction of property occurring prior to the Closing (including any workers compensation claim);

(m) for medical, dental and disability (both long-term and short-term benefits), whether insured or self-insured, owed to employees or former employees of the Seller based upon (A) exposure to conditions in existence prior to the Closing or (B) disabilities existing prior to the Closing (including any such disabilities which may have been aggravated following the Closing);

(n) for benefits under any Seller Plan;

(o) for any retrospective premium increases under any Seller Plan assumed by Buyer that relates to periods before and including the Closing; and

(p) Commercial Promissory Note with United Bank for York HVAC unit.

" Revenue " shall mean net cash received by Buyer from Buyer's operation of the Division from energy suppliers for the brokering of energy services between energy suppliers and end users of energy. Revenue shall be recorded on a basis consistent with revenue as reflected in the statements of revenues, expenses and members' equity included in Seller's historical financial statements for the years ended December 31, 2011 and 2010.

"Revenue Target" shall mean the Revenue metric as specified in the table set forth in Section 1.7 .

" SEC " shall mean the Securities and Exchange Commission.

" Securities Act " shall mean the Securities Act of 1933, as amended.

" Security Interest " shall mean any mortgage, pledge, security interest, encumbrance, charge or other lien (whether arising by contract or by operation of law), other than (i) mechanic's, materialmen's, and similar liens, (ii) liens arising under worker's compensation, unemployment insurance, social security, retirement, and similar legislation and (iii) liens on goods in transit incurred pursuant to documentary letters of credit, in each case arising in the Ordinary Course of Business of the Seller and not material to the Seller.

" Seller " shall have the meaning set forth in the first paragraph of this Agreement.

" Seller Certificate " shall mean a certificate to the effect that each of the conditions specified in clauses (a) through (c) (insofar as clause (c) relates to Legal Proceedings involving the Seller) of Section 4.2 is satisfied in all respects.

" Seller Intellectual Property " shall mean shall the Seller Owned Intellectual Property and the Seller Licensed Intellectual Property.

" Seller Licensed Intellectual Property " shall mean all Intellectual Property that is licensed to the Seller by any third party.

" Seller Material Adverse Effect " shall mean any material adverse effect on any of the Acquired Assets or on the business, operations, property, financial condition, results of operations or cash flow of Seller or the business of Seller. For the avoidance of doubt, the parties agree that the terms "material", "materially" or "materiality" as used in this Agreement with an initial lower case "m" shall have their respective customary and ordinary meanings, without regard to the meaning ascribed to Seller Material Adverse Effect.

" Seller Owned Intellectual Property " shall mean all Intellectual Property owned or purported to be owned by the Seller, in whole or in part.

" Seller Plan " shall mean any Employee Benefit Plan maintained, or contributed to, by the Seller or any ERISA Affiliate.

" Seller Registrations " shall mean Intellectual Property Registrations that are registered or filed in the name of the Seller, alone or jointly with others.

" Seller Source Code " shall mean the source code for any Software included in the Customer Offerings or Internal Systems or other confidential information constituting, embodied in or pertaining to such Software.

" Shares " shall mean any shares of the Buyer's common stock issued to the Seller or Seller's designees pursuant to the terms of this Agreement.

" Software " shall mean computer software code, applications, utilities, development tools, diagnostics, databases and embedded systems, whether in source code, interpreted code or object code form.

" Subsidiary " shall mean any corporation, partnership, trust, limited liability company or other non-corporate business enterprise in which the Seller (or another Subsidiary) holds stock or other ownership interests representing (a) more than 50% of the voting power of all outstanding stock or ownership interests of such entity or (b) the right to receive more than 50% of the net assets of such entity available for distribution to the holders of outstanding stock or ownership interests upon a liquidation or dissolution of such entity.

" Supplier Agreements " shall mean those agreements by and between Seller, Buyer, and energy suppliers pursuant to which Seller, Buyer, and/or any Affiliate of Buyer, is to be paid commodity brokerage fees with respect to transactions between energy suppliers and end users of energy (customers).

" Taxes " shall mean any and all taxes, charges, fees, duties, contributions, levies or other similar assessments or liabilities in the nature of a tax, including, without limitation, income, gross receipts, corporation, ad valorem, premium, value-added, net worth, capital stock, capital gains, documentary, recapture, alternative or add-on minimum, disability, estimated, registration, recording, excise, real property, personal property, sales, use, license, lease, service, service use, transfer, withholding, employment, unemployment, insurance, social security, national

insurance, business license, business organization, environmental, workers compensation, payroll, profits, severance, stamp, occupation, windfall profits, customs duties, franchise and other taxes of any kind whatsoever imposed by the United States of America or any state, local or foreign government, or any agency or political subdivision thereof, and any interest, fines, penalties, assessments or additions to tax imposed with respect to such items or any contest or dispute thereof.

" Tax Returns " shall mean any and all reports, returns, declarations, or statements relating to Taxes, including any schedule or attachment thereto and any related or supporting work papers or information with respect to any of the foregoing, including any amendment thereof.

" TD Bank " shall mean TD Bank, N.A.

" Third Party Action " shall mean any suit or proceeding by a person or entity other than a Party for which indemnification may be sought by a Party under Article VI.

" Trademarks " shall mean all registered trademarks and service marks, logos, Internet domain names, corporate names and doing business designations and all registrations and applications for registration of the foregoing, common law trademarks and service marks and trade dress.

ARTICLE IX

MISCELLANEOUS

9.1 Press Releases and Announcements . No Party shall issue any press release or public announcement relating to the subject matter of this Agreement without the prior written approval of the other Party; provided , however , that either Party may make any public disclosure it believes in good faith is required by applicable law, regulation or stock market rule.

9.2 No Third Party Beneficiaries . This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.

9.3 Entire Agreement . This Agreement (including the documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, with respect to the subject matter hereof, including, without limitation, that certain letter of intent dated August 8, 2012; provided that the Confidentiality Agreement dated April 19, 2012 between the Buyer and the Seller shall remain in effect in accordance with its terms.

9.4 Succession and Assignment . This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. The Buyer may not assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the Seller, provided that the Buyer may assign some or all of its rights, interests and/or obligations hereunder to one or more Affiliates of the

Buyer. Seller may not assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the Buyer. Any attempted assignment in contravention of this provision shall be void.

9.5 Counterparts and Facsimile Signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature or electronic signature.

9.6 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

9.7 Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly delivered four business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service, in each case to the intended recipient as set forth below:

If to Seller:

NORTHEAST ENERGY PARTNERS, LLC
174 South Road
Enfield, Connecticut 06082

LORA A. MONROE
23 Lauren Lane
Southwick, Massachusetts 01077

THOMAS LOCKWOOD
131 Burr Hill
Killingworth, Connecticut 06419

JOHN F. HARDY
9 Scarborough Drive
Avon, Connecticut 06001

Copy to:

THE LAW OFFICES OF ROBERT L. IAMONACO & ASSOCIATES, P.C.
150 Trumbull Street
Hartford, CT 06103

If to the Buyer:

World Energy Solutions, Inc.
100 Front Street
Worcester, MA 01608
Attn: General Counsel

Copy to:

Mirick O'Connell
100 Front Street
Worcester, MA 01608
Attn: Jeff Swaim, Esq.

Any Party may give any notice, request, demand, claim, or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the party for whom it is intended. Each Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

9.8 Governing Law. This Agreement (including the validity and applicability of the arbitration provisions of this Agreement, the conduct of any arbitration of a Dispute, the enforcement of any arbitral award made hereunder and any other questions of arbitration law or procedure arising hereunder) shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts, without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Massachusetts or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the Commonwealth of Massachusetts.

9.9 Amendments and Waivers. The Buyer and the Seller may mutually amend any provision of this Agreement at any time prior to the Closing. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each of the Buyer and the Seller. No waiver by any Party of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by the Party giving such waiver. No waiver by any Party with respect to any default, misrepresentation, or breach of warranty or covenant hereunder shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

9.10 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

9.11 Expenses. Except as set forth in Article VI, each Party shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

9.12 Submission to Jurisdiction. Each Party (a) submits to the jurisdiction of any state or federal court sitting in Worcester, Massachusetts in any action or proceeding arising out of or relating to this Agreement or the Ancillary Agreements, (b) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court, (c) waives any claim of inconvenient forum or other challenge to venue in such court, (d) agrees not to bring any

action or proceeding arising out of or relating to this Agreement or the Ancillary Agreements in any other court and (e) waives any right it may have to a trial by jury with respect to any action or proceeding arising out of or relating to this Agreement or the Ancillary Agreements. Each party agrees to accept service of any summons, complaint or other initial pleading made in the manner provided for the giving of notices in Section 9.7, provided that nothing in this Section 9.12 shall affect the right of either Party to serve such summons, complaint or other initial pleading in any other manner permitted by law.

9.13 Specific Performance. Each Party acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement (including Sections 5.1, 5.2 and 5.3) are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each Party agrees that each other Party shall be entitled to an injunction or other equitable relief to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

9.14 Construction.

(a) The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(b) Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

(c) Any reference herein to "including" shall be interpreted as "including without limitation".

(d) Any reference to any Article, Section or paragraph shall be deemed to refer to an Article, Section or paragraph of this Agreement, unless the context clearly indicates otherwise.

[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

Buyer:

World Energy Solutions, Inc.

By: /s/ Phil Adams
Phil Adams, Chief Executive Officer

Seller:

Northeast Energy Partners, LLC

By: /s/ John Hardy
Name: John Hardy
Title: Its Manager

For purposes of Section 5.2, 5.3 and 6.1 Only:

/s/ John Hardy
John Hardy

/s/ Thomas Lockwood
Thomas Lockwood

/s/ Lora Monroe
Lora Monroe

Exhibits

Exhibit A -	Form of Promissory Note
Exhibit B -	Bill of Sale
Exhibit C -	Instrument of Assumption

Schedules

Schedule 1.1(b) -	Excluded Asset
Schedule 1.6 -	Allocation of Purchase Price
Disclosure Schedule	

PROMISSORY NOTE

Maturity Date: April 1, 2014 Principal Amount: $2,000,000

FOR VALUE RECEIVED, **World Energy Solutions, Inc.** a Delaware corporation having a principal place of business at 100 Front St., Worcester, MA 01608 **(the "Maker")** , promises to pay to the order of **Northeast Energy Partners, LLC (the "Payee")** , a Connecticut limited liability company having a principal place of business 174 South Road, Enfield, Connecticut 06082, or such other place as Payee may designate, the sum of TWO MILLION DOLLARS ($2,000,000) with interest on the unpaid principal balance computed on the basis of a 360-day year at the Note Rate.

The Note Rate is four percent (4.0%) interest per year.

Except as otherwise provided below, on, October 1, 2013, and April 1, 2014 (each, a " **Payment Date** "), the Maker shall pay Payee, by check payable to Payee and delivered to the Payee's address stated above, $1,500,000 on October 1, 2013 and $500,000 on April 1, 2014 of the unpaid principal amount of this Note, together with the accrued but unpaid interest on the unpaid principal balance of this Note with each such payment (each such payment of principal and interest, a " **Cash Payment** ").

Notwithstanding anything to the contrary in this Note, if the Maker has delivered to Payee one or more notices of a Claim (as defined in the Asset Purchase Agreement dated October 3, 2012 by and among the Payee and John Hardy, Thomas Lockwood and Lora Monroe, being all of the members of the Seller (the "Members") (the "Asset Purchase Agreement")) on or before any Payment Date, then Maker, if not already paid, may withhold so much of the unpaid payment of principal and interest otherwise due Payee on such date as may be reasonably required to satisfy the claimed amount in such notice(s) of Claim until such time as the indemnification claim(s) that is the subject of such notice(s) of Claim is finally resolved. Maker may set-off from the Cash Payments, the aggregate amount of any and all Damages (as defined in the Asset Purchase Agreement) that Payee must indemnify Maker for with respect to any and all Claims that are the subject of any notice of Claim delivered to the Payee by the Maker on or before April 1, 2014. Notwithstanding anything to the contrary in this Note, Maker's withholding and, if applicable, set-off, of any Cash Payment pursuant to the terms of this paragraph will not constitute an Event of Default or other breach of this Promissory Note. Additionally, if any portion of a Cash Payment is withheld by Maker pursuant to the terms of this paragraph, no interest shall accrue on such portion of the Cash Payment from the applicable Payment Date until the date all Claims that are subject to Maker's notice of Claim delivered to Payee on or before such Payment Date are finally resolved. Maker shall pay to Payee any portion of the Cash Payments remaining after the satisfaction of Payee's indemnification obligations under the Asset Purchase Agreement.

While no Event of Default exists, each payment under this Note will be applied first to interest then due and then to principal. When an Event of Default exists any payments will be applied to interest and/or principal as determined by the Payee in its sole discretion.

The Maker may, at any time and without penalty, prepay any part or all of the unpaid principal balance of this Note.

The occurrence of any one or more of the following events is an Event of Default under this Note:

(i) Failure of the Maker to pay, perform or observe any of its obligations contained in this Note within seven (7) days of receipt of written notice thereof from Payee; or

(ii) upon default by the Maker in the performance of any its obligations, covenants or agreements contained in the Asset Purchase Agreement for a period of seven (7) days after receipt of written notice thereof from Payee; or

(iii) The termination of existence of the Maker or the involvement of the Maker in any financial difficulties as evidenced by:

(a) an assignment for the benefit of its creditors; or

(b) the appointment of a receiver, trustee, custodian, liquidator or conservator of it or its assets not vacated or set aside within sixty (60) days; or

(c) the commencement by it of proceedings under any federal or state law relating to bankruptcy, insolvency or relief of debtors; or

(d) the commencement against it of proceedings under any federal or state law relating to bankruptcy, insolvency or relief of debtors if the proceedings are not dismissed within sixty (60) days after the date on which commenced.

If an Event of Default occurs, the Payee may, to the extent permitted by law and without notice to the Maker, declare the unpaid principal balance and accrued interest to be due immediately without notice, presentment, demand, protest or other notice of dishonor of any kind, all of which are expressly waived. No course of dealing by the Payee and no delay in exercising any right under this Note will operate as a waiver by the Payee of its rights, and a waiver of a right on one occasion may not be construed as a waiver of the right on a future occasion.

This Note shall be governed by the laws of the Commonwealth of Massachusetts, and shall take effect as an instrument under seal.

This Note will be interpreted and construed under the laws of the Commonwealth of Massachusetts and will be considered to have been made, executed and performed in Massachusetts. All claims, disputes and other matters in question arising out of this agreement will be decided by proceedings instituted and litigated in a court of competent jurisdiction sitting in Massachusetts.

EXECUTED as a sealed instrument as of the 3rd day of October, 2012.

World Energy Solutions, Inc.

_____

Witness

By: _____

Name: James Parslow
Title: Chief Financial Officer

GENERAL BILL OF SALE

REFERENCE is made to the Asset Purchase Agreement dated of even date herewith (the "Agreement") by and among World Energy Solutions, Inc., a Delaware Corporation (the "Buyer"), Northeast Energy Partners, LLC, a Connecticut limited liability company (the "Seller"), John Hardy, Thomas Lockwood, and Lora Monroe, being all the members of the Seller. Capitalized terms not otherwise defined herein shall have the meaning given to them in the Agreement.

FOR VALUE RECEIVED pursuant to the Agreement, Seller, for itself and its successors and assigns, does hereby sell, convey, assign, transfer and deliver to and vest in Buyer and its successors and assigns all right, title and interest which Seller may have in and to all of the Acquired Assets (collectively, the "Assets").

Seller warrants that Seller hereby transfers to Buyer good, valid and transferable title to all of its Assets, free and clear of all liens, encumbrances, restrictions, agreements and adverse claims of every kind, nature and description, and agrees to defend such title.

Seller further covenants and agrees that, from time to time after the delivery of this instrument, at Buyer's request and without further consideration, Seller will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, conveyances, transfers, assignments, deeds, documents and assurances as reasonably may be requested by Buyer more effectively to convey to, transfer to and vest in Buyer all right, title and interest in and to any of the Assets transferred or assigned hereunder.

Nothing contained in this General Bill of Sale shall supersede, modify, limit, eliminate or otherwise affect any of the representations and warranties, covenants, agreements or indemnities set forth in the Agreement. This General Bill of Sale is executed and delivered pursuant to the terms of the Agreement, and nothing herein shall be construed to modify, terminate or merge any rights any party thereto may have pursuant to the terms thereof. In the event of any inconsistency or conflict between the terms of the Agreement and the terms of this General Bill of Sale, the terms of the Agreement shall prevail.

This General Bill of Sale shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts without regard to its conflict of laws provisions.

IN WITNESS WHEREOF, Seller has executed this General Bill of Sale as an instrument under seal as of this 3rd day of October, 2012.

WITNESSED BY:

_____
Signature

_____
Printed Name of Witness

Northeast Energy Partners, LLC

By: _____
John F. Hardy
Its Member
Duly Authorized

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

This Assignment and Assumption of Contracts (this "Assignment") dated as of October 3, 2012 (the "Effective Date") is by and between **Northeast Energy Partners, LLC** ("Assignor") and **World Energy Solutions, Inc.** ("Assignee").

RECITALS

Assignor, as seller, and Assignee, as buyer, are parties to an Asset Purchase Agreement dated as of October 3, 2012 (the "APA"). Capitalized terms used but not defined in this Assignment have the meanings ascribed in the APA.

Assignor desires to assign all of its right, title and interest in and to all of Assigned Contracts (collectively, the "Contracts") to Assignee and Assignee desires to acquire all of Assignor's right, title and interest in and to the Contracts.

TERMS OF AGREEMENT

For and in consideration of the recitals set forth above, and the covenants and agreements set forth below and other valuable consideration, the receipt of which is hereby acknowledged, Assignor and Assignee agree as follows:

1. **Assignment**. To the extent assignable, Assignor hereby assigns, sets over and transfers to Assignee all of Assignor's right, title and interest in the Contracts. Assignor hereby represents that the Contracts previously delivered to Assignee are complete, accurate and true copies of the Contracts, including all amendments.

2. **Assumption**. Assignee hereby assumes and agrees to perform, fulfill and observe all of the covenants, agreements, obligations and liabilities of Assignor under the Contracts arising on and after the Effective Date. Assignor agrees to pay, perform, fulfill and observe all of the covenants, agreements, obligations and liabilities prior to the Effective Date.

3. **Assignee Indemnification**. Assignee agrees to indemnify and hold Assignor harmless from and against all loss, cost, damage and expense, including, without limitation, reasonable attorneys' fees, arising out of any act, omission or default by Assignee under the Contracts arising after the Effective Date.

