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TECHPRECISION CORP

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

FORM 10-KSB

☑ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2007

❑ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-51378

Techprecision Corporation
(Name of small business issuer in its charter)

Delaware	51-0539828
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
Bella Drive, Westminster, Massachusetts	01473
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number: (978) 874-0591

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act: Title of class: Common stock, par value $.0001 per share

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act: ❑

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ❑

Check here if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ❑

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act.
Yes ❑ No ☑.

State issuer's revenue for its most recent fiscal year: $19,086,209

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant is not determinable since there is no market for the common stock.

There were 10,049,000 shares of the Company's common stock, $.0001 par value, outstanding as of June 25, 2007.

Transitional Small Business Disclosure Format (Check one): Yes ❑ No ☑

DOCUMENTS INCORPORATED BY REFERENCE: None

Item 1. Business.

Our Business

Through our wholly-owned subsidiary, Ranor, Inc., we produce large metal fabrications and perform precision machining operations for large military, commercial, nuclear, shipbuilding, industrial, aerospace and alternative energy applications. Our principal services are metal fabrications, machining and engineering. Each of our contracts covers a specific product. We produce products for our customers, but do not distribute such products on the open market. We render our services under "build to print" purchase orders with our clients. However, we also help our customers to analyze and develop their projects for constructability by providing engineering services which are included in our charges to our customers pursuant to a purchase order covering such services.

We are one of a small number of large precision metal fabrication companies located in the United States. However, only a few others produce products in all industry sectors that we service. In recent years, the capital goods market experienced a slow-down due to the industry over-build of product in the late 1990's. Additional contributions to the industry slow-down resulted from the events of September 11, 2001. However, based on recent project inquiries, recent projects awarded and current customer demands for our services, we believe the market has rebounded.

Although we provide manufacturing services to large governmental programs, we do not work directly for agencies of the United States government. Rather, we perform our services for large governmental contractors and large utility companies.

About Us

We are a Delaware corporation, organized in 2005 under the name Lounsberry Holdings II, Inc. Our name was changed to Techprecision Corporation. On February 24, 2006, we acquired all of the issued and outstanding capital stock of Ranor, Inc., a Delaware corporation, and, since February 24, 2006, our sole business has been the business of Ranor. On March 6, 2006, following the acquisition of Ranor, we changed our corporate name to Techprecision Corporation. Prior to the acquisition of Ranor, Lounsberry was not engaged in any business activity and was considered a blank check company.

Ranor, together with its predecessor, which was also named Ranor, has been in business since 1956. Ranor's predecessor was sold by its founders in 1999 to Standard Automotive Corporation through its subsidiary Critical Components Corporation. From June 1999 until August 2002, Ranor's predecessor was operated by Critical Components. In December 2001, Standard filed for protection under the Bankruptcy Code, and Ranor's predecessor operated under Chapter 11 until on or about the quarter ended June 30, 2002. Subsequently, all Standard's holdings were sold.

In 2002, an investment group formed a Delaware corporation known as Rbran Acquisition, Inc. to acquire the assets of Ranor's predecessor from the bankrupt estate. The principal investors were Green Mountain Partners III, LP and Phoenix Life Insurance Company, who held the debt, preferred stock and warrants. Rbran subsequently changed its corporate name to Ranor, Inc. In August 2005, these stockholders, together with the holders of the common stock, entered into the stock purchase agreement with Ranor Acquisition as described below, pursuant to which we acquired all of the capital stock of Ranor.