4. **Assignor Indemnification**. Except as set forth in the APA, Assignor agrees to indemnify and hold Assignee harmless from and against all loss, cost, damage and expense, including, without limitation, reasonable attorneys' fees, arising out of any act, omission or default by Assignor under the Contracts arising before the Effective Date.

5. **Notices**. All notices, demands, requests and other communications necessary or desirable under this Assignment shall be in writing and shall be deemed properly served if sent, by United States mail, postage prepaid, registered or certified mail, return receipt requested, or national overnight express courier service, addressed as follows:

(a) If intended for Assignor:

World Energy Solutions, Inc.
100 Front Street
Worcester, MA 01608
Attn: General Counsel

With a copy to:

Mirick O'Connell
100 Front Street
Worcester, MA 01608
Attn: Jeff Swaim, Esq.

(b) If intended for Assignee:

Northeast Energy Partners, LLC
174 South Road
Enfield, Connecticut 06082

With a copy to:

The Law Offices of Robert L. Iamonaco & Associates, P.C.
150 Trumbull Street
Hartford, CT 06103

or at such other address or to such other individual as the party entitled to receive notices shall designate to the other in writing. Any notice shall be effective upon actual receipt or the date of the refusal by the addressee to accept delivery of such notice.

6. **Binding Effect**. The provisions of this Assignment are binding on and inure to the benefit of Assignor, its successors and assigns, and Assignee, its successors and assigns.

7. **Headings**. The section headings used in this Assignment are for reference and convenience only and shall not be used in the interpretation of this Assignment. In the event of any inconsistency or conflict between the terms of the APA and the terms of this Assignment, the terms of the APA shall prevail.

8. **Counterparts**. This Assignment may be signed in several counterparts, each of which is an original, but all of which constitute a single instrument.

EXECUTED under seal as of the date first written above.

Assignor:

Northeast Energy Partners, LLC

By: _____
John Hardy, Member

Assignee:

World Energy Solutions, Inc.

By: _____
Phil Adams, CEO

Exhibit 4.1

PROMISSORY NOTE

Maturity Date: April 1, 2014 Principal Amount: $2,000,000

FOR VALUE RECEIVED, **World Energy Solutions, Inc.** a Delaware corporation having a principal place of business at 100 Front St., Worcester, MA 01608 **(the "Maker")** , promises to pay to the order of **Northeast Energy Partners, LLC (the "Payee")** , a Connecticut limited liability company having a principal place of business 174 South Road, Enfield, Connecticut 06082, or such other place as Payee may designate, the sum of TWO MILLION DOLLARS ($2,000,000) with interest on the unpaid principal balance computed on the basis of a 360-day year at the Note Rate.

The Note Rate is four percent (4.0%) interest per year.

Except as otherwise provided below, on, October 1, 2013, and April 1, 2014 (each, a " **Payment Date** "), the Maker shall pay Payee, by check payable to Payee and delivered to the Payee's address stated above, $1,500,000 on October 1, 2013 and $500,000 on April 1, 2014 of the unpaid principal amount of this Note, together with the accrued but unpaid interest on the unpaid principal balance of this Note with each such payment (each such payment of principal and interest, a " **Cash Payment** ").

Notwithstanding anything to the contrary in this Note, if the Maker has delivered to Payee one or more notices of a Claim (as defined in the Asset Purchase Agreement dated October 3, 2012 by and among the Payee and John Hardy, Thomas Lockwood and Lora Monroe, being all of the members of the Seller (the "Members") (the "Asset Purchase Agreement")) on or before any Payment Date, then Maker, if not already paid, may withhold so much of the unpaid payment of principal and interest otherwise due Payee on such date as may be reasonably required to satisfy the claimed amount in such notice(s) of Claim until such time as the indemnification claim(s) that is the subject of such notice(s) of Claim is finally resolved. Maker may set-off from the Cash Payments, the aggregate amount of any and all Damages (as defined in the Asset Purchase Agreement) that Payee must indemnify Maker for with respect to any and all Claims that are the subject of any notice of Claim delivered to the Payee by the Maker on or before April 1, 2014. Notwithstanding anything to the contrary in this Note, Maker's withholding and, if applicable, set-off, of any Cash Payment pursuant to the terms of this paragraph will not constitute an Event of Default or other breach of this Promissory Note. Additionally, if any portion of a Cash Payment is withheld by Maker pursuant to the terms of this paragraph, no interest shall accrue on such portion of the Cash Payment from the applicable Payment Date until the date all Claims that are subject to Maker's notice of Claim delivered to Payee on or before such Payment Date are finally resolved. Maker shall pay to Payee any portion of the Cash Payments remaining after the satisfaction of Payee's indemnification obligations under the Asset Purchase Agreement.

While no Event of Default exists, each payment under this Note will be applied first to interest then due and then to principal. When an Event of Default exists any payments will be applied to interest and/or principal as determined by the Payee in its sole discretion.

The Maker may, at any time and without penalty, prepay any part or all of the unpaid principal balance of this Note.

The occurrence of any one or more of the following events is an Event of Default under this Note:

(i) Failure of the Maker to pay, perform or observe any of its obligations contained in this Note within seven (7) days of receipt of written notice thereof from Payee; or

(ii) upon default by the Maker in the performance of any its obligations, covenants or agreements contained in the Asset Purchase Agreement for a period of seven (7) days after receipt of written notice thereof from Payee; or

(iii) The termination of existence of the Maker or the involvement of the Maker in any financial difficulties as evidenced by:

(a) an assignment for the benefit of its creditors; or

(b) the appointment of a receiver, trustee, custodian, liquidator or conservator of it or its assets not vacated or set aside within sixty (60) days; or

(c) the commencement by it of proceedings under any federal or state law relating to bankruptcy, insolvency or relief of debtors; or

(d) the commencement against it of proceedings under any federal or state law relating to bankruptcy, insolvency or relief of debtors if the proceedings are not dismissed within sixty (60) days after the date on which commenced.

If an Event of Default occurs, the Payee may, to the extent permitted by law and without notice to the Maker, declare the unpaid principal balance and accrued interest to be due immediately without notice, presentment, demand, protest or other notice of dishonor of any kind, all of which are expressly waived. No course of dealing by the Payee and no delay in exercising any right under this Note will operate as a waiver by the Payee of its rights, and a waiver of a right on one occasion may not be construed as a waiver of the right on a future occasion.

This Note shall be governed by the laws of the Commonwealth of Massachusetts, and shall take effect as an instrument under seal.

This Note will be interpreted and construed under the laws of the Commonwealth of Massachusetts and will be considered to have been made, executed and performed in Massachusetts. All claims, disputes and other matters in question arising out of this agreement will be decided by proceedings instituted and litigated in a court of competent jurisdiction sitting in Massachusetts.

EXECUTED as a sealed instrument as of the 3rd day of October, 2012.

World Energy Solutions, Inc.

/s/ Carolyn Oldenburg
Witness

By: /s/ James Parslow

Name: James Parslow
Title: Chief Financial Officer

Exhibit 4.2

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE " **ACT** "), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company: World Energy Solutions, Inc., a Delaware corporation
Number of Shares: 45,045, subject to adjustment
Type/Series of Stock: Common Stock, $0.0001 par value per share
Warrant Price: $4.44 per Share, subject to adjustment
Issue Date: October 3, 2012
Expiration Date: October 2, 2019 **See also Section 5.1(b).**
Credit Facility: This Warrant to Purchase Stock (" **Warrant** ") is issued in connection with that certain Fourth Loan Modification Agreement, of even date herewith, to that certain Loan and Security Agreement dated September 8, 2008, between Silicon Valley Bank and the Company, as amended (collectively, and as further amended and/or modified and in effect from time to time, the " **Loan Agreement** ").

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, SILICON VALLEY BANK (together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, " **Holder** ") is entitled to purchase the number of fully paid and non-assessable shares (the " **Shares** ") of the above-stated Type/Series of Stock (the " **Class** ") of the above-named company (the " **Company** ") at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. Reference is made to Section 5.4 of this Warrant whereby Silicon Valley Bank shall transfer this Warrant to its parent company, SVB Financial Group.

SECTION 1. EXERCISE .

1.1 Method of Exercise . Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise . On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value . If shares of the Class are then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a " **Trading Market** "), the fair market value of a Share shall be the closing price or last sale price of a share of the Class reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If shares of the Class are not then traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant . Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant . On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company .

(a) Acquisition. For the purpose of this Warrant, " **Acquisition** " means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or reorganization (or, if such

Company stockholders beneficially own a majority of the outstanding voting power of the surviving or successor entity as of immediately after such merger, consolidation or reorganization, such surviving or successor entity is not the Company); or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "**Cash/Public Acquisition**"), either (i) Holder shall exercise this Warrant pursuant to Section 1.1 and/or 1.2 and such exercise will be deemed effective immediately prior to and contingent upon the consummation of such Acquisition or (ii) if Holder elects not to exercise the Warrant, this Warrant will expire immediately prior to the consummation of such Acquisition.

(c) The Company shall provide Holder with written notice of its request relating to the Cash/Public Acquisition (together with such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such contemplated Cash/Public Acquisition giving rise to such notice), which is to be delivered to Holder not less than seven (7) Business Days prior to the closing of the proposed Cash/Public Acquisition. In the event the Company does not provide such notice, then if, immediately prior to the Cash/Public Acquisition, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon such exercise to the Holder and Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as the date thereof.

(d) Upon the closing of any Acquisition other than a Cash/Public Acquisition, the acquiring, surviving or successor entity shall assume the obligations of this Warrant, and this Warrant shall thereafter be exercisable for the same securities and/or other property as would have been paid for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant.

(e) As used in this Warrant, "**Marketable Securities**" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in Trading Market, and (iii) following the closing of such Acquisition, Holder would not be restricted from publicly re-selling all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise or convert this Warrant in full on or prior to the closing of such Acquisition, except to the extent that any such restriction (x) arises solely under federal or state securities laws, rules or regulations, and (y) does not extend beyond six (6) months from the closing of such Acquisition.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in additional shares of the Class or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations substitutions, replacements or other similar events.

2.3 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.4 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Covenants. The Company represents and warrants to, and agrees with, the Holder as follows:

(a) All Shares which may be issued upon the exercise of this Warrant shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

(b) The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class and other securities as will be sufficient to permit the exercise in full of this Warrant.

3.2 Notice of Certain Events . If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;

(b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);

(c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class; or

(d) effect an Acquisition or to liquidate, dissolve or wind up;

then, in connection with each such event, the Company shall give Holder notice thereof at the same time and in the same manner as given to holders of the outstanding shares of the Class.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the Shares to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 No Voting Rights. Holder, as a Holder of this Warrant, will not have any voting rights until the exercise of this Warrant.

SECTION 5. MISCELLANEOUS.

5.1 Term; Automatic Cashless Exercise Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Pacific time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares issued upon such exercise to Holder.

5.2 Legends. Each certificate evidencing Shares shall be imprinted with a legend in substantially the following form:

THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO SILICON VALLEY BANK DATED OCTOBER 3, 2012, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issued upon exercise of this Warrant may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions

reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to SVB Financial Group (Silicon Valley Bank's parent company) or any other affiliate of Holder, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act and represents to the Company in writing that it is both such an accredited investor and an affiliate of Holder. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. After receipt by Silicon Valley Bank of the executed Warrant, Silicon Valley Bank will transfer all of this Warrant to its parent company, SVB Financial Group. By its acceptance of this Warrant, SVB Financial Group hereby makes to the Company each of the representations and warranties set forth in Section 4 hereof and agrees to be bound by all of the terms and conditions of this Warrant as if the original Holder hereof. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, SVB Financial Group and any subsequent Holder may transfer all or part of this Warrant or the Shares issued upon exercise of this Warrant to any transferee, provided, however, in connection with any such transfer, SVB Financial Group or any subsequent Holder will give the Company notice of the portion of the Warrant and/or Shares being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any subsequent transferee other than SVB Financial Group shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

SVB Financial Group
Attn: Treasury Department
3003 Tasman Drive, HC 215
Santa Clara, CA 95054
Telephone: (408) 654-7400
Facsimile: (408) 988-8317
Email address: derivatives@svb.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

World Energy Solutions, Inc.
Attn: Chief Financial Officer
100 Front Street
Worcester, MA 01608
Telephone: (508) 459-8100
Facsimile: (508) 459-8101
Email: jparslow@worldenergy.com

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which Silicon Valley Bank is closed.

[Remainder of page left blank intentionally]
[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

WORLD ENERGY SOLUTIONS, INC.

By: /s/ James Parslow

Name: James Parslow
(Print)
Title: Chief Financial Officer

"HOLDER"

SILICON VALLEY BANK

By: /s/ Darren Gastrock

Name: Darren Gastrock
(Print)
Title: Relationship Manager

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right to purchase shares of the Common/Series Preferred [circle one] Stock of (the "**Company**") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

☐ check in the amount of $ payable to order of the Company enclosed herewith

☐ Wire transfer of immediately available funds to the Company's account

☐ Cashless Exercise pursuant to Section 1.2 of the Warrant

☐ Other [Describe]

2. Please issue a certificate or certificates representing the Shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

HOLDER:

_____

By: _____

Name: _____

Title: _____

(Date): _____

Schedule I

Exhibit 4.3

WORLD ENERGY SOLUTIONS, INC.

SUBORDINATED NOTE DUE 2020

$4,000,000 October 3, 2012

For value received, **World Energy Solutions, Inc.,** a Delaware corporation (the "Company"), hereby promises to pay to **Massachusetts Capital Resource Company** or registered assigns (hereinafter referred to as the "Payee"), on or before September 30, 2020, the principal sum of Four Million Dollars ($4,000,000) or such part thereof as then remains unpaid pursuant to the terms set forth in that certain Note Purchase Agreement, dated as of October 3, 2012, between the Company and Massachusetts Capital Resource Company (as the same may be amended from time to time, hereinafter referred to as the "Agreement"), and to pay interest from the date hereof on the whole amount of said principal sum remaining from time to time unpaid at the rate of ten and one-half percent (10.5%) per annum, such interest to be payable monthly on the last day of each calendar month in each year, the first such payment to be due and payable on October 31, 2012, until the whole amount of the principal hereof remaining unpaid shall become due and payable, and to pay interest at the rate of fourteen percent (14%) (so far as the same may be legally enforceable) on all overdue principal (including any overdue required redemption), premium and interest. All or a portion of the principal amount of this Note must be redeemed in the amounts and at the times set forth in Section 1.04 of the Agreement. Principal, premium, if any, and interest shall be payable in lawful money of the United States of America, in immediately available funds, at the principal office of the Payee or at such other place as the legal holder may designate from time to time in writing to the Company. Interest shall be computed on the basis of a 360-day year and a 30-day month.

This Note is issued pursuant to and is entitled to the benefits of the Agreement, and each holder of this Note, by his acceptance hereof, agrees to be bound by the provisions of the Agreement, including, without limitation, that (i) this Note is subject to prepayment, in whole or in part, as specified in said Agreement, (ii) the principal of and interest on this Note is subordinated to Senior Debt, as defined in the Agreement and (iii) in case of an Event of Default, as defined in the Agreement, the principal of this Note may become or may be declared due and payable in the manner and with the effect provided in the Agreement.

As further provided in the Agreement, upon surrender of this Note for transfer or exchange, a new Note or new Notes of the same tenor dated the date to which interest has been paid on the surrender Note and in an aggregate principal amount equal to the unpaid principal amount of the Note so surrendered will be issued to, and registered in the name of, the transferee or transferees. The Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes.

In case any payment herein provided for shall not be paid when due, the Company promises to pay all cost of collection, including all reasonable attorney's fees.

This Note shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts and shall have the effect of a sealed instrument.

The Company and all endorsers and guarantors of this Note hereby waive presentment, demand, notice of nonpayment, protest and all other demands and notices in connection with the delivery, acceptance, performance or enforcement of this Note.

WORLD ENERGY SOLUTIONS, INC.

By /s/ Philip Adams
Philip Adams, Chief Executive Officer

Exhibit 10.1

FOURTH LOAN MODIFICATION AGREEMENT

This Fourth Loan Modification Agreement (this " **Loan Modification Agreement** ") is entered into as of October 3, 2012 (the " **Fourth Loan Modification Effective Date** "), by and between (i) **SILICON VALLEY BANK** , a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 275 Grove Street, Suite 2-200, Newton, Massachusetts 02466 (" **Bank** ") and (ii) **WORLD ENERGY SOLUTIONS, INC.** , a Delaware corporation with offices located at 100 Front Street, Worcester, Massachusetts 01608, and **WORLD ENERGY SECURITIES CORP.** , a Massachusetts securities corporation with offices located at 100 Front Street, Worcester, Massachusetts 01608 (individually and collectively, jointly and severally, " **Borrower** ").

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS . Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of September 8, 2008, evidenced by, among other documents, a certain Loan and Security Agreement dated as of September 8, 2008, between Borrower and Bank, as amended by a certain First Loan Modification Agreement, dated as of September 30, 2009, as further amended by a certain Second Loan Modification Agreement, dated as of March 8, 2011 and as further amended by a certain Third Loan Modification and Waiver Agreement, dated as of March 2, 2012 (as amended, the " **Loan Agreement** "). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL . Repayment of the Obligations is secured by the Collateral as described in the Loan Agreement (together with any other collateral security granted to Bank, the " **Security Documents** ").

Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the " **Existing Loan Documents** ".

3. DESCRIPTION OF CHANGE IN TERMS .

A. Modifications to Loan Agreement.

1 The Loan Agreement shall be amended by inserting the following new Section 2.1.6 immediately following Section 2.1.5 thereof:

" 2.1.6 Term Loan 2012A.

(a) Existing Term Loan 2012 Indebtedness . Bank and Borrower acknowledge and agree that Borrower is indebted to Bank pursuant to the Term Loan 2012. As of the Fourth Loan Modification Effective Date, prior to application of the proceeds of the Term Loan 2012A, the outstanding principal balance of the Term Loan 2012 is Two Million Five Hundred Thousand Dollars ($2,500,000).

(b) Availability . Bank shall make one (1) term loan available to Borrower in an amount up to the Term Loan 2012A Amount on the Fourth Loan Modification Effective Date, subject to the satisfaction of the terms and conditions of this Agreement.

(c) Repayment . Commencing on the first day of the month following the month in which the Funding Date occurs and thereafter on the first day of each successive calendar month until the Term Loan 2012A is paid in full, Borrower shall make monthly payments of interest in arrears with respect to the Term Loan 2012A. Commencing on January 1, 2013, Borrower shall repay the principal amount of the Term Loan 2012A in thirty-nine (39) equal installments of principal, based on a thirty-nine (39)

month amortization schedule (each payment of principal and/or interest being a " **Term Loan 2012A Payment** "). Each Term Loan 2012A Payment shall be payable on the first day of each month. Borrower's final Term Loan 2012A Payment, due on the Term Loan 2012A Maturity Date, shall include all outstanding principal and accrued and unpaid interest under the Term Loan 2012A. Once repaid, the Term Loan 2012A may not be reborrowed.

(d) Prepayment . The Term Loan 2012A may be prepaid, in whole prior to the Term Loan 2012A Maturity Date by Borrower, effective three (3) Business Days after written notice of such prepayment is given to Bank. Notwithstanding any such prepayment, Bank's lien and security interest in the Collateral shall continue until Borrower fully satisfies its Obligations (other than inchoate indemnity obligations). If such prepayment is at Borrower's election or at Bank's election due to the occurrence and continuance of an Event of Default, Borrower shall pay to Bank, in addition to the payment of any other expenses or fees then-owing, if such prepayment occurs on or before the first anniversary of the Fourth Loan Modification Effective Date, a prepayment premium in an amount equal to one percent (1.00%) of the principal amount of the Term Loan 2012A then outstanding; provided that no prepayment premium shall be charged if the Term Loan 2012A is replaced with a new facility from another division of Silicon Valley Bank. Upon payment in full of the Obligations (other than inchoate indemnity obligations) and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall terminate and release its liens and security interests in the Collateral and all rights therein shall revert to Borrower.

(e) Use of Proceeds . Proceeds of the Term Loan 2012A will be used (i) for the repayment in full of the outstanding principal balance of, plus the accrued but unpaid interest on, the Term Loan 2012 (which repayment shall not be subject to any prepayment premium); and (ii) to fund a portion of the purchase price of the NEP Acquisition."

2 The Loan Agreement shall be amended by deleting the following text appearing as Section 2.3(a)(ii) thereof:

"(ii) Term Loan 2012 . Subject to Section 2.3(b) the principal amount outstanding under the Term Loan 2012 shall accrue interest at a floating per annum rate equal to the Prime Rate plus two and one-quarter of one percentage point (2.25%), which interest shall be payable monthly on the first day of each month."

and inserting in lieu thereof the following:

"(ii) Term Loan 2012A . Subject to Section 2.3(b) the principal amount outstanding under the Term Loan 2012A shall accrue interest at a floating per annum rate equal to the Prime Rate plus two and three-quarters of one percentage point (2.75%), which interest shall be payable monthly on the first day of each month."

3 The Loan Agreement shall be amended by deleting the following text appearing as Section 6.9 thereof:

" **6.9 Financial Covenants** .

Borrower shall maintain at all times, to be tested as of the last day of each month, unless otherwise noted, on a consolidated basis with respect to Borrower and its Subsidiaries:

(a) Minimum Cash and Availability . Commencing February 28, 2012 and at all times thereafter, maintain unrestricted cash of Borrower at Bank plus unused Availability Amount of not less than One Million Two Hundred Fifty Thousand Dollars ($1,250,000);

(b) Minimum Fixed Charge Coverage Ratio . Commencing with the first full fiscal quarter following the Third Loan Modification Effective Date, achieve, on a trailing three month basis, measured on the last day of each monthly period, a Fixed Charge Coverage Ratio of not less than 1.25:1.00.

and inserting in lieu thereof the following:

" **6.9 Financial Covenants** .

Borrower shall maintain at all times, to be tested as of the last day of each month, unless otherwise noted, on a consolidated basis with respect to Borrower and its Subsidiaries:

(a) Minimum Cash and Availability . Commencing on the Fourth Loan Modification Effective Date and at all times thereafter, maintain unrestricted cash of Borrower at Bank plus unused Availability Amount of not less than Three Million Dollars ($3,000,000);

(b) Minimum Fixed Charge Coverage Ratio . Commencing with the first full fiscal quarter following the Fourth Loan Modification Effective Date, achieve, on a trailing three month basis, measured on the last day of each monthly period, a Fixed Charge Coverage Ratio of not less than 1.25:1.00.

4 The Loan Agreement shall be amended by deleting the following text appearing as Section 7.7 thereof:

" **7.7 Investments; Distributions** . (a) Directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so; (b) pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock provided that (i) Borrower may convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) Borrower may pay dividends solely in common stock; and (iii) Borrower may repurchase the stock of existing and former employees or consultants pursuant to board approved stock repurchase agreements so long as (X) an Event of Default does not exist at the time of such repurchase and would not exist after giving effect to such repurchase, and (Y) such repurchase does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in the aggregate in any fiscal year, and (iii) Borrower may make the GSE Earn-Out Payments so long as (X) an Event of Default does not exist at the time of such payment and would not exist immediately after giving effect to such payment and (Y) Borrower provides evidence satisfactory to Bank, in its sole discretion, that Borrower will remain in compliance with the Minimum Cash and Availability financial covenant contained in Section 6.9(a) both immediately after giving effect to such payment and as of the last day of the month in which such payment is made."

and inserting in lieu thereof the following:

" **7.7 Investments; Distributions** . (a) Directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so; (b) pay any dividends or make any distribution or payment or redeem, retire or purchase any capital

stock provided that (i) Borrower may convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) Borrower may pay dividends solely in common stock; and (iii) Borrower may repurchase the stock of existing and former employees or consultants pursuant to board approved stock repurchase agreements so long as (X) an Event of Default does not exist at the time of such repurchase and would not exist after giving effect to such repurchase, and (Y) such repurchase does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in the aggregate in any fiscal year, and (iii) Borrower may make the GSE Earn-Out Payments and the NEP Earn-Out Payments so long as, in each case (X) an Event of Default does not exist at the time of such payment and would not exist immediately after giving effect to such payment and (Y) Borrower provides evidence satisfactory to Bank, in its sole discretion, that Borrower will remain in compliance with the Minimum Cash and Availability financial covenant contained in Section 6.9(a) both immediately after giving effect to such payment and as of the last day of the month in which such payment is made."

5 The Loan Agreement shall be amended by deleting the following text appearing as Section 7.9 thereof:

" **7.9 Subordinated Debt** . (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject; provided however , Borrower may make scheduled payments under the NES Note so long as (i) an Event of Default does not exist at the time of such payment and would not exist immediately after giving effect to such payment and (ii) Borrower provides evidence satisfactory to Bank, in its sole discretion, that Borrower will remain in compliance with the Minimum Cash and Availability financial covenant contained in Section 6.9(a) both immediately after giving effect to such payment and as of the last day of the month in which such payment is made, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof or adversely affect the subordination thereof to Obligations owed to Bank."

and inserting in lieu thereof the following:

" **7.9 Subordinated Debt** . (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject; provided however , Borrower may make regularly scheduled payments under the NES Note and the NEP Note so long as, in each case (i) an Event of Default does not exist at the time of such payment and would not exist immediately after giving effect to such payment and (ii) Borrower provides evidence satisfactory to Bank, in its sole discretion, that Borrower will remain in compliance with the Minimum Cash and Availability financial covenant contained in Section 6.9(a) both immediately after giving effect to such payment and as of the last day of the month in which such payment is made, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof or adversely affect the subordination thereof to Obligations owed to Bank."

6 The Loan Agreement shall be amended by deleting the following text appearing in Section 10 of the Loan Agreement:

"If to Borrower: World Energy Solutions, Inc.

World Energy Securities Corp.
c/o World Energy Solutions, Inc.
446 Main Street
Worcester, Massachusetts 01608
Attn: Jim Parslow, CFO
Fax: (508) 459-8101
Email: jparslow@worldenergy.com

with a copy to: Wilmer Cutler Pickering Hale and Dorr LLP
60 State Street
Boston, Massachusetts
Attn: Mr. Mitchel Appelbaum
Fax: (617) 526-5000
Email: mitchel.appelbaum@wilmerhale.com"

and inserting in lieu thereof the following:

"If to Borrower: World Energy Solutions, Inc.
World Energy Securities Corp.
c/o World Energy Solutions, Inc.
100 Front Street
Worcester, Massachusetts 01608
Attn: Jim Parslow, CFO
Fax: (508) 459-8101
Email: jparslow@worldenergy.com"

7 The Loan Agreement shall be amended by deleting the following definition appearing in Section 13.1thereof:

" **Credit Extension** " is any Advance, Term Loan 2012, or any other extension of credit by Bank for Borrower's benefit.

" **Fixed Charges** " are, for any period of measurement, the sum of Borrower's (i) Interest Expense, plus (ii) any required or optional principal payments on outstanding Indebtedness owed to Bank (including, without limitation, principal amortization and prepayments of the Term Loan 2012, but specifically excluding (A) payments of principal on the Revolving Line and (B) GSE Earn-Out Payments permitted to be paid pursuant to Section 7.7 herein and scheduled payments under the NES Note permitted to be paid pursuant to Section 7.9 herein and paid during such period.

" **Loan Documents** " are, collectively, this Agreement, any Bank Services Agreements, the Perfection Certificate, the Subordination Agreement, if any, any note, or notes or guaranties executed by Borrower, or any other present or future agreement executed by Borrower, if any, and/or for the benefit of Bank in connection with this Agreement and/or Bank Services, all as amended, restated, or otherwise modified.

" **Revolving Maturity Date** " is March 15, 2013.

and inserting in lieu thereof the following:

" **Credit Extension** " is any Advance, Term Loan 2012A, or any other extension of credit by Bank for Borrower's benefit.

" **Fixed Charges** " are, for any period of measurement, the sum of Borrower's (i) Interest Expense, plus (ii) any required or optional principal payments on outstanding Indebtedness owed to Bank (including, without limitation, principal amortization and prepayments of the Term Loan 2012A, but specifically excluding (A) payments of principal on the Revolving Line and (B) (i) GSE Earn-Out Payments and NEP Earn-Out Payments permitted to be paid pursuant to Section 7.7 herein and (ii) regularly scheduled payments under the NES Note and the NEP Note permitted to be paid pursuant to Section 7.9 herein and paid during such period.

" **Loan Documents** " are, collectively, this Agreement, any Bank Services Agreements, the Perfection Certificate, the Warrant, any Subordination Agreement, if any, any note, or notes or guaranties executed by Borrower, or any other present or future agreement executed by Borrower, if any, and/or for the benefit of Bank in connection with this Agreement and/or Bank Services, all as amended, restated, or otherwise modified.

" **Revolving Line Maturity Date** " is March 14, 2014.

8 The Loan Agreement shall be amended by inserting the following definitions in Section 13.1 thereof each in their appropriate alphabetical position:

" **Fourth Loan Modification Effective Date** " is October 3, 2012

" **NEP Earn-Out Payments** " are the regularly scheduled earn-out payments as and when due and payable in accordance with the terms of Section 1.7 of that certain Asset Purchase Agreement by and among World Energy Solutions, Inc. and Northeast Energy Partners, LLC, entered into as of October 3, 2012.

" **NEP Acquisition** " means the transactions contemplated and consummated pursuant to the NEP Acquisition Agreement.

" **NEP Acquisition Agreement** " means that certain Asset Purchase Agreement, by and between World Energy Solutions Inc. in favor of Northeast Energy Partners, LLC, dated as of the Fourth Loan Modification Effective Date.

" **NEP Note** " is that certain Promissory Note, dated October 3, 2012, made by World Energy Solutions Inc. in favor of Northeast Energy Partners, LLC in the original principal amount equal to Two Million Dollars ($2,000,000).

" **Term Loan 2012A** " is a loan made by Bank pursuant to the terms of Section 2.1.6 hereof.

" **Term Loan 2012A Amount** " is an aggregate amount equal to Four Million Dollars ($4,000,000).

" **Term Loan 2012A Maturity Date** " is the earliest of (a) March 1, 2016 or (b) the occurrence of an Event of Default.

" **Term Loan 2012A Payment** " is defined in Section 2.1.6(b).

" **Warrant** " is that certain Warrant to Purchase Stock dated as of the Fourth Loan Modification Effective Date, executed by Borrower in favor of Bank.

9 The Loan Agreement shall be amended by deleting the following definitions appearing in Section 13.1 thereof:

" **Term Loan 2012** " is a loan made by Bank pursuant to the terms of Section 2.1.5 hereof.

" **Term Loan 2012 Amount** " is an aggregate amount equal to Two Million Five Hundred Thousand Dollars ($2,500,000).

" **Term Loan 2012 Maturity Date** " is the earliest of (a) February 1, 2016 or (b) the occurrence of an Event of Default.

" **Term Loan 2012 Payment** " is defined in Section 2.1.5(b).

10 The Loan Agreement shall be amended by deleting the following text appearing as clause (c) of the definition of "Permitted Indebtedness" in Section 13.1 thereof:

"(c) Subordinated Debt, including, without limitation, Indebtedness owed to Northeast Energy Solutions, LLC pursuant to the NES Note;"

and inserting in lieu thereof the following:

"(c) Subordinated Debt, including, without limitation, Indebtedness owed to Northeast Energy Solutions, LLC pursuant to the NES Note and Indebtedness owed to Northeast Energy Partners, LLC pursuant to the NEP Note;"

11 The Loan Agreement shall be amended by deleting the following text appearing as clause (i) of the definition of "Permitted Indebtedness" in Section 13.1 thereof:

"(i) the GSE Earn-Out Payments"

and inserting in lieu thereof the following:

"(i) the GSE Earn-Out Payments and the NEP Earn-Out Payments;"

12 The Compliance Certificate appearing as Exhibit B to the Loan Agreement is hereby replaced with the Compliance Certificate attached as Exhibit A hereto.

4. CONDITIONS PRECEDENT . Borrower hereby agrees that the following documents shall be delivered to the Bank prior to or concurrently with the execution of this Loan Modification Agreement, each in form and substance satisfactory to the Bank (collectively, the " **Conditions Precedent** "):

A. copies, certified by a duly authorized officer of Borrower, to be true and complete as of the date hereof, of each of (i) the governing documents of Borrower as in effect on the date hereof (but only to the extent modified since last delivered to the Bank), (ii) the resolutions of Borrower authorizing the execution and delivery of this Loan Modification Agreement, the other documents executed in connection herewith and Borrower's performance of all of the transactions contemplated hereby (but only to the extent required since last delivered to Bank), and (iii) an incumbency certificate giving the name and bearing a specimen signature of each individual who shall be so authorized on behalf of Borrower (but only to the extent any signatories have changed since such incumbency certificate was last delivered to Bank);

B. a good standing certificate of Borrower certified by the Secretary of State of the applicable state of incorporation or organization of Borrower, together with a certificate of foreign qualification from the appropriate authority in each jurisdiction in which Borrower is so qualified, in each case dated as of a date no earlier than thirty (30) days prior to the date hereof;

C. duly executed original signatures to the Warrant, together with the Borrower's capitalization table in effect as of the Fourth Loan Modification Effective Date;

D. a Subordination Agreement, executed by Northeast Energy Partners, LLC;

E. an Acknowledgment and Reaffirmation of Subordination Agreement, executed by Northeast Energy Solutions, LLC;

F. updated Perfection Certificates executed by Borrower;

G. updated evidence of insurance (Acord 27 or 28 naming Bank as loss payee and Acord 25 (including excess/umbrella liability) naming Bank as additional insured);

H. certified copies, dated as of a recent date, of updated financing statement searches (including, without limitation, searches on the assets acquired in connection with the NEP Acquisition), as Bank shall request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such updated financing statements either constitute Permitted Liens or have been or, in connection with any Credit Extension, will be terminated or released;

I. an officer's certificate, executed by Borrower and attaching copies of the fully-executed NEP Acquisition Agreement; and

J. such other documents as Bank may reasonably request.

5. FEES. Borrower shall pay to Bank a commitment fee equal to Twenty Five Thousand Dollars ($25,000), which fee shall be due on the date hereof and shall be deemed fully earned as of the date hereof. Borrower shall also reimburse Bank for all legal fees and expenses incurred in connection with the Existing Loan Documents and this Loan Modification Agreement.

6. RATIFICATION OF NEGATIVE PLEDGE. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of a certain negative pledge arrangement with respect to Borrower's intellectual property, between Borrower and Bank, and Borrower acknowledges, confirms and agrees that said negative pledge arrangement remains in full force and effect.

7. ADDITIONAL COVENANTS: RATIFICATION OF PERFECTION CERTIFICATE. Borrower shall not, without providing the Bank with thirty (30) days prior written notice: (i) relocate its principal executive office or add any new offices or business locations or keep any Collateral, in excess of Ten Thousand Dollars ($10,000.00) in any additional locations, or (ii) change its jurisdiction of organization, or (iii) change its organizational structure or type, (iv) change its legal name, or (v) change any organizational number (if any) assigned by its jurisdiction of organization. In addition, the Borrower hereby certifies that no Collateral in excess of Ten Thousand Dollars ($10,000.00) is in the possession of any third party bailee (such as at a warehouse). In the event that Borrower, after the date hereof, intends to store or otherwise deliver the Collateral in excess of Ten Thousand Dollars ($10,000.00) to such a bailee, then Borrower shall first receive, the prior written consent of Bank and such bailee must acknowledge in writing that the bailee is holding such Collateral for the benefit of Bank. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate dated as of the date hereof, and acknowledges, confirms and agrees the disclosures and information above Borrower provided to Bank in the Perfection Certificate has not changed.

8. AUTHORIZATION TO FILE . Borrower hereby authorizes Bank to file UCC financing statements without notice to Borrower, with all appropriate jurisdictions, as Bank deems appropriate, in order to further perfect or protect Bank's interest in the Collateral, including a notice that any disposition of the Collateral, by either the Borrower or any other Person, shall be deemed to violate the rights of the Bank under the Code.

9. CONSISTENT CHANGES . The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

10. RATIFICATION OF LOAN DOCUMENTS . Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to the Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

11. NO DEFENSES OF BORROWER . Borrower hereby acknowledges and agrees that Borrower has no offsets, defenses, claims, or counterclaims against Bank with respect to the Obligations, or otherwise, and that if Borrower now has, or ever did have, any offsets, defenses, claims, or counterclaims against Bank, whether known or unknown, at law or in equity, all of them are hereby expressly WAIVED and Borrower hereby RELEASES Bank from any liability thereunder.