During 2005, James G. Reindl and Andrew A. Levy negotiated with Ranor's principal stockholders for the acquisition of all of the stock of Ranor, which included the payment or settlement of all of Ranor's outstanding debt which was payable to Green Mountain Partners and Phoenix Life Insurance Company. In this connection, in April 2005, they formed Ranor Acquisition LLC, a Delaware limited liability company, for the purpose of acquiring Ranor. The control persons and principal members of Ranor Acquisition were James G. Reindl and Andrew A. Levy, and the founders of Ranor Acquisition LLC were Mr. Reindl, Mr. Levy and Mr. Daube. On August 17, 2005, Ranor Acquisition entered into an agreement to acquire all of the capital stock and warrants of Ranor for a purchase price equal to $9,250,000 plus the amount by which Ranor's net cash amount exceeded $250,000, less a closing adjustment of $54,000 and less the amount of principal and interest on the debt held by Ranor's two principal stockholders. These two stockholders also held Ranor's preferred stock. Since Ranor's net cash amount was $1,117,000, the amount due to the sellers was increased by $813,000, which resulted in total payments of $10,063,000. The agreement contained standard representations and warranties of the sellers concerning Ranor, and $925,000 of the purchase price was placed in escrow to provide a fund against which any claims for breach of the representation and warranties under the agreement can be made.

After executing the purchase agreement, Ranor Acquisition sought to obtain the financing to make the payments. The purchase price was funded from the following sources:

Proceeds from sale of real estate to a related party	$	3,000,000
Net proceeds from Sovereign term loan		3,953,317
Cash due from Ranor		813,000
Cash from the Ranor's available cash		240,000
Cash from proceeds of sale of equity		2,056,683
Total	$	10,063,000

The total payments were disbursed as follows:

Principal of notes to preferred stockholders	$	8,000,000
Interest on notes		975,000
Payment into escrow pursuant to purchase agreement		925,000
Expenses of Ranor stockholders		153,000
Payment to preferred stockholders		6,500
Payment to common stockholders		3,500
Total	$	10,063,000

As noted in the preceding table, $925,000 of the purchase price was placed in escrow as security for the obligations of the former Ranor stockholders for indemnity for any breach of the sellers' representations and warranties. In February 2007, we entered into a settlement agreement with the former Ranor stockholders pursuant to which we received $500,000 from the escrow fund in settlement for claims that we made for breach of representations and warranties relating to environmental matters, and the balance of the escrow, together with accrued interest, was paid to Green Mountain Partners and Phoenix Life Insurance Company in respect of their preferred stock interest.

In connection with our purchase of Ranor, we raised a total of $2,700,000 as equity, of which $2,200,000 was provided by Barron Partners and $500,000 was provided by a private investor. Barron Partners advised Ranor Acquisition that it was willing to make an investment, but would only invest in a company that was a reporting company under the Securities Exchange Act of 1934, as amended. In December 2005, Lounsberry, through, David Feldman, who was then counsel for Lounsberry, was introduced to counsel for Ranor Acquisition. Prior to December 2005, neither Ranor Acquisition, Mr. Reindl, Mr. Levy, Green Mountain Partners nor Phoenix Life Insurance Company had any relationship with or knowledge of Lounsberry. During January and February, 2006, Ranor Acquisition negotiated agreements with Lounsberry pursuant to which:

- Lounsberry's then principal stockholder, Capital Markets Advisory Group, LLC, would sell to Lounsberry 928,000 shares, representing more than 90% of Lounsberry's then outstanding common stock, for $200,000, which was paid to Capital Markets. Of this amount, $39,661 represented money advanced by Capital Markets to Lounsberry prior to February 2006 and $160,339 represented the purchase price of the stock. Capital Markets had purchased 1,000,000 shares of common stock for $100 in connection with Lounsberry's organization in February 2005, and its cost of the 928,000 shares that it sold to Lounsberry was $92.80. The control person for Capital Markets is Steven Hicks.

- Lounsberry's sole officer and director resigned and Mr. Reindl was elected as Lounsberry's sole director contemporaneously with the acquisition of Ranor and the financing of the acquisition.

In order that Ranor could be acquired by a reporting company, we, then known as Lounsberry, entered into an exchange agreement with Ranor Acquisition and its members. Pursuant to that agreement, Ranor Acquisition assigned the agreement to acquire the Ranor stock to us, and we issued a total of 7,997,000 shares of common stock to the members of Ranor Acquisition and assumed Ranor Acquisition's obligations to purchase the Ranor stock pursuant to the Ranor stock purchase agreement. Neither Ranor Acquisition nor any of the members received any monetary consideration for the assignment by Ranor Acquisition of the Ranor stock purchase agreement to us. The only consideration was our assumption of Ranor Acquisition's obligations under the Ranor stock purchase agreement and the 7,997,000 shares of our stock which were issued to Ranor Acquisition's members.