12. CONTINUING VALIDITY . Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

13. RIGHT OF SET-OFF . In consideration of Bank's agreement to enter into this Loan Modification Agreement, Borrower hereby reaffirms and hereby grants to Bank, a lien, security interest and right of set off as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Silicon Valley Bank (including a Bank subsidiary) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may set off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the loan. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

14. CONFIDENTIALITY . Bank may use confidential information for the development of databases, reporting purposes, and market analysis, so long as such confidential information is aggregated and anonymized prior to distribution unless otherwise expressly permitted by Borrower. The provisions of the immediately preceding sentence shall survive the termination of the Loan Agreement.

15. JURISDICTION/VENUE . Section 11 of the Loan Agreement is hereby incorporated by reference in its entirety.

16. COUNTERSIGNATURE . This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

[The remainder of this page is intentionally left blank]

This Loan Modification Agreement is executed as a sealed instrument under the laws of the Commonwealth of Massachusetts as of the date first written above.

BORROWER:

WORLD ENERGY SOLUTIONS, INC.

By /s/ James Parslow
Name: James Parslow
Title: CFO

WORLD ENERGY SECURITIES CORP.

By /s/ James Parslow
Name: James Parslow
Title: Treasurer

BANK:

SILICON VALLEY BANK

By /s/ Darren Gastrock
Name: Darren Gastrock
Title: Relationship Manager

EXHIBIT B

COMPLIANCE CERTIFICATE

TO: SILICON VALLEY BANK
FROM: WORLD ENERGY SOLUTIONS, INC. AND WORLD ENERGY SECURITIES CORP.

Date:

The undersigned authorized officers of World Energy Solutions, Inc., and World Energy Securities Corp. (individually and collectively, jointly and severally, " **Borrower** "), solely in their capacities as officers of their respective entities, certify that under the terms and conditions of the Loan and Security Agreement between Borrower and Bank (the " **Agreement** "), (1) Borrower is in complete compliance for the period ending with all required covenants except as noted below, (2) there are no Events of Default, (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, (4) Borrower, and each of its Subsidiaries, has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9 of the Agreement, and (5) no Liens have been levied or claims made against Borrower or any of its Subsidiaries, if any, relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank. Attached are the required documents supporting the certification. The undersigned solely in their capacities as officers of their respective entities, certify that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned solely in their capacities as officers of their respective entities, acknowledge that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

Reporting Covenant	Required	Complies
Monthly financial statements with Compliance Certificate	Monthly within 30 days	Yes No
Annual financial statement (CPA Audited) + CC	FYE within 90 days	Yes No
10-Q, 10-K and 8-K	Within 5 days after filing with SEC	Yes No
A/R & A/P Agings, Deferred Revenue report, and schedule of expected collections	Monthly within 20 days when there are outstanding Credit Extensions under the Revolving Line	Yes No
Borrowing Base Certificate	Monthly within 20 Days during Streamline Period	Yes No
Transaction Report	Weekly when not Streamline Period when there are outstanding Credit Extensions under the Revolving Line and upon each request for a Credit Extension under the Revolving Line	Yes No
Board-approved projections	Within 30 days of approval	Yes No

Financial Covenant	Required	Actual	Complies
Minimum Cash and Availability	$3,000,000	$ _____	Yes No
Minimum Fixed Charge Coverage Ratio	1.25:1.00	_____:1.00	Yes No

The following financial covenant analyses and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Certificate.

The following are the exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions to note.")

_____

_____

_____

WORLD ENERGY SOLUTIONS, INC.

By: _____
Name: _____
Title: _____

WORLD ENERGY SECURITIES CORP.

By: _____
Name: _____
Title: _____

BANK USE ONLY

Received by: _____
AUTHORIZED SIGNER

Date: _____

Verified: _____
AUTHORIZED SIGNER

Date: _____

Compliance Status: Yes No

Schedule 1 to Compliance Certificate

Financial Covenants of Borrower

Dated: _____

I. **Minimum Cash and Availability** (Section 6.9(a))

Required: Minimum Cash and Availability Commencing on the Fourth Loan Modification Effective Date and at all times thereafter, maintain unrestricted cash of Borrower at Bank plus unused Availability Amount of not less than Three Million Dollars ($3,000,000);

Actual:

A. Aggregate value of the unrestricted cash of Borrower at Bank	$_____
B. Unused Availability Amount	$_____
C. Total (line A plus line B)	$_____

Is line C equal to or greater than $3,000,000?

_____No, not in compliance _____Yes, in compliance

II. **Minimum Fixed Charge Coverage Ratio** (Section 6.9(b))

Required: Minimum Fixed Charge Coverage Ratio . Commencing with the first full fiscal quarter following the Fourth Loan Modification Effective Date, achieve, on a trailing three month basis, measured on the last day of each monthly period, a Fixed Charge Coverage Ratio of not less than 1.25:1.00.

Actual: All amounts measured on a trailing three month basis, ending as of the date of measurement.

A.	EBITDA	$ _____
B.	Taxes actually paid in cash	$ _____
C.	Unfinanced Capital Expenditures	$ _____
D.	Interest Expense	$ _____
E.	The sum of required or principal payments on outstanding Indebtedness owed to Bank (including, without limitation, principal amortization and prepayments of the Term Loan 2012A, but specifically excluding (A) payments of principal on the Revolving Line and (B) (i) GSE Earn-Out Payments and NEP Earn-Out Payments permitted to be paid pursuant to Section 7.7 of the Loan Agreement and (ii) regularly scheduled payments under the NES Note and the NEP Note permitted to be paid pursuant to Section 7.9 of the Loan Agreement and paid during such period	$ _____
F.	FIXED CHARGE COVERAGE RATIO ((line A minus line B minus line C) divided by (line D plus line E))	_____:1.00

Is line G greater than or equal to 1.25:1.00?

_____No, not in compliance _____Yes, in compliance

Exhibit 10.2

WORLD ENERGY SOLUTIONS, INC.

Note Purchase Agreement

Dated as of October 3, 2012

WORLD ENERGY SOLUTIONS, INC.

Note Purchase Agreement

Dated as of October 3, 2012

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EXHIBITS

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3.11 Schedule of Transactions with Affiliates
3.13 Schedule of Investments in Other Persons
3.15 Certificate re "Qualified Investments"

WORLD ENERGY SOLUTIONS, INC.
100 Front Street
Worcester, Massachusetts 01608

As of October 3, 2012

Massachusetts Capital Resource Company
420 Boylston Street
Boston, Massachusetts 02116

Re: Subordinated Notes due 2020

Gentlemen:

World Energy Solutions, Inc., a Delaware corporation (the "Company"), hereby agrees with Massachusetts Capital Resource Company (the "Purchaser") as follows:

ARTICLE I

PURCHASE, SALE AND TERMS OF NOTES

1.01. The Notes. The Company has authorized the issuance and sale to the Purchaser of the Company's Subordinated Notes, due September 30, 2020, in the original principal amount of $4,000,000. The Subordinated Notes shall be substantially in the form set forth in Exhibit 1.01 hereto and are herein referred to individually as a "Note" and collectively as the "Notes", which terms shall also include any notes delivered in exchange or replacement therefor.

1.02. Purchase and Sale of Notes.

(a) The Closing. The Company agrees to issue and sell to the Purchaser, and, subject to and in reliance upon the representations, warranties, terms and conditions of this Agreement, the Purchaser agrees to purchase, the Notes for an aggregate purchase price of $4,000,000. Such purchase and sale shall take place at a closing (the "Closing") to be held at the Law Office of George W. Thibeault, 60 State Street, Suite 700, Boston, Massachusetts 02109, on October 3, 2012 at 10:00 A.M., or on such other date and at such time as may be mutually agreed upon. At the Closing the Company will initially issue one Note, payable to the order of the Purchaser, in the principal amount of $4,000,000, against delivery to the Company of a check or a receipt of a wire transfer, in the amount of $4,000,000, in payment of the full purchase price for the Notes.

(b) Use of Proceeds. The Company agrees to use the full proceeds from the sale of the Notes solely to assist in acquisitions and agrees that such use would constitute a purpose which increases or maintains equal opportunity employment in the Commonwealth of Massachusetts.

1.03. Payments and Endorsements. Payments of principal, interest and premium, if any, on the Notes, shall be made directly by check duly mailed, wired or delivered to the Purchaser at its address referred to in Section 7.03 hereof, without any presentment or notation of payment, except that prior to any transfer of any Note, the holder of record shall endorse on such Note a record of the date to which interest has been paid and all payments made on account of principal of such Note.

1.04. Redemptions.

(a) Required Redemptions. Beginning on and with October 31, 2016, and on the last day of each calendar month in each year thereafter through and including September 30, 2020, the Company will redeem, without premium, $83,333.33 in principal amount of the Notes, or such lesser amount as may be then outstanding, together with all accrued and unpaid interest then due on the amount so redeemed. On the stated or accelerated maturity of the Notes, the Company will pay the principal amount of the Notes then outstanding together with all accrued and unpaid interest then due thereon. No optional redemption of less than all of the Notes shall affect the obligation of the Company to make the redemptions required by this subsection.

(b) Optional Redemptions With Premium. The Company may at any time redeem the Notes in whole or in part (in integral multiples of $50,000) together with interest due on the amount so redeemed through the date of redemption, and a premium equal to the percentage of the principal amount of the Notes redeemed under this subsection applicable to the period in which such redemption is made, as follows:

Period ending	Premium
October 1, 2013	5%
October 1, 2014	3%
October 1, 2015	1%
Thereafter	0%

(c) Notice of Redemptions; Pro rata Redemptions. Notice of any optional redemptions pursuant to subsection 1.04(b) shall be given to all registered holders of the Notes at least ten (10) business days prior to the date of such redemption. Each redemption of Notes pursuant to subsections 1.04(a) or (b) shall be made so that the Notes then held by each holder shall be redeemed in a principal amount which shall bear the same ratio to the total principal amount of Notes being redeemed as the principal amount of Notes then held by such holder bears to the aggregate principal amount of the Notes then outstanding.

1.05. Payment on Non-Business Days. Whenever any payment to be made shall be due on a Saturday, Sunday or a public holiday under the laws of the Commonwealth of Massachusetts, such payment may be made on the next succeeding business day, and such extension of time shall in such case be included in the computation of payment of interest due.

1.06. Registration, etc. The Company shall maintain at its principal office a register of the Notes and shall record therein the names and addresses of the registered holders of the Notes, the address to which notices are to be sent and the address to which payments are to be made as designated by the registered holder if other than the address of the holder, and the particulars of all transfers, exchanges and replacements of Notes. No transfer of a Note shall be valid unless made on such register for the registered holder or his executors or administrators or his or their duly appointed attorney, upon surrender therefor for exchange as hereinafter provided, accompanied by an instrument in writing, in form and execution reasonably satisfactory to the Company. Each Note issued hereunder, whether originally or upon transfer, exchange or replacement of a Note or Notes, shall be registered on the date of execution thereof by the Company and shall be dated the date to which interest has been paid on such Notes or Note. The registered holder of a Note shall be that Person in whose name the Note has been so registered by the Company. A registered holder shall be deemed the owner of a Note for all purposes of this Agreement and, subject to the provisions hereof, shall be entitled to the principal, premium, if any, and interest evidenced by such Note free from all equities or rights of setoff or counterclaim between the Company and the transferor of such registered holder or any previous registered holder of such Note.

1.07. Transfer and Exchange of Notes. The registered holder of any Note or Notes may, prior to maturity or prepayment thereof, surrender such Note or Notes at the principal office of the Company for transfer or exchange, provided that the principal amount of any Note or Notes to be issued in connection with such transfer or exchange shall not be less than $100,000 unless (y) such transfer or exchange is for the entire principal balance of the Notes then outstanding or (z) such transfer or exchange is to one or more partners of such holder. Within a reasonable time after notice to the Company from a registered holder of its intention to make such exchange and without expense (other than transfer taxes, if any) to such registered holder, the Company shall issue in exchange therefor another Note or Note, in such denominations as requested by the registered holder, for the same aggregate principal amount as the unpaid principal amount of the Note or Notes so surrendered, and having the same maturity and rate of interest, containing the same provisions and subject to the same terms and conditions as the Note or Notes so surrendered. Each new Note shall be made payable to such Person or Persons, or registered assigns, as the registered holder of such surrendered Note or Notes may designate, and such transfer or exchange shall be made in such a manner that no gain or loss of principal or interest shall result therefrom.

1.08. Replacement of Notes. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of any Note and, if requested in the case of any such loss, theft or destruction, upon delivery of an indemnity bond or other agreement or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of such Note, the Company will issue a new Note, of like tenor and amount and dated the date to which interest has been paid, in lieu of such lost, stolen, destroyed or mutilated Note; provided, however, if any Note of which Massachusetts Capital Resource Company, its nominee, or any of its partners is the registered holder is lost, stolen or destroyed, the affidavit of the President, Treasurer or any Assistant Treasurer of the registered holder setting forth the circumstances with respect to such loss, theft or destruction shall be accepted as satisfactory evidence thereof, and no indemnification bond or other security shall be required as a condition to the execution and delivery by the Company of a new Note in replacement of such lost, stolen or destroyed Note other than the registered holder's written agreement to indemnify the Company.

1.09. Subordination. The Company, for itself, its successors and assigns, covenants and agrees, and the Purchaser and each successor holder of the Notes by his or its acceptance thereof, likewise covenants and agrees, that notwithstanding any other provision of this Agreement or the Notes, the payment of the principal of and interest on each and all of the Notes shall be subordinated in right of payment, to the extent and in the manner hereinafter set forth, to the prior payment in full of all Senior Debt (as hereinafter defined) at any time outstanding. The provisions of this Section 1.09 shall constitute a continuing representation to all Persons who, in reliance upon such provisions, become the holders of or continue to hold Senior Debt, and such provisions are made for the benefit of the holders of Senior Debt, and such holders are hereby made obligees hereunder the same as if their names were written herein as such, and they or any of them may proceed to enforce such provisions against the Company or against the holder of any Note without the necessity of joining the Company as a party.

(a) Payment of Senior Debt. In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to the Company or to its property, or, in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Company or distribution or marshalling of its assets or any composition with creditors of the Company, whether or not involving insolvency or bankruptcy, then and in any such event all Senior Debt shall be paid in full before any payment or distribution of any character, whether in cash, securities or other property, shall be made on account of the Notes; and any such payment or distribution, except securities which are subordinated and junior in right of payment to the payment of all Senior Debt then outstanding in terms of substantially the same tenor as this Section 1.09, which would, but for the provisions hereof, be payable or deliverable in respect of the Notes shall be paid or delivered directly to the holders of Senior Debt (or their duly authorized representatives), in the proportions in which they hold the same, until all Senior Debt shall have been paid in full, and every holder of the Notes by becoming a holder thereof shall have designated and appointed the holder or holders of Senior Debt (and their duly authorized representatives) as his or its agents and attorney-in-fact to demand, sue for, collect and receive such Senior Debt holder's ratable share of all such payments and distributions and to file any necessary proof of claim therefor and to take all such other action in the name of the holders of the Notes or otherwise, as such Senior Debt holders (or their authorized representatives) may

determine to be necessary or appropriate for the enforcement of this Section 1.09. The Purchaser and each successor holder of the Notes by its or his acceptance thereof agrees to execute, at the request of the Company, a separate agreement with any holder of Senior Debt on the terms set forth in this Section 1.09, and to take all such other action as such holder or such holder's representative may request in order to enable such holder to enforce all claims upon or in respect of such holder's ratable share of the Notes.

(b) No Payment on Notes Under Certain Conditions. In the event that any default occurs in the payment of the principal of or interest on any Senior Debt (whether as a result of the acceleration thereof by the holders of such Senior Debt or otherwise) and during the continuance of such default for a period up to ninety (90) days and thereafter if judicial proceedings shall have been instituted with respect to such defaulted payment, or (if a shorter period) until such payment has been made or such default has been cured or waived in writing by such holder of Senior Debt then and during the continuance of such event no payment of principal or interest on the Notes shall be made by the Company or accepted by any holder of the Notes who has received notice from the Company or from a holder of Senior Debt of such events.

(c) Payments Held in Trust. In case any payment or distribution shall be paid or delivered to any holder of the Notes before all Senior Debt shall have been paid in full, despite or in violation or contravention of the terms of this subordination, such payment or distribution shall be held in trust for and paid and delivered ratably to the holders of Senior Debt (or their duly authorized representatives), until all Senior Debt shall have been paid in full.

(d) Subrogation. Subject to the payment in full of all Senior Debt and until the Notes shall be paid in full, the holders of the Notes shall be subrogated to the rights of the holders of Senior Debt (to the extent of payments or distributions previously made to such holders of Senior Debt pursuant to the provisions of subsections (a) and (c) of this Section 1.09) to receive payments or distributions of assets of the Company applicable to the Senior Debt. No such payments or distributions applicable to the Senior Debt shall, as between the Company and its creditors, other than the holders of Senior Debt and the holders of the Notes, be deemed to be a payment by the Company to or on account of the Notes; and for the purposes of such subrogation, no payments or distributions to the holders of Senior Debt to which the holders of the Notes would be entitled except for the provisions of this Section 1.09 shall, as between the Company and its creditors, other than the holders of Senior Debt and the holders of the Notes, be deemed to be a payment by the Company to or on account of the Senior Debt.

(e) Scope of Section. The provisions of this Section 1.09 are intended solely for the purpose of defining the relative rights of the holders of the Notes, on the one hand, and the holders of the Senior Debt, on the other hand. Nothing contained in this Section 1.09 or elsewhere in this Agreement or the Notes is intended to or shall impair, as between the Company, its creditors other than the holders of Senior Debt, and the holders of the Notes, the obligation of the Company, which is unconditional and absolute, to pay to the holders of the Notes the principal of and interest on the Notes as and when the same shall

become due and payable in accordance with the terms thereof, or to affect the relative rights of the holders of the Notes and creditors of the Company other than the holders of the Senior Debt, nor shall anything herein or therein prevent the holder of any Note from accepting any payment with respect to such Note or exercising all remedies otherwise permitted by applicable law upon default under such Note, subject to the rights, if any, under this Section 1.09 of the holders of Senior Debt in respect of cash, property or securities of the Company received by the holders of the Notes.

(f) Survival of Rights. The right of any present or future holder of Senior Debt to enforce subordination of the Notes pursuant to the provisions of this Section 1.09 shall not at any time be prejudiced or impaired by any act or failure to act on the part of the Company or any such holder of Senior Debt, including, without limitation, any forbearance, waiver, consent, compromise, amendment, extension, renewal, or taking or release of security of or in respect of any Senior Debt or by noncompliance by the Company with the terms of such subordination regardless of any knowledge thereof such holder may have or otherwise be charged with.

(g) Amendment or Waiver. The provisions of this Section 1.09 may not be amended or waived in any manner which is detrimental to any Senior Debt without the consent of the holders of all then existing Senior Debt.

(h) Senior Debt Defined. The term "Senior Debt" shall mean (i) all Indebtedness of the Company for money borrowed from banks or other institutional lenders, including any extension or renewals thereof, whether outstanding on the date hereof or thereafter created or incurred, which is not by its terms subordinate and junior to or on a parity with the Notes and which is permitted hereby at the time it is created or incurred, and (ii) all guaranties by the Company which are not by their terms subordinate and junior to or on a parity with the Notes and which are permitted hereby at the time they are made, of Indebtedness of any Subsidiary if such Indebtedness would have been Senior Debt pursuant to the provisions of clause (i) of this sentence had it been Indebtedness of the Company. In making any loans which are (or the guaranties of which are) intended to be Senior Debt, the lenders or purchasers shall be entitled to rely as to the fact that such Indebtedness or guaranty is permitted hereby upon a certificate by the Company's chief financial officer purporting to show such Indebtedness or guaranty will not result in the Company's failure to comply with the provisions of Article IV hereof as of the date of the loan or guarantee.

1.10. Representations by the Purchaser. The Purchaser represents that it is its present intention to acquire the Notes for its own account and that the Notes are being and will be acquired for the purpose of investment and not with a view to distribution or resale thereof; subject, nevertheless, to the condition that the disposition of the property of the Purchaser shall at all times be within its control. The acquisition by the Purchaser of the Notes shall constitute a confirmation of this representation.

1.11. Disclosure of Information by the Purchaser. The Company understands that the Purchaser is a special purpose limited partnership organized under Chapter 109 of the General Laws of the Commonwealth of Massachusetts and Chapter 816 of the Acts and Resolves of 1977 of the Commonwealth of Massachusetts (the "Capital Resource Company Act"), and as such, in accordance with such provisions, the Purchaser, in order to obtain certain benefits for itself and its partners, is required to file certain reports and otherwise disclose information relating to the business, financial affairs, and future prospects of the Company and its affiliates (as defined in the aforesaid legislation) with the Clerk of the Senate and the Clerk of the House of Representatives of the General Court of the Commonwealth of Massachusetts, the Secretary of Manpower Affairs, the Commissioner of Insurance and the Department of Revenue of the Commonwealth of Massachusetts, and that such reports and other information may constitute "public records" within the purview of Section 7 of Chapter 4 of the General Laws of the Commonwealth of Massachusetts. In addition, information relating to the business, financial affairs and future prospects of the Company and its affiliates must be disclosed to others in order to obtain independent confirmation that financing on substantially similar terms to financing provided pursuant to this Agreement was not elsewhere available to the Company. The Company hereby authorizes the Purchaser to disclose all such information relating to the business, financial affairs and future prospects of the Company and its affiliates as has been or may in the future be presented to the Purchaser to all such persons as the Purchaser in good faith deems necessary or appropriate in order to fulfill its obligations under the Capital Resource Company Act.

ARTICLE II

CONDITIONS TO PURCHASER'S OBLIGATION

The obligation of the Purchaser to purchase and pay for the Notes at the Closing is subject to the following conditions:

2.01. Representations and Warranties. Each of the representations and warranties of the Company set forth in Article III hereof shall be true on the date of the Closing.

2.02. Documentation at Closing. The Purchaser shall have received prior to or at the Closing all of the following, each in form and substance satisfactory to the Purchaser and its counsel:

(a) A certified copy of all charter documents of the Company; a certified copy of the resolutions of the Board of Directors and, to the extent required, the stockholders of the Company evidencing approval of this Agreement, the Notes, and other matters contemplated hereby; a certified copy of the By-laws of the Company; and certified copies of all documents evidencing other necessary corporate or other action and governmental approvals, if any, with respect to this Agreement, the Notes.

(b) A favorable opinion of Mirick, O'Connell, DeMallie & Lougee, LLP, counsel for the Company, as to matters set forth in Schedule 2.02(b) , and as to such other matters as the Purchaser, or its counsel, may reasonably request.

(c) A certificate of the Secretary or an Assistant Secretary of the Company which shall certify the names of the officers of the Company, authorized to sign this Agreement, the Notes, and the other documents or certificates to be delivered pursuant to this Agreement by the Company, or any of its officers, together with the true signatures of such officers. The Purchaser may conclusively rely on such certificates until it shall receive a further certificate of the Secretary or an Assistant Secretary of the Company canceling or amending the prior certificate and submitting the signatures of the officers named in such further certificate.

(d) A certificate from a duly authorized officer of the Company stating that the representations and warranties of the Company contained in Article III hereof and otherwise made by the Company in writing in connection with the transactions contemplated hereby are true and correct in all material respects and that no condition or event has occurred or is continuing or will result from execution and delivery of this Agreement or the Notes which constitute an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

(e) A certificate, in the form attached as Schedule 3.15 hereto, shall have been executed and delivered by a duly authorized officer of the Company.

(f) Payment for the costs and expenses identified in Section 7.04 as to which the Purchaser gives the Company notice prior to the Closing.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants as follows:

3.01. Organization and Standing . The Company and each Subsidiary is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction in which it was organized and has all requisite corporate power and authority for the ownership and operation of its properties and for the carrying on of its business as now conducted and as now proposed to be conducted. The Company and each Subsidiary is duly licensed or qualified and in good standing as a foreign corporation authorized to do business in all jurisdictions wherein the character of the property owned or leased, or the nature of the activities conducted, by it makes such licensing or qualification necessary, except where failure to be so licensed or qualified would not have a material adverse effect on the Company or such Subsidiary. Attached hereto as Schedule 3.01 is a schedule which correctly identifies all Subsidiaries of the Company as of the date hereof and shows with respect to each Subsidiary its jurisdiction of incorporation. All of the outstanding capital stock of each Subsidiary has been duly authorized and validly issued, is fully paid and

nonassessable, and is owned beneficially and of record by the Company or by another Subsidiary as indicated in Schedule 3.01, free and clear of any lien, right, encumbrance or restriction of any nature, including, without limitation, any lien, right, encumbrance or restriction on transfer.

3.02. Corporate Action. The Company has all necessary corporate power and has taken all corporate action required to make all the provisions of this Agreement, the Notes, and any other agreements and instruments executed in connection herewith and therewith the valid and enforceable obligations they purport to be. The issuance of the Notes is not subject to preemptive or other similar statutory or contractual rights (which have not been waived) and will not conflict with any provisions of any agreement or instrument to which the Company or any Subsidiary is a party or by which it is bound.

3.03. Governmental Approvals. No authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, is or will be necessary for, or in connection with, the offer, issuance, sale, execution or delivery by the Company of, or for the performance by it of its obligations under, this Agreement or the Notes.

3.04. Litigation. Except as set forth on Schedule 3.04, there is no litigation or governmental proceeding or investigation pending or, to the Knowledge of the Company, threatened against the Company or any Subsidiary affecting any of its properties or assets, or against any officer, key employee or principal stockholder of the Company or any Subsidiary where such litigation, proceeding or investigation, either individually or in the aggregate, would have a material adverse effect on the Company or any Subsidiary, nor, to the Knowledge of the Company, has there occurred any event or does there exist any condition on the basis of which any litigation, proceeding or investigation might properly be instituted which would have a material adverse effect on the Company or any Subsidiary. Neither the Company nor any Subsidiary, nor, to the Knowledge of the Company, any officer or key employee of the Company or any Subsidiary, or principal stockholder of the Company or any Subsidiary, is in default with respect to any order, writ, injunction, decree, ruling or decision of any court, commission, board or other government agency affecting the Company or any Subsidiary. There are no actions or proceedings pending or threatened (or any basis therefor known to the Company) which might result, either in any case or in the aggregate, in any material adverse change in the business, operations, affairs or condition of the Company or any Subsidiary or in any of its properties or assets, or which might call into question the validity of this Agreement, the Notes, or any action taken or to be taken pursuant hereto or thereto.

3.05. Compliance with Other Instruments. The Company and each Subsidiary is in compliance in all respects with the terms and provisions of this Agreement and in all material respects with the terms and provisions of its charter and by-laws and mortgages, indentures, leases, agreements and other instruments and of all judgments, decrees, governmental orders, statutes, rules and regulations by which it is bound or to which its properties or assets are subject. There is no term or provision in any of the foregoing documents and instruments which materially adversely affects the business, assets or financial condition of the Company or any Subsidiary. Neither the execution and

delivery of this Agreement or the Notes, nor the consummation of any transactions contemplated hereby or thereby has constituted or resulted in or will constitute or result in a default or violation of any term or provision in any of the foregoing documents or instruments. A schedule of Indebtedness for borrowed money of the Company and each Subsidiary (including lease obligations required to be capitalized in accordance with applicable Statements of Financial Accounting Standards) is attached as Schedule 3.05 .

3.06. Federal Reserve Regulations . Neither the Company nor any Subsidiary is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation G of the Board of Governors of the Federal Reserve System), and no part of the proceeds of the Notes will be used to purchase or carry any margin security or to extend credit to others for the purpose of purchasing or carrying any margin security or in any other manner which would involve a violation of any of the regulations of the Board of Governors of the Federal Reserve System.

3.07. Title to Assets, Patents . Except as is set forth in Schedule 3.07 , the Company and each Subsidiary has good and clear record and marketable title in fee to such of its fixed assets as are real property, and title to all of its other assets, now carried on its books including those reflected in the most recent consolidated balance sheet of the Company and its Subsidiaries which forms a part of Schedule 3.08 attached hereto, or acquired since the date of such balance sheet (except personal property disposed of since said date in the ordinary course of business) free of any mortgages, pledges, charges, liens, security interests or other encumbrances except for liens permitted hereunder. The Company and each Subsidiary enjoys peaceful and undisturbed possession under all leases under which it is operating, and all said leases are valid and subsisting and in full force and effect. The Company and each Subsidiary owns or to its Knowledge has a valid right to use the patents, patent rights, licenses, permits, trade secrets, trademarks, trademark rights, trade names or trade name rights or franchises, copyrights, inventions and intellectual property rights being used to conduct its business as now operated and as now proposed to be operated; and to its Knowledge the conduct of its business as now operated and as now proposed to be operated does not and will not conflict with valid patents, patent rights, licenses, permits, trade secrets, trademarks, trademark rights, trade names or trade name rights or franchises, copyrights, inventions and intellectual property rights of others. To its Knowledge, neither the Company nor any Subsidiary has any obligation to compensate any Person for the use of any such patents or such rights nor has the Company or any Subsidiary granted to any Person any license or other rights to use in any manner any of such patents or such rights of the Company or any Subsidiary.

3.08. Financial Information . The consolidated financial statements of the Company and its Subsidiaries set forth in the Company's Form 10-K for its fiscal year ended December 31, 2011 (the "Form 10-K") and in its Form 10-Q for the quarter ended June 30, 2012 (the "Form 10-Q"), both as filed with the Securities and Exchange Commission (the "SEC"), present fairly in all material respects the consolidated financial position of the Company and its Subsidiaries as at the dates thereof and its results of operations for the periods covered thereby and have been prepared in accordance with GAAP. The consolidated financial statements included: (i) in the Form 10-K are for the two years ended December 31, 2010 and December 31, 2011, as audited by Marcum, LLP, and (ii) in the Form 10-Q

are for the three months and six months ended June 30, 2012, being unaudited and subject to year-end adjustments consisting of normal recurring items which will not be material in the aggregate. Neither the Company nor any Subsidiary has any liability contingent or otherwise not disclosed in the aforesaid financial statements or in the notes thereto that would reasonably be expected, together with all such other liabilities, materially affect the financial condition of the Company or any Subsidiary, nor does the Company have any reasonable grounds to know of any such liability. Since the date of said December 31, 2011 audited financial statements, except as has been disclosed in the Company's reports filed with the SEC and which are publicly available on the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system (the "SEC Reports"), (i) there has been no material adverse change in the business, assets or condition, financial or otherwise, operations or prospects, of the Company or any Subsidiary; (ii) neither the business, condition, operations or prospects of the Company or any Subsidiary nor any of their properties or assets has been adversely affected as a result of any legislative or regulatory change, any revocation or change in any franchise, license or right to do business, or any other event or occurrence, whether or not insured against; and (iii) neither the Company nor any Subsidiary has entered into any material transaction or made any distribution on its capital stock except as is set forth in the Form 10-K or Form 10-Q.

3.09. Taxes. The Company and each Subsidiary has accurately prepared and timely filed all federal, state and other tax returns required by law to be filed by it, and all taxes shown to be due and all additional assessments have been paid or provision made therefor. The Company knows of no additional assessments or adjustments pending or threatened against the Company or any Subsidiary for any period, nor of any basis for any such assessment or adjustment.

3.10. ERISA. No employee benefit plan established or maintained, or to which contributions have been made, by the Company or any Subsidiary, which is subject to part 3 of Subtitle B of Title I of The Employee Retirement Income Security Act of 1974, as amended ("ERISA") had an accumulated funding deficiency (as such term is defined in Section 302 of ERISA) as of the last day of the most recent fiscal year of such plan ended prior to the date hereof, and no material liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any such plan by the Company or any of its Subsidiaries.

3.11. Transactions with Affiliates. Except as set forth in Schedule 3.11 attached hereto, there are no loans, leases, royalty agreements or other continuing transactions between the Company or any Subsidiary and any Person owning five percent (5%) or more of any class of capital stock of the Company or any Subsidiary or other entity controlled by such stockholder or a member of such stockholder's family.

3.12. Assumptions or Guaranties of Indebtedness of Other Persons. Neither the Company nor any Subsidiary has assumed, guaranteed, endorsed or otherwise become directly or contingently liable on (including, without limitation, liability by way of agreement, contingent or otherwise, to purchase, to provide funds for payment, to supply funds to or otherwise invest in the debtor or otherwise to assure the creditor against loss) any Indebtedness of any other Person.

3.13. Investments in Other Persons. Except as set forth in Schedule 3.13 attached hereto, neither the Company nor any Subsidiary has made any loan or advance to any Person which is outstanding on the date of this Agreement, nor is the Company or any Subsidiary obligated or committed to make any such loan or advance, nor does the Company or any Subsidiary own any capital stock or assets comprising the business of, obligations of, or any interest in, any Person.

3.14. Equal Employment Opportunity. The Company has reviewed its employment practices and policies and those of each Subsidiary and, to its Knowledge, the Company and each Subsidiary is in full compliance with (a) all applicable laws of the United States, of the Commonwealth of Massachusetts and of each other applicable jurisdiction, relating to equal employment opportunity (including, without limitation, Title VII of the Civil Rights Act of 1964, as amended (42 U.S.C. §000e-17), the Age Discrimination in Employment Act of 1967, as amended (29 U.S.C. §§621-634), the Equal Pay Act of 1963 (29 U.S.C. §206(d)), and any rules, regulations and administrative orders and Executive Orders relating thereto; Mass. Gen. Laws. c. 151B, Mass. Gen. Laws c. 149 §24A et seq. and §105A et seq., and any rules or regulations relating thereto; and (b) the applicable terms, relating to equal employment opportunity, of any contract, agreement or grant the Company or any Subsidiary has with, from, or relating (by way of subcontract or otherwise) to any other contract, agreement or grant of, any federal or state governmental unit ("Government Contract"), including, without limitation, any terms required pursuant to Federal Executive Order No. 11246 and Massachusetts Executive Order No. 74 (both as amended). To the Company's Knowledge, it and each Subsidiary has kept all records required to be kept, and has filed all reports, affirmative action plans and forms (including, without limitation and where applicable, Form EEO-1) required to be filed pursuant to any such applicable law or the terms of any such Government Contract. Neither the Company nor any Subsidiary has been subject to any adverse final determination or order, with respect to any charge of employment discrimination made against it, by the United States Equal Employment Opportunity Commission, the Massachusetts Commission Against Discrimination or any other governmental unit (including, without limitation, any such governmental unit with which it has a Government Contract), and neither the Company nor any Subsidiary is presently, to the best of the Company's Knowledge, subject to any formal proceedings before, or investigations by, such commissions or governmental units.

3.15. Status of Notes as Qualified Investments. The Company has duly authorized the execution and delivery to the Purchaser on behalf of the Company of the certificate attached as Schedule 3.15 hereto, setting forth such statements, information and related data as are necessary to permit the Purchaser to determine and demonstrate that the Notes issued pursuant to this Agreement will constitute "qualified investments" within the meaning of that term as set forth in the Capital Resource Company Act and that the full proceeds of the Notes will be used for purposes which will materially increase or maintain equal opportunity employment in the Commonwealth of Massachusetts. All such statements, information and related data presented in such certificate that are not based on estimates and projections of future events are materially true and correct as of the date of such certificate and all such statements, information and related data based upon estimates or projections of future events have been carefully considered and prepared on behalf of the Company.

3.16. Securities Act. Neither the Company nor anyone acting on its behalf has offered any of the Notes, or similar securities, or solicited any offers to purchase or made any attempt by preliminary conversation or negotiations to dispose of the Notes, or similar securities, to any Person other than the Purchaser or the institutions described in Schedule 3.15. Neither the Company nor anyone acting on its behalf has offered or will offer to sell the Notes, or similar securities to, or solicit offers with respect thereto from, or enter into any preliminary conversations or negotiations relating thereto with, any Person, so as to bring the issuance and sale of the Notes under the registration provisions of the Securities Act.

3.17. Disclosure. Neither this Agreement, the Form 10-K, Form10-Q, the Schedule 14A, the Certificate set forth as Schedule 3.15 hereof, nor any other agreement, or certificate furnished to the Purchaser or its counsel by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading. Without limiting the foregoing, the Company has no Knowledge or belief that there exists, or there is pending or planned, any patent, invention, device, application or principle or any statute, rule, law, regulation, standard or code which would materially adversely affect the condition, financial or otherwise, or the operations of the Company or any Subsidiary.

3.18. No Brokers or Finders. No Person has or will have, as a result of the transactions contemplated by this Agreement, any right, interest or valid claim against or upon the Company or any Subsidiary for any commission, fee or other compensation as a finder or broker because of any act or omission by the Company or any Subsidiary or any agent of the Company or any Subsidiary.

3.19. Other Agreements of Officers. To the Knowledge of the Company, no officer or key employee of the Company or any Subsidiary is a party to or bound by any agreement, contract or commitment, or subject to any restrictions, particularly but without limitation in connection with any previous employment of any such person, which materially and adversely affects, or in the future would (so far as the Company can reasonably foresee) materially and adversely affect, the business or operations of the Company or any Subsidiary or the right of any such person to participate in the affairs of the Company or any Subsidiary. To the best of the Knowledge of the Company, no officer or key employee has any present intention of terminating his employment with the Company or any Subsidiary and neither the Company nor any Subsidiary has any present intention of terminating any such agreement.

3.20. Capitalization; Status of Capital Stock. The Company capitalization as of June 30, 2012 is as set forth in the Form 10-Q. A complete list of the "principal stockholders" of the Company and the number of shares of capital stock of the Company owed by them is set forth in Schedule 14A ("Schedule 14A") as filed with the SEC in connection with the Company's annual meeting of stockholders

held on May 17, 2012. All the outstanding shares of capital stock of the Company have been duly authorized, are validly issued and are fully paid and nonassessable. Except as set forth in the Form 10-K and Form 10-Q, there are, as of the date of said Forms, no options, warrants or rights to purchase shares of capital stock or other securities of the Company authorized, issued or outstanding, nor is the Company obligated in any other manner to issue shares of its capital stock or other securities. There are no restrictions on the transfer of other shares of capital stock of the Company other than those imposed by relevant state and federal securities laws. The offer and sale of all shares of capital stock and other securities of the Company issued before the Closing complied with or were exempt from all federal and state securities laws.

3.21. Labor Relations. To the Knowledge of the Company, no labor union or any representative thereof has made any attempt to organize or represent employees of the Company or any Subsidiary. There are no unfair labor practice charges, pending trials with respect to unfair labor practice charges, pending material grievance proceedings or adverse decisions of a Trial Examiner of the National Labor Relations Board against the Company or any Subsidiary. Furthermore, to the Knowledge of the Company, relations with employees of the Company and each Subsidiary are good and there is no reason to believe that any labor difficulties will arise in the foreseeable future.

3.22. Insurance. The Company and each Subsidiary carries insurance covering its properties and business adequate and customary for the type and scope of the properties and business.

3.23. Books and Records. The books of account, ledgers, order books, records and documents of the Company and each Subsidiary are materially accurate and complete.

3.24. Foreign Corrupt Practices Act. To the Company's Knowledge and belief neither it nor any Subsidiary is engaged, nor has any officer, director, employee or agent of the Company or any Subsidiary engaged, in any act or practice which would constitute a violation of the Foreign Corrupt Practices Act of 1977, or any rules or regulations promulgated thereunder.

ARTICLE IV

COVENANTS OF THE COMPANY

4.01. Affirmative Covenants of the Company. Without limiting any other covenants and provisions hereof, the Company covenants and agrees that, as long as any of the Notes are outstanding, it will perform and observe the following covenants and provisions and will cause each Subsidiary to perform and observe such of the following covenants and provisions as are applicable to such Subsidiary:

(a) Punctual Payment. Pay the principal of, premium, if any, and interest on each of the Notes at the times and place and in the manner provided in the Notes and herein.

(b) Payment of Taxes and Trade Debt. Pay and discharge, and cause each Subsidiary to pay and discharge, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or business, or upon any properties belonging to it, prior to the date on which penalties attach thereto, which, if unpaid, would become a material lien or charge upon any properties of the Company or any Subsidiary, provided that neither the Company nor the Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by appropriate proceedings if the Company or Subsidiary concerned shall have set aside on its books adequate reserves with respect thereto.

(c) Maintenance of Insurance. Maintain, and cause each Subsidiary to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Company or such Subsidiary operates.

(d) Preservation of Corporate Existence. Preserve and maintain, and cause each Subsidiary to preserve and maintain, its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified, and cause each Subsidiary to qualify and remain qualified, as a foreign corporation in each jurisdiction in which such qualification is necessary or desirable in view of its business and operations or the ownership of its properties; provided, however, that nothing herein contained shall prevent any merger, consolidation or transfer of assets permitted by subsection 4.02(e). Preserve and maintain, and cause each Subsidiary to preserve and maintain, all licenses and other rights to use patents, processes, licenses, trademarks, trade names, inventions, intellectual property rights or copyrights owned or possessed by it and necessary to the conduct of its business.

(e) Compliance with Laws. Materially comply, and cause each Subsidiary to materially comply, with all applicable laws, rules, regulations and orders of any governmental authority, noncompliance with which would have a material adverse effect on its business or condition, financial or other.

(f) Visitation Rights. Upon at least fifteen (15) days' notice and from time to time, permit the Purchaser, at its expense, or any agents or representatives thereof, during normal operating hours to examine and make copies of and extracts from the records and books of account of, and visit and inspect the properties of, the Company and any Subsidiary, and to discuss the affairs, finances and accounts of the Company and any Subsidiary with any of their officers or directors and independent accountants.

(g) Keeping of Records and Books of Account. Keep, and cause each Subsidiary to keep, adequate records and books of account, in which complete entries will be made in accordance with GAAP, reflecting all financial transactions of the Company and such Subsidiary, and in which, for each fiscal year, all proper reserves for depreciation, depletion, obsolescence, amortization, taxes, bad debts and other purposes in connection with its business shall be made.

(h) Maintenance of Properties, etc. Maintain and preserve, and cause each Subsidiary to maintain and preserve, all of its properties, necessary or useful in the proper conduct of its business, in good repair, working order and condition, ordinary wear and tear excepted.

(i) Compliance with ERISA. Comply, and cause each Subsidiary to comply, with all minimum funding requirements applicable to any pension or other employee benefit or employee contribution plans which are subject to ERISA or to the Internal Revenue Code of 1986, as amended (the "Code"), and comply, and cause each Subsidiary to comply, in all other material respects with the provisions of ERISA and the Code, and the rules and regulations thereunder, which are applicable to any such plan. Neither the Company nor any Subsidiary will permit any event or condition to exist which could permit any such plan to be terminated under circumstances which would cause the lien provided for in Section 4068 of ERISA to attach to the assets of the Company or any Subsidiary.

(j) Maintenance of Interest Coverage. Maintain a ratio of Consolidated Net Earnings Available for Interest Charges to Interest Charges of not less than 1 to 1, such ratio to be measured at the end of each fiscal quarter of the Company as an average of the four (4) most recent fiscal quarters of the Company commencing on and with the fiscal quarter ending December 31, 2012.

(k) Foreign Corrupt Practices Act. Comply, in all material respects, and cause each Subsidiary to comply, in all material respects, and cause each officer, director, employee and agent of the Company and each Subsidiary to comply, in all material respects, at all times with the prohibitions on certain acts and practices set forth in the Foreign Corrupt Practices Act of 1977, and any rules or regulations promulgated thereunder.

(l) Equal Employment Opportunity. Comply, in all material respects, and cause each Subsidiary to comply, in all material respects, with all applicable laws of the United States, the Commonwealth of Massachusetts, and of each other applicable jurisdiction relating to equal employment opportunity, any rules, regulations, administrative orders and Executive Orders relating thereto and the applicable terms, relating to equal employment opportunity, of any Government Contract; and keep, and cause each Subsidiary to file, all reports, affirmative action plans and forms required to be filed, pursuant to any such applicable law or the terms of any such Government Contract; provided, however, the Company or any Subsidiary shall not be considered to have failed to comply with the foregoing during any period that any matter relating to the Company's or such Subsidiary's employment practices is being contested by the Company or such Subsidiary in appropriate proceedings, or thereafter, if the Company or such Subsidiary complies with any final determination issued in such proceedings.

(m) Status of Notes as Qualified Investments. In the event that any of the statements, information and related data provided by or on behalf of the Company or any Subsidiary and relied upon by the Purchaser in determining that the Notes constitute "qualified investments" within the meaning of that term in the Capital Resource Company Act shall be put in issue in any formal or informal proceedings initiated or conducted by or on behalf of the Commonwealth of Massachusetts, the Company shall, upon reasonable notice and at its expense, provide, and, cause each Subsidiary to provide, such additional information, witnesses and related data as may be reasonably necessary or appropriate to support the representations and warranties set forth in Article III.

4.02. Negative Covenants of the Company. Without limiting any other covenants and provisions hereof, the Company covenants and agrees that, as long as any of the Notes are outstanding, it will comply with and observe the following covenants and provisions, and will cause each Subsidiary to comply with and observe such of the following covenants and provisions as are applicable to such Subsidiary, and will not:

(a) Liens. Create, incur, assume or suffer to exist, or permit any Subsidiary to create, incur, assume or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance (including the lien or retained security title of a conditional vendor) of any nature, upon or with respect to any of its properties, now owned or hereinafter acquired, or assign or otherwise convey any right to receive income, except that the foregoing restrictions shall not apply to mortgages, deeds of trust, pledges, liens, security interests or other charges or encumbrances:

(i) for taxes, assessments or governmental charges or levies on property of the Company or any Subsidiary if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings;

(ii) imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business;

(iii) arising out of pledges or deposits under workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(iv) securing the performance of bids, tenders, contracts (other than for the repayment of borrowed money), statutory obligations and surety bonds;

(v) in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property which do not materially detract from its value or impair its use;

(vi) arising by operation of law in favor of the owner or sublessor of leased premises and confined to the property rented;

(vii) arising from any litigation or proceeding which is being contested in good faith by appropriate proceedings, provided, however, that no execution or levy has been made;

(viii) described in Schedule 3.07 which secure the Indebtedness set forth in Schedule 3.05 , provided that no such lien is extended to cover other or different property of the Company or any Subsidiary;

(ix) arising out of a purchase money mortgage or security interest on personal property to secure the purchase price of such property (or to secure Indebtedness incurred solely for the purpose of financing the acquisition of any such property), provided that such purchase money mortgage or security interest does not extend to any other or different property of the Company or any Subsidiary;

(x) securing judgments not to exceed $100,000 in the aggregate;

(xi) arising out of letters of credit up to a maximum amount of $250,000 in the aggregate;

(xii) arising from Senior Debt obligations of the Company; and

(xiii) relating to any refinancing, extensions or renewals of the above.

(b) Indebtedness . Create, incur, assume or suffer to exist, or permit any Subsidiary to create, incur, assume or suffer to exist, any liability with respect to Indebtedness except for:

(i) the Notes;

(ii) Indebtedness for money borrowed (including without limitation all Senior Debt), provided that such Indebtedness for money borrowed does not result in the Company's failure to comply with all of the provisions of Article IV hereof;

(iii) Current Liabilities, other than for borrowed money, which are incurred in the ordinary course of business;

(iv) Indebtedness with respect to lease obligations, provided that such lease obligations do not violate subsection 4.02(c);

(v) Indebtedness secured by permitted liens under Section 4.02(a); and

(vi) Extensions, refinancings, modifications, amendments and restatements of any items of listed in (i) through (v) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon the Company or its Subsidiary, as the case may be.

(c) Lease Obligations. Create, incur, assume or suffer to exist, or permit any Subsidiary to create, incur, assume or suffer to exist, any obligations as lessee for the rental or hire of real or personal property in connection with any sale and leaseback transaction.

(d) Assumptions or Guaranties of Indebtedness of Other Persons. Assume, guarantee, endorse or otherwise become directly or contingently liable on, or permit any Subsidiary to assume, guarantee, endorse or otherwise become directly or contingently liable on (including, without limitation, liability by way of agreement, contingent or otherwise, to purchase, to provide funds for payment, to supply funds to or otherwise invest in the debtor or otherwise to assure the creditor against loss) any Indebtedness of any other Person, except for guaranties by endorsement of negotiable instruments for deposit or collection in the ordinary course of business.

(e) Mergers, Sale of Assets, etc. Merge or consolidate with, or sell, assign, lease or otherwise dispose of or voluntarily part with the control of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereinafter acquired) or sell, assign or otherwise dispose of (whether in one transaction or in a series of transactions) any of its accounts receivable (whether now in existence or hereinafter created) at a discount or with recourse, to, any Person (provided that it may settle in its sole discretion any customer accounts receivable with such customer), or permit any Subsidiary to do any of the foregoing, except for sales or other dispositions of assets in the ordinary course of business and except that (1) any Subsidiary may merge into or consolidate with or transfer assets to any other Subsidiary, (2) any Subsidiary may merge into or transfer assets to the Company, and (3) the Company may merge any Person into it or with or into any Subsidiary or otherwise acquire such Person as long as the Company is the surviving entity, such merger or acquisition does not result in the violation of any of the provisions of this Agreement and no such violation exists at the time of such merger or acquisition, and, provided that such merger or acquisition does not result in the issuance (in one or more transactions) of shares of the voting stock of the Company representing in the aggregate more than thirty percent (30%) of the total outstanding voting stock of the Company, on a fully diluted basis, immediately following the issuance thereof; unless simultaneously with such transaction, the Company repays the outstanding principal, interest and premium on all of the Notes.

(f) Investments in Other Persons. Make or permit any Subsidiary to make, any loan or advance to any person, or purchase, otherwise acquire, or permit any Subsidiary to purchase or otherwise acquire, the capital stock, assets comprising the business of, obligations of, or any interest in, any Person, except:

(i) investments by the Company or a Subsidiary in evidences of indebtedness issued or fully guaranteed by the United States of America and having a maturity of not more than one year from the date of acquisition;

(ii) investments by the Company or a Subsidiary in certificates of deposit, notes, acceptances and repurchase agreements having a maturity of not more than one year from the date of acquisition issued by a bank organized in the United States having capital, surplus and undivided profits of at least $100,000,000 and whose parent holding company has long-term debt rated Aa1 or higher, and whose commercial paper (if rated) is rated Prime 1, by Moody's Investors Service, Inc.;

(iii) investments by the Company or a Subsidiary in the highest-rated commercial paper having a maturity of not more than one year from the date of acquisition;

(iv) loans or advances from a Subsidiary to the Company; and

(v) loans to persons to assist them in becoming a "channel partner" to the Company; provided that all of such loans shall not exceed $250,000 in any fiscal year of the Company or more than $1,000,000 at any one time outstanding.

(g) Distributions. Declare or pay any dividends, purchase, redeem, retire, or otherwise acquire for value any of its capital stock (or rights, options or warrants to purchase such shares) now or hereafter outstanding, return any capital to its stockholders as such, or make any distribution of assets to its stockholders as such, or permit any Subsidiary to do any of the foregoing (such transactions being hereinafter referred to as "Distributions"), except that the Subsidiaries may declare and make payment of cash and stock dividends, return capital and make distributions of assets to the Company; provided, however, that nothing herein contained shall prevent the Company from:

(i) effecting a stock split or declaring or paying any dividend consisting of shares of any class of capital stock to the holders of shares of such class of capital stock,

(ii) issuance of shares of its capital stock upon a "cashless" exercise of options or warrants for such capital stock,

(iii) redeeming any stock of a deceased stockholder out of insurance held by the Company on that stockholder's life, or

(iv) repurchase any shares of its Common Stock from former employees or service providers to the Company in connection with their termination of service to the Company; provided, however, that the repurchase price shall not exceed the purchase price paid to the Company for the purchase of such shares,

if in the case of any such transaction there does not exist at the time of such Distribution an Event of Default or an event which, but for the requirement that notice be given or time elapse or both, would constitute an Event of Default and provided that such Distribution can be made in compliance with the other terms of this Agreement.

(h) Dealings with Affiliates. Except as set forth in Schedule 3.11 attached hereto, enter or permit any Subsidiary to enter into any transaction with any holder of 5% or more of any class of capital stock of the Company, or any member of their families or any corporation or other entity in which any one or more of such stockholders or members of their immediate families directly or indirectly holds five percent (5%) or more of any class of capital stock except in the ordinary course of business and on terms not less favorable to the Company or the Subsidiary than it would obtain in a transaction between unrelated parties.

(i) Maintenance of Ownership of Subsidiaries. Sell or otherwise dispose of any shares of capital stock of any Subsidiary, except to the Company or another Subsidiary, or permit any Subsidiary to issue, sell or otherwise dispose of any shares of its capital stock or the capital stock of any Subsidiary, except to the Company or another Subsidiary, provided, however, that nothing herein contained shall prevent any merger, consolidation or transfer of assets permitted by subsection 4.02(e).

(j) Change in Nature of Business. Make, or permit any Subsidiary to make, any material change in the nature of its business as carried on at the date hereof.

4.03. Reporting Requirements. The Company will furnish to each registered holder of any Note:

(a) as soon as possible and in any event within five (5) days after the occurrence of each Event of Default or each event which, with the giving of notice or lapse of time or both, would constitute an Event of Default, the statement of the chief financial officer of the Company setting forth details of such Event of Default or event and the action which the Company proposes to take with respect thereto;

(b) as soon as available and in any event within forty-five (45) days after the end of each of the first three quarters of each fiscal year of the Company, consolidated and consolidating balance sheets of the Company and its Subsidiaries as of the end of such quarter and consolidated and consolidating statements of income and retained earnings and of changes in financial position of the Company and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding period of the preceding fiscal year;

(c) as soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of the Company, a copy of the annual audit report for such year for the Company and its Subsidiaries, including therein consolidated and consolidating balance sheets of the Company and its Subsidiaries as of the end of such fiscal year and consolidated statements of income and retained earnings and of changes in financial position of the Company and its Subsidiaries for such fiscal year, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, all duly certified by independent public accountants;

(d) at the time of delivery of each quarterly and annual statement, a certificate, executed by the chief financial officer, stating that such officer has caused this Agreement and the Notes, to be reviewed and has no knowledge of any default by the Company or any Subsidiary in the performance or observance of any of the provisions of this Agreement or the Notes or, if such officer or accountant has such knowledge, specifying such default and the nature thereof. Each such certificate shall set forth computations in reasonable detail demonstrating compliance with the provisions of subsection 4.01(j) and subsections 4.02(b) and (c);

(e) promptly upon receipt thereof, any written report submitted to the Company by independent public accountants in connection with an annual or interim audit of the books of the Company and its Subsidiaries made by such accountants;

(f) within sixty (60) days after the start of each fiscal year, consolidated capital and operating expense budgets, cash flow projections and income and loss projections for the Company and its Subsidiaries in respect of such fiscal year, all itemized in reasonable detail and prepared on a monthly basis, and, promptly after preparation, any revisions to any of the foregoing;

(g) promptly after the commencement thereof, notice of all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Company or any Subsidiary of the type described in Section 3.04; and

(h) promptly after sending, making available, or filing the same, such reports and financial statements as the Company or any Subsidiary shall send or make available to the stockholders of the Company or the Securities and Exchange Commission and such other information respecting the business, properties or the condition or operations, financial or otherwise, of the Company or any of its Subsidiaries as the Purchaser may from time to time reasonably request.

ARTICLE V

EVENTS OF DEFAULT

5.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Company shall fail to pay any installment of principal of any of the Notes when due and such failure shall continue for five (5) business days; or

(b) The Company shall fail to pay any interest or premium on any of the Notes when due and such failure shall continue for five (5) business days; or

(c) The Company shall default in the performance of any covenant contained in subsection 4.01(j) or shall default for thirty (30) days in the performance of any covenant contained in Section 4.02, which default is not cured within thirty (30) days; or

(d) Any material representation or warranty made by the Company or any Subsidiary in this Agreement or by the Company or any Subsidiary (or any officers of the Company or any Subsidiary) in any certificate or instrument delivered pursuant to this Agreement, shall prove to have been incorrect when made in any material respect; or

(e) The Company or any Subsidiary shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or the Notes on its part to be performed or observed and any such failure remains unremedied for thirty (30) days after written notice thereof shall have been given to the Company by the registered holders of at least fifty percent (50%) of the principal amount of the Notes then outstanding; or

(f) The Company or any Subsidiary shall fail to pay any Indebtedness for borrowed money (other than as evidenced by the Notes) owing by the Company or such Subsidiary (as the case may be), or any interest or premium thereon, when due (or, if permitted by the terms of the relevant document, within any applicable grace period), whether such Indebtedness shall become due by scheduled maturity, by required prepayment, by acceleration, by demand or otherwise, or shall fail to perform any term, covenant or agreement on its part to be performed under any agreement or instrument (other than this Agreement or the Notes) evidencing or securing or relating to any Indebtedness owing by the Company or any Subsidiary, as the case may be, when required to be performed (or, if permitted by the terms of the relevant document, within any applicable grace period), if the effect of such failure to pay or perform is to accelerate, or to permit the holder or holders of such Indebtedness, or the trustee or trustees under any such agreement or instrument to accelerate, the maturity of such Indebtedness, unless such failure to pay or perform shall be waived by the holder or holders of such Indebtedness or such trustee or trustees; or

(g) The Company or any Subsidiary shall (i) admit in writing its inability to pay its debts generally as they become due; (ii) commence a voluntary case under Title 11 of the United States Code as from time to time in effect, or by its authorizing, by appropriate proceedings of its Board of Directors or other governing body, the commencement of such a voluntary case; (iii) file an answer or other pleading admitting or fail to deny the material allegations of a petition filed against it commencing an involuntary case under said Title 11, or seek, consent to or acquiesce in the relief therein provided, or fail to controvert timely the material allegations of any such petition; (iv) have entered against it an order for relief in any involuntary case commenced under said Title 11; (v) seek relief as a debtor under any applicable law, other than said Title 11, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or consent to or acquiesce in such relief; (vi) have entered against it an order by a court of competent jurisdiction (a) finding it to be bankrupt or insolvent, (b) ordering or approving its liquidation, reorganization or any modification or alteration of the rights of its creditors, or (c) assuming custody of, or appointing a receiver or other custodian for, all or a substantial part of its property; or (vii) make an assignment for the benefit of, or enter into a composition with, its creditors, or appoint or consent to the appointment of a receiver or other custodian for all or a substantial part of its property; or

(h) Any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against all or substantially all of the property of the Company or any Subsidiary and such judgment, writ, or similar process shall not be released, vacated or fully bonded within ninety (90) days after its issue or levy; or

(i) Any acquisition, reorganization, business combination, transfer, sale of capital stock or other transaction or series of transactions, in which the stockholders of the Company prior to such acquisition, reorganization, business combination, sale of capital stock or other transaction or series of transactions own less than fifty percent (50%) of the voting securities outstanding after such transaction (a "Change of Control");

then, and in any such event, the Purchaser or any other holder of the Notes may, by notice to the Company, declare the entire unpaid principal amount of the Notes, all interest accrued and unpaid thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such accrued interest and all such amounts shall become and be forthwith due and payable (unless there shall have occurred an Event of Default under subsection 5.01(g) in which case all such amounts shall automatically become due and payable), without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Company.

5.02. Annulment of Defaults. Section 5.01 is subject to the condition that, if at any time after the principal of any of the Notes shall have become due and payable, and before any judgment or decree for the payment of the moneys so due, or any thereof, shall have been entered, all arrears of interest upon all the Notes and all other sums payable under the Notes and under this Agreement (except the principal of the Notes which by such declaration shall have become payable) shall have been duly paid, and every other default and Event of Default shall have been made good or cured, then and in every such case the holders of fifty percent (50%) or more in principal amount of all Notes then outstanding may, by written instrument filed with the Company, rescind and annul such declaration and its consequences; but no such rescission or annulment shall extend to or affect any subsequent default or Event of Default or impair any right consequent thereon.

ARTICLE VI

DEFINITIONS AND ACCOUNTING TERMS

6.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Agreement" means this Note Purchase Agreement as from time to time amended and in effect between the parties.

"Capital Resource Company Act" shall have the meaning assigned to that term in Section 1.12.

"Change of Control" shall have the meaning assigned to that term in Section 5.01(i).

"Code" shall have the meaning assigned to that term in Section 4.01(i).

"Company" means and shall include World Energy Solutions, Inc. and its successors and assigns.

"Common Stock" includes the Company's Voting Common Stock, $0.0001 par value per share, as authorized on the date of this Agreement and any other securities into which or for which any of such Voting Common Stock may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

"Consolidated" and "consolidating" when used with reference to any term defined herein mean that term as applied to the accounts of the Company and its Subsidiaries consolidated in accordance with generally accepted accounting principles.

"Consolidated Net Earnings Available for Interest Charges" means, for any period, Consolidated Net Income for such period plus (a) interest paid or accrued by the Company and its Subsidiaries with respect to all Indebtedness for such period, (b) income and excess profit taxes for such period and all other taxes for such period which are imposed on or measured by income after deduction of interest charges and (c) non-recurring transaction costs incurred in connection with acquisitions.

"Consolidated Net Income" means, for any period, the net income (or net deficit) of the Company and its Subsidiaries for such period, after all expenses, taxes and other proper charges, determined in accordance with generally accepted accounting principles eliminating (i) all intercompany items, (ii) all earnings attributable to equity interests in Persons that are not Subsidiaries unless actually received by the Company or its Subsidiaries, (iii) all income arising from the forgiveness, adjustment or negotiated settlement of any Indebtedness, and (iv) any increase or decrease of income arising from any change in the method of accounting for any item from that employed in the preparation of the financial statements attached hereto as Schedule 3.08 .

"Consolidated Net Worth" means, at any dates, the sum of (a) the par value of all of the stock of the Company issued and outstanding, (b) the amount of any additional paid-in-capital, and (c)

(i) the positive retained earnings, if any, of the Company and its Subsidiaries, or

(ii) less, the amount of any deficit in the retained earnings of the Company and its Subsidiaries

as the same appears on a consolidated balance sheet of the Company and its Subsidiaries prepared in accordance with GAAP as of such date, after eliminating all intercompany items and all amounts properly attributable to (1) any write-up in the book value of any asset resulting from a revaluation thereof after the date of this Agreement; (2) the amount of any intangible assets including patents, trademarks, unamortized debt discount and expense, goodwill, covenants and agreements and the excess of the purchase price paid for assets or stock acquired over the value assigned thereto on the books of the Company or of the Subsidiary which shall have acquired the same; (3) earnings attributable to any other Person unless actually received by the Company or its Subsidiaries; and (4) changes in the method of accounting.

"Current Assets" means all assets of any corporation which would, in accordance with GAAP, be classified as current assets of a corporation conducting a business the same as or similar to that of such corporation, excluding, however, (1) any assets which have been pledged, assigned, mortgaged, hypothecated or otherwise voluntarily encumbered other than as permitted by the terms of this Agreement to secure any Indebtedness which is not included in Current Liabilities and (2) any receivables uncollected after ninety (90) days from the revenue recognition date.

"Current Liabilities" means all liabilities of any corporation which would, in accordance with GAAP, be classified as current liabilities of a corporation conducting a business the same as or similar to that of such corporation, including, without limitation, all rental payments due under leases required to be capitalized in accordance with applicable Statements of Financial Accounting Standards and fixed prepayments of, and sinking fund payments with respect to, Indebtedness (including Indebtedness evidenced by the Notes), which payments are required to be made within one year from the date of determination.

"Distribution" shall have the meaning assigned to that term in Section 4.02(g).

"ERISA" shall have the meaning assigned to that term in Section 3.10.

"Events of Default" shall have the meaning assigned to that term in Section 5.01.

"Exchange Act" means the Securities Exchange Act of 1934 or any similar federal statute, and the rules and regulations of the Securities and Exchange Commission (or of any other Federal Agency then administering the Exchange Act) thereunder, all as the same shall be in effect at the time.

"Form 10-Q" shall have the meaning assigned to that term in Section 3.08.

"Form 10-K" shall have the meaning assigned to that term in Section 3.08.

"GAAP" shall mean generally accepted accounting principles in the United States as in effect on the Closing and applied on a basis consistent with those used in the financial statements included in the Form 10-K.

"Government Contract" shall have the meaning assigned to that in Section 3.14.

"Indebtedness" means all obligations, contingent and otherwise, which should, in accordance with GAAP, be classified upon the obligor's balance sheet as liabilities, but in any event including, without limitation, liabilities secured by any mortgage on property owned or acquired subject to such mortgage, whether or not the liability secured thereby shall have been assumed, and also including, without limitation, (i) all guaranties, endorsements and other contingent obligations, in respect of Indebtedness of others, whether or not the same are or should be so reflected in said balance sheet, except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business and (ii) the present value of any lease payments due under leases required to be capitalized in accordance with applicable Statements of Financial Accounting Standards, determined in accordance with applicable Statements of Financial Accounting Standards; but in no event will Indebtedness include leases which are not capital leases under current standards.

"Interest Charges" means the interest expense of the Company and its Subsidiaries on Indebtedness (including the current portion thereof).

"Knowledge" means the actual knowledge of the Company Chief Executive Officer or Chief Financial Officer.

"Notes" shall have the meaning assigned to that term in Section 1.01.

"Person" means an individual, corporation, partnership, joint venture, trust, or unincorporated organization, or a government or any agency or political subdivision thereof.

"Purchaser" means and shall include not only the Massachusetts Capital Resource Company but also any other holder or holders of any of the Notes.

"Schedule 14A" shall have the meaning assigned to that term in Section 3.20.

"Securities Act" means the Securities Act of 1933 or any similar Federal statute, and the rules and regulations of the Securities and Exchange Commission (or of any other Federal agency then administering the Securities Act) thereunder, all as the same shall be in effect at the time.

"Senior Debt" shall have the meaning assigned to that term in Section 1.09(h).

"Subsidiary" or "Subsidiaries" means any corporation or trust of which the Company and/or any of its other Subsidiaries (as herein defined) directly or indirectly owns at the time all of the outstanding shares of every class of such corporation or trust other than directors' qualifying shares.

6.02. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in preparation of the financial statements attached hereto as Schedule 3.08, and all financial data submitted pursuant to this Agreement and all financial tests to be calculated in accordance with this Agreement shall be prepared and calculated in accordance with such principles.

ARTICLE VII

MISCELLANEOUS

7.01. No Waiver; Cumulative Remedies. No failure or delay on the part of the Purchaser, or any other holder of the Notes in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

7.02. Amendments, Waivers and Consents. Any provision in this Agreement or the Notes to the contrary notwithstanding, changes in or additions to this Agreement may be made, and compliance with any covenant or provision herein or therein set forth may be omitted or waived, if the Company shall, in the case of the Notes, obtain consent thereto in writing from the holder or holders of at least fifty percent (50%) in principal amount of all Notes then outstanding; provided that no such consent shall be effective to reduce or to postpone the date fixed for the payment of the principal (including any required redemption) or interest payable on any Note, without the consent of the holder thereof, or to reduce the percentage of the Notes the consent of the holders of which is required under this Section. Any waiver or consent may be given subject to satisfaction of conditions stated therein and any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Written notice of any waiver or consent effected under this subsection shall promptly be delivered by the Company to any holders who did not execute the same.

7.03. Addresses for Notices, etc. All notices, requests, demands and other communications provided for hereunder shall be in writing (including telegraphic communication) and mailed or telegraphed or delivered to the applicable party at the addresses indicated below:

If to the Company:

World Energy Solutions, Inc.
100 Front Street
Worcester, MA 01608
Attention: Chief Executive Officer

If to the Purchaser:

Payments should be mailed to:

Massachusetts Capital Resource Company
P. O. Box 3707
Boston, Massachusetts 02241

and all other deliveries and other communications made at or sent to:

Massachusetts Capital Resource Company
420 Boylston Street
Boston, Massachusetts 02116
Attention: President

If to any other holder of the Notes: at such holder's address for notice as set forth in the register maintained by the Company, or, as to each of the foregoing, at such other address as shall be designated by such Person in a written notice to the other party complying as to delivery with the terms of this Section. All such notices, requests, demands and other communications shall, when mailed or telegraphed, respectively, be effective when deposited in the mails or delivered to the telegraph company, respectively, addressed as aforesaid.

7.04. Costs, Expenses and Taxes. The Company agrees to pay on demand the reasonable fees and out-of-pocket expenses of the Law Office of George W. Thibeault, counsel for the Purchaser in connection with the preparation, execution and delivery of this Agreement, the Notes and other instruments and documents to be delivered hereunder, as well as the reasonable fees and out-of-pocket expenses of legal counsel, independent public accountants and other outside experts reasonably retained by the Purchaser in connection with the enforcement of this Agreement, the Notes, and other instruments and documents to be delivered hereunder or thereunder.

7.05. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Company and the Purchaser and their respective successors and assigns, except that the Company shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Purchaser.

7.06. Survival of Representations and Warranties. All representations and warranties made in this Agreement, the Notes, or any other instrument or document delivered in connection herewith or therewith, shall survive the execution and delivery hereof or thereof and the making of the loans.

7.07. Prior Agreements. This Agreement constitutes the entire agreement between the parties and supersedes any prior understandings or agreements concerning the subject matter hereof.

7.08. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

7.09. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts.

7.10. Headings. Article, Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

7.11. Sealed Instrument. This Agreement is executed as an instrument under seal.

7.12. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and each of the parties hereto may execute this Agreement by signing any such counterpart.

7.13. Further Assurances. From and after the date of this Agreement, upon the request of the Purchaser, the Company and each Subsidiary shall execute and deliver such instruments, documents and other writings as may be necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement and the Notes.

BALANCE OF PAGE INTENTIONALLY LEFT BLANK

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

WORLD ENERGY SOLUTIONS, INC.

By /s/ Philip Adams
Philip Adams, Chief Executive Officer

MASSACHUSETTS CAPITAL RESOURCE COMPANY

By /s/ Kenneth J. Lavery
Kenneth J. Lavery, Vice President

Exhibit 1.01

WORLD ENERGY SOLUTIONS, INC.

SUBORDINATED NOTE DUE 2020

$4,000,000 October 3, 2012

For value received, **World Energy Solutions, Inc.,** a Delaware corporation (the "Company"), hereby promises to pay to **Massachusetts Capital Resource Company** or registered assigns (hereinafter referred to as the "Payee"), on or before September 30, 2020, the principal sum of Four Million Dollars ($4,000,000) or such part thereof as then remains unpaid pursuant to the terms set forth in that certain Note Purchase Agreement, dated as of October 3, 2012, between the Company and Massachusetts Capital Resource Company (as the same may be amended from time to time, hereinafter referred to as the "Agreement"), and to pay interest from the date hereof on the whole amount of said principal sum remaining from time to time unpaid at the rate of ten and one-half percent (10.5%) per annum, such interest to be payable monthly on the last day of each calendar month in each year, the first such payment to be due and payable on October 31, 2012, until the whole amount of the principal hereof remaining unpaid shall become due and payable, and to pay interest at the rate of fourteen percent (14%) (so far as the same may be legally enforceable) on all overdue principal (including any overdue required redemption), premium and interest. All or a portion of the principal amount of this Note must be redeemed in the amounts and at the times set forth in Section 1.04 of the Agreement. Principal, premium, if any, and interest shall be payable in lawful money of the United States of America, in immediately available funds, at the principal office of the Payee or at such other place as the legal holder may designate from time to time in writing to the Company. Interest shall be computed on the basis of a 360-day year and a 30-day month.

This Note is issued pursuant to and is entitled to the benefits of the Agreement, and each holder of this Note, by his acceptance hereof, agrees to be bound by the provisions of the Agreement, including, without limitation, that (i) this Note is subject to prepayment, in whole or in part, as specified in said Agreement, (ii) the principal of and interest on this Note is subordinated to Senior Debt, as defined in the Agreement and (iii) in case of an Event of Default, as defined in the Agreement, the principal of this Note may become or may be declared due and payable in the manner and with the effect provided in the Agreement.

As further provided in the Agreement, upon surrender of this Note for transfer or exchange, a new Note or new Notes of the same tenor dated the date to which interest has been paid on the surrender Note and in an aggregate principal amount equal to the unpaid principal amount of the Note so surrendered will be issued to, and registered in the name of, the transferee or transferees. The Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes.

In case any payment herein provided for shall not be paid when due, the Company promises to pay all cost of collection, including all reasonable attorney's fees.

This Note shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts and shall have the effect of a sealed instrument.

The Company and all endorsers and guarantors of this Note hereby waive presentment, demand, notice of nonpayment, protest and all other demands and notices in connection with the delivery, acceptance, performance or enforcement of this Note.

WORLD ENERGY SOLUTIONS, INC.

By_____

Philip Adams, Chief Executive Officer

Exhibit 10.3

SUBORDINATION AGREEMENT

This Subordination Agreement (the " **Agreement** ") is made as of October 3, 2012, by and between **NORTHEAST ENERGY PARTNERS, LLC** , a Connecticut limited liability company (the " **Creditor** "), and **SILICON VALLEY BANK** , a California-chartered bank, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 275 Grove Street, Suite 2-200, Newton, Massachusetts 02466 (" **Bank** ").

Recitals

A. **WORLD ENERGY SOLUTIONS, INC.** , a Delaware corporation (" **World Energy** "), with offices located at 446 Main Street, Worcester, Massachusetts 01608, and **WORLD ENERGY SECURITIES CORP.** , a Massachusetts securities corporation with offices located at 446 Main Street, Worcester, Massachusetts 01608 (together with World Energy, individually and collectively, jointly and severally, the " **Borrower** ") has requested and/or obtained certain loans or other credit accommodations from Bank which are or may be from time to time secured by assets and property of Borrower.

B. Creditor has extended loans or other credit accommodations to World Energy, and/or may extend loans or other credit accommodations to Borrower from time to time.

C. To induce Bank to continue to extend credit to Borrower and, at any time or from time to time, at Bank's option, to make such further loans, extensions of credit, or other accommodations to or for the account of Borrower, or to purchase or extend credit upon any instrument or writing in respect of which Borrower may be liable in any capacity, or to grant such renewals or extension of any such loan, extension of credit, purchase, or other accommodation as Bank may deem advisable, Creditor is willing to subordinate: (i) all of Borrower's indebtedness to Creditor (including, without limitation, principal, premium (if any), interest, fees, charges, expenses, costs, professional fees and expenses, and reimbursement obligations), plus any dividends and/or distributions or other payments pursuant to call, put, or conversion features in connection with equity securities of Borrower issued to or held by Creditor, whether presently existing or arising in the future (the " **Subordinated Debt** ") to all of Borrower's indebtedness and obligations to Bank; and (ii) all of Creditor's security interests, if any, to all of Bank's security interests in the Borrower's property.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Creditor subordinates to Bank any security interest or lien that Creditor may have in any property of Borrower. Notwithstanding the respective dates of attachment or perfection of the security interests of Creditor and the security interests of Bank, all now existing and hereafter arising security interests of Bank in any property of Borrower and all proceeds thereof (the " **Collateral** "), including, without limitation, the "Collateral", as defined in a certain Loan and Security Agreement dated as of September 8, 2008, between Borrower and Bank, as amended by a certain First Loan Modification Agreement, dated as of September 30, 2009, as further amended by a certain Second Loan Modification Agreement, dated as of March 8, 2011, as further amended by a certain Third Loan Modification and Waiver Agreement, dated as of March 2, 2012 and as further amended by a certain Fourth Loan Modification Agreement, dated as of the date hereof (as may be further amended, modified, restated, replaced or supplemented from time to time, the " **Loan Agreement** "), shall at all times be senior to the security interest of Creditor.

2. All Subordinated Debt is subordinated in right of payment to all obligations of Borrower to Bank now existing or hereafter arising, together with all costs of collecting such obligations (including attorneys' fees), including, without limitation, all interest accruing after the commencement by or against Borrower of any bankruptcy, reorganization or similar proceeding, and all obligations under the Loan Agreement and/or any other agreement in connection with the provision by Bank to Borrower of certain products and/or credit services facilities, including, without limitation, any letters of credit, guidance facilities, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services (such obligations, collectively, the " **Senior Debt** ").

3. Creditor will not demand or receive from Borrower (and Borrower will not pay to Creditor) all or any part of the Subordinated Debt, by way of payment, prepayment, setoff, lawsuit or otherwise, nor will Creditor exercise any remedy with respect to the Collateral, nor will Creditor accelerate the Subordinated Debt, or commence, or cause to commence, prosecute or participate in any administrative, legal or equitable action against Borrower, until such time as (i) the Senior Debt is fully paid in cash, and (ii) Bank has no commitment or obligation to lend any further funds to Borrower, and (iii) all financing agreements between Bank and Borrower are terminated. The foregoing notwithstanding, provided that an Event of Default, as defined in the Loan Agreement, has not occurred and is not continuing and would not exist immediately after such payment, Creditor shall be entitled to receive (i) each regularly scheduled, non-accelerated payment of non-default interest or principal as and when due and payable in accordance with the terms of the Promissory Note made by World Energy, in the original principal amount equal to Two Million Dollars ($2,000,000), dated as of the date hereof and attached as Exhibit A hereto, as in effect on the date hereof or as modified with the written consent of the Bank; and (ii) each regularly scheduled Earnout Payment as and when due and payable in accordance with the terms of Section 1.7 of that certain Asset Purchase Agreement by and among World Energy and Creditor, entered into as of October 3, 2012, an executed copy of which is attached as Exhibit B hereto. Nothing in the foregoing paragraph shall prohibit Creditor from converting all or any part of the Subordinated Debt into equity securities of Borrower; provided that , if such securities have any call, put or other conversion features that would obligate Borrower to declare or pay dividends, make distributions, or otherwise pay any money or deliver any other securities or consideration to the holder, Creditor hereby agrees that Borrower may not declare, pay or make such dividends, distributions or other payments to Creditor, and Creditor shall not accept any such dividends, distributions or other payments except as may be permitted in the Loan Agreement.

4. Creditor shall promptly deliver to Bank in the form received (except for endorsement or assignment by Creditor where required by Bank) for application to the Senior Debt any payment, distribution, security or proceeds received by Creditor with respect to the Subordinated Debt other than in accordance with this Agreement.

5. In the event of Borrower's insolvency, reorganization or any case or proceeding under any bankruptcy or insolvency law or laws relating to the relief of debtors, including, without limitation, any voluntary or involuntary bankruptcy, insolvency, receivership or other similar statutory or common law proceeding or arrangement involving Borrower, the readjustment of its liabilities, any assignment for the benefit of its creditors or any marshalling of its assets or liabilities (each, an " **Insolvency Proceeding** "), (a) this Agreement shall remain in full force and effect in accordance with Section 510(a) of the United States Bankruptcy Code, (b) the Collateral shall include, without limitation, all Collateral arising during or after any such Insolvency Proceeding, and (c) Bank's claims against Borrower and the estate of Borrower shall be paid in full before any payment is made to Creditor.

6. Creditor shall give Bank prompt written notice of the occurrence of any default or event of default under any document, instrument or agreement evidencing or relating to the Subordinated Debt, and shall, simultaneously with giving any notice of default to Borrower, provide Bank with a copy of any notice of default given to Borrower. Creditor acknowledges and agrees that any default or event of default under the Subordinated Debt documents shall be deemed to be a default and an event of default under the Senior Debt documents.

7. Until the Senior Debt has been fully paid in cash and Bank's agreements to lend any funds to Borrower have been terminated, Creditor irrevocably appoints Bank as Creditor's attorney-in-fact, and grants to Bank a power of attorney with full power of substitution, in the name of Creditor or in the name of Bank, for the use and benefit of Bank, without notice to Creditor, to perform at Bank's option the following acts in any Insolvency Proceeding involving Borrower:

a) To file the appropriate claim or claims in respect of the Subordinated Debt on behalf of Creditor if Creditor does not do so prior to thirty (30) days before the expiration of the time to file claims in such Insolvency Proceeding and if Bank elects, in its sole discretion, to file such claim or claims; and

b) To accept or reject any plan of reorganization or arrangement on behalf of Creditor and to otherwise vote Creditor's claims in respect of any Subordinated Debt in any manner that Bank deems appropriate for the enforcement of its rights hereunder.

In addition to and without limiting the foregoing: (x) until the Senior Debt has been fully paid in cash and Bank's agreements to lend any funds to Borrower have been terminated, Creditor shall not commence or join in any involuntary bankruptcy petition or similar judicial proceeding against Borrower, and (y) if an Insolvency Proceeding occurs: (i) Creditor shall not assert, without the prior written consent of Bank, any claim, motion, objection or argument in respect of the Collateral in connection with any Insolvency Proceeding which could otherwise be asserted or raised in connection with such Insolvency Proceeding, including, without limitation, any claim, motion, objection or argument seeking adequate protection or relief from the automatic stay in respect of the Collateral, (ii) Bank may consent to the use of cash collateral on such terms and conditions and in such amounts as it shall in good faith determine without seeking or obtaining the consent of Creditor as (if applicable) holder of an interest in the Collateral, (iii) if use of cash collateral by Borrower is consented to by Bank, Creditor shall not oppose such use of cash collateral on the basis that Creditor's interest in the Collateral (if any) is impaired by such use or inadequately protected by such use, or on any other ground, and (iv) Creditor shall not object to, or oppose, any sale or other disposition of any assets comprising all or part of the Collateral, free and clear of security interests, liens and claims of any party, including Creditor, under Section 363 of the United States Bankruptcy Code or otherwise, on the basis that the interest of Creditor in the Collateral (if any) is impaired by such sale or inadequately protected as a result of such sale, or on any other ground (and, if requested by Bank, Creditor shall affirmatively and promptly consent to such sale or disposition of such assets), if Bank has consented to, or supports, such sale or disposition of such assets.

8. Creditor represents and warrants that Creditor has provided Bank with true and correct copies of all of the documents evidencing or relating to the Subordinated Debt. Creditor shall immediately affix a legend to the instruments evidencing the Subordinated Debt stating that the instruments are subject to the terms of this Agreement. By the execution of this Agreement, Creditor hereby authorizes Bank to amend any financing statements filed by Creditor against Borrower as follows: "In accordance with a certain Subordination Agreement by and among the Secured Party, the Debtor and Silicon Valley Bank, the Secured Party has subordinated any security interest or lien that Secured Party may have in any property of the Debtor to the security interest of Silicon Valley Bank in all assets of the Debtor, notwithstanding the respective dates of attachment or perfection of the security interest of the Secured Party and Silicon Valley Bank."

9. No amendment of the documents evidencing or relating to the Subordinated Debt shall directly or indirectly modify the provisions of this Agreement in any manner which might terminate or impair the subordination of the Subordinated Debt or the subordination of the security interest or lien that Creditor may have in any property of Borrower. By way of example, such instruments shall not be amended to (a) increase the rate of interest with respect to the Subordinated Debt, or (b) accelerate the payment of the principal or interest or any other portion of the Subordinated Debt. Bank shall have the sole and exclusive right to restrict or permit, or approve or disapprove, the sale, transfer or other disposition of property of Borrower except in accordance with the terms of the Senior Debt. Upon written notice from Bank to Creditor of Bank's agreement to release its lien on all or any portion of the Collateral in connection with the sale, transfer or other disposition thereof by Bank (or by Borrower with consent of Bank), Creditor shall be deemed to have also, automatically and simultaneously, released its lien on the Collateral, and Creditor shall upon written request by Bank, immediately take such action as shall be necessary or appropriate to evidence and confirm such release. All proceeds resulting from any such sale, transfer or other disposition shall be applied first to the Senior Debt until payment in full thereof, with the balance, if any, to the Subordinated Debt, or to any other entitled party. If Creditor fails to release its lien as required hereunder, Creditor hereby appoints Bank as attorney in fact for Creditor with full power of substitution to release Creditor's liens as provided hereunder. Such power of attorney being coupled with an interest shall be irrevocable.

10. All necessary action on the part of Creditor, its officers, directors, partners, members and shareholders, as applicable, necessary for the authorization of this Agreement and the performance of all obligations of Creditor hereunder has been taken. This Agreement constitutes the legal, valid and binding obligation of Creditor, enforceable against Creditor in accordance with its terms. The execution, delivery and performance of and compliance with this Agreement by Creditor will not (a) result in any material violation or default of any term of any of Creditor's charter, formation or other organizational documents (such as Articles or Certificate of Incorporation, bylaws, partnership agreement, operating agreement, etc.) or (b) violate any material applicable law, rule or regulation.

11. If, at any time after payment in full of the Senior Debt any payments of the Senior Debt must be disgorged by Bank for any reason (including, without limitation, any Insolvency Proceeding), this Agreement and the relative rights and priorities set forth herein shall be reinstated as to all such disgorged payments as though such payments had not been made and Creditor shall immediately pay over to Bank all payments received with respect to the Subordinated Debt to the extent that such payments would have been prohibited hereunder. At any time and from time to time, without notice to Creditor, Bank may take such actions with respect to the Senior Debt as Bank, in its sole discretion, may deem appropriate, including, without limitation, terminating advances to Borrower, increasing the principal amount, extending the time of payment, increasing applicable interest rates, renewing, compromising or otherwise amending the terms of any documents affecting the Senior Debt and any collateral securing the Senior Debt, and enforcing or failing to enforce any rights against Borrower or any other person. No such action or inaction shall impair or otherwise affect Bank's rights hereunder. Creditor waives the benefits, if any, of any statutory or common law rule that may permit a subordinating creditor to assert any defenses of a surety or guarantor, or that may give the subordinating creditor the right to require a senior creditor to marshal assets, and Creditor agrees that it shall not assert any such defenses or rights.

12. This Agreement shall bind any successors or assignees of Creditor and shall benefit any successors or assigns of Bank; provided , however , Creditor agrees that, prior and as conditions precedent to Creditor assigning all or any portion of the Subordinated Debt: (a) Creditor shall give Bank prior written notice of such assignment, and (b) such successor or assignee, as applicable, shall execute a written agreement whereby such successor or assignee expressly agrees to assume and be bound by all terms and conditions of this Agreement with respect to Creditor. This Agreement shall remain effective until terminated in writing by Bank. This Agreement is solely for the benefit of Creditor and Bank and not for the benefit of Borrower or any other party. Creditor further agrees that if Borrower is in the process of refinancing any portion of the Senior Debt with a new lender, and if Bank makes a request of Creditor, Creditor shall agree to enter into a new subordination agreement with the new lender on substantially the terms and conditions of this Agreement.

13. Creditor hereby agrees to execute such documents and/or take such further action as Bank may at any time or times reasonably request in order to carry out the provisions and intent of this Agreement, including, without limitation, ratifications and confirmations of this Agreement from time to time hereafter, as and when requested by Bank.

14. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

15. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to conflicts of laws principles. Creditor and Bank submit to the exclusive jurisdiction of the state and federal courts located in Boston, Massachusetts in any action, suit, or proceeding of any kind, against it which arises out of or by reason of this Agreement. CREDITOR AND BANK WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN.

16. This Agreement represents the entire agreement with respect to the subject matter hereof, and supersedes all prior negotiations, agreements and commitments. Creditor is not relying on any representations by Bank or Borrower in entering into this Agreement, and Creditor has kept and will continue to keep itself fully apprised of the financial and other condition of Borrower. This Agreement may be amended only by written instrument signed by Creditor and Bank.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as a sealed instrument under the laws of the Commonwealth of Massachusetts, as of the date first above written.

"Creditor"

NORTHEAST ENERGY PARTNERS, LLC

By: /s/ John Hardy
Name: John Hardy
Title: A Member

"Bank"

SILICON VALLEY BANK

By: /s/ Darren Gastrock
Name: Darren Gastrock
Title: Relationship Manager

The undersigned acknowledge and approve the terms of this Agreement.

"Borrower"

WORLD ENERGY SOLUTIONS, INC.

By /s/ James Parslow
Name: James Parslow
Title: CFO

WORLD ENERGY SECURITIES CORP.

By /s/ James Parslow
Name: James Parslow
Title: Treasurer

Exhibit A

(See attached Subordinated Debt documents.)

Exhibit B

(See attached Asset Purchase Agreement.)

Exhibit 99.1

WorldEnergy

For Immediate Release

World Energy Solutions Acquires Northeast Energy Partners

Deal Broadens Company's Reach in Key "Mid-Market" Segment,
Adds Significant Cross-Sell Opportunities for Efficiency Services

Hartford, CT and Worcester, MA – October 4, 2012 – World Energy Solutions, Inc. (NASDAQ: XWES), a leading energy management services firm, today announced it has acquired Northeast Energy Partners, LLC (NEP), a privately-held Enfield, CT-based energy management and procurement company, for approximately $7.9 million in cash plus an additional $5.2 million in seller notes and potential earn-outs. The acquisition expands World Energy's national footprint in the mid-market – addressing the energy management needs of small and mid-sized businesses – while increasing the Company's market share in New England.

The deal also creates a significant cross-sell opportunity for World Energy, opening the door for the Company to deliver its energy efficiency services to NEP's 2,000+ customers in Connecticut and Massachusetts. World Energy is an approved contractor of CL&P and United Illuminating in the CT Small Business Energy Advantage Program and in NSTAR's small business and municipal programs in MA. These states have some of the largest utility incentive programs in the country – nearly $1 billion combined – which help fund energy efficiency projects.

"NEP is a perfect strategic fit for us," said Phil Adams, CEO of World Energy Solutions. "The acquisition advances our goal of becoming the national leader in energy procurement for the mid-market segment, building on our purchase last year of GSE Consulting. The deal also brings us a roster of new customers in utility territories with active incentive programs where we can cross-sell our energy efficiency services. By helping clients lower the price they pay for energy, reduce the amount they consume, and maximize available incentives, we are providing a winning formula for lowering total energy cost."

Added Jim Parslow, CFO of World Energy Solutions: "With the purchase of NEP, we are continuing to execute our growth strategy, supplementing strong organic growth with the acquisition of profitable, cash-generating companies that have predictable revenues and cash flows. Buying companies with these attributes allows us to use their cash flows to fund earn-outs and other considerations. We are financing this deal primarily with debt to minimize shareholder dilution, and we expect our purchase to be accretive and to have a positive impact on our top-line revenue, EBITDA and backlog."

Founded in 2000 in response to natural gas and electricity deregulation in the Connecticut and Massachusetts markets, NEP established itself as one of the top energy brokerages in New England, specializing in the needs of small and mid-size businesses. With annual revenues topping $5 million, NEP currently employs 17, all of whom will be retained by World Energy. The Company will continue to operate in Enfield.

"Joining forces with a national energy management leader like World Energy will enable us to attract new customers, better serve our existing base, and provide our employees with exciting growth opportunities," said Russ Monroe, President, Northeast Energy Partners. "World Energy's approach to lowering a customer's total energy cost is a compelling one, and our combined capability to execute it is going to make a big impact on how energy management gets done here and across the country."

About World Energy Solutions, Inc.

World Energy Solutions, Inc. (NASDAQ: XWES) is an energy management services firm that brings together the passion, processes and technologies to take the complexity out of energy management and turn it into bottom-line impact for the businesses, institutions and governments we serve. To date, the Company has transacted more than $30 billion in energy, demand response and environmental commodities on behalf of its customers, creating more than $1 billion in value for them. World Energy is also a leader in the global carbon market, where its World Energy Exchange ® supports the ground-breaking Regional Greenhouse Gas Initiative's (RGGI) cap and trade program for CO_2 emissions. For more information, please visit www.worldenergy.com .

This press release contains forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ from those indicated in the forward-looking statements. Such risks and uncertainties include, but are not limited to the following: our revenue and backlog are dependent on actual future energy purchases pursuant to completed procurements; the demand for our services is affected by changes in regulated prices or cyclicality or volatility in competitive market prices for energy; the effect of acquisitions on revenue, growth, EBITDA and backlog; and there are factors outside our control that affect transaction volume in the electricity market. Additional risk factors are identified in our Annual Report on Form 10-K and subsequent reports filed with the Securities and Exchange Commission.

For additional information, contact:

Dan Mees
World Energy Solutions, Inc.
(508) 459-8156
dmees@worldenergy.com

Susan Forman
The Investor Relations Group
(212) 825-3210
sforman@dgicomm.com