Our acquisition of Ranor is accounted for as a reverse acquisition. The accounting rules for reverse acquisitions require that beginning with the date of the merger, February 24, 2006, our balance sheet includes the assets and liabilities of Ranor and our equity accounts were recapitalized to reflect the net equity of Ranor. In addition, our historical operating results will be the operating results of Ranor.

In connection with the acquisition of Ranor, on February 24, 2006:

- We entered into a preferred stock purchase agreement with Barron Partners LP, pursuant to which we sold to Barron Partners, for $2,200,000, 7,719,250 shares of series A preferred stock, and five-year warrants to purchase an aggregate of 5,610,000 shares of common stock at $.57 per share and 5,610,000 shares of commons stock at $.855 per share. The series A preferred stock was initially convertible into 7,719,250 shares of common stock, subject to adjustment. As a result of our failure to meet targeted levels of EBITDA for the years ended March 31, 2006 and 2007, (i) the conversion price of the series A preferred stock was reduced from $.285 to $.218025, with the result that the series A convertible preferred stock became convertible into 10,090,586 shares of common stock, and (ii) the exercise prices of the warrants were reduced from $.57 to $.43605 and from $.855 to $.654075, with no adjustment in the number of shares issuable upon exercise of the warrants.

- We purchased 928,000 shares of common stock form Capital Markets Advisory Group, LLC, which was then our principal stockholder, for $160,339 and paid $39,661 of debt to Capital Markets, using the proceeds from the sale of the preferred stock. The control person for Capital Markets is Steven Hicks.

- We issued 7,997,000 shares of common stock to the members of Ranor Acquisition LLC, which was the party to an August 17, 2005 agreement to purchase the stock of Ranor, for which Ranor Acquisition advanced funds on our behalf and assigned its rights under the Ranor stock purchase agreement, and we assumed Ranor Acquisition's obligations under that agreement.

- We sold 1,700,000 shares of common stock to an investor for $500,000.

- Ranor entered into a loan and security agreement with Sovereign Bank pursuant to which Ranor borrowed $4.0 million, for which Ranor issued its term note, and Sovereign provided Ranor with a $1.0 million revolving credit arrangement.

- Ranor sold its real estate to WM Realty Management, LLC for $3.0 million, and Ranor leased the real property on which its facilities are located from WM Realty Management pursuant to a net lease. WM Realty Management is an affiliate of the Company.

Prior to the reverse acquisition and the assignment by Ranor Acquisition to us of the agreement to acquire Ranor, there were no relationships among Ranor Acquisition, us, Ranor and its predecessor, except that Mr. Reindl was president and chief executive officer of Critical Components from February 1999 until February 2002, and Mr. Stanley Youtt, one of our directors and the chief executive officer of Ranor, was chief executive officer and a common stockholder of Ranor prior to our acquisition of Ranor.

Our executive offices are located at Bella Drive, Westminster, MA 01473, telephone (978) 874-0591. Ranor's website is www.ranor.com. Information on Ranor's website or any other website is not part of this annual report on Form 10-KSB.

References in this prospectus to "we," "us," "our" and similar words refer to Techprecision Corporation and its subsidiary, Ranor, unless the context indicates otherwise, and, prior to the effectiveness of the reverse acquisition, these terms refer to Ranor.

RISK FACTORS

An investment in our securities involves a high degree of risk. In determining whether to purchase our securities, you should carefully consider all of the material risks described below, together with the other information contained in this prospectus before making a decision to purchase our securities. You should only purchase our securities if you can afford to suffer the loss of your entire investment.

RISKS RELATING TO OUR BUSINESS

We cannot assure you that we will be able to operate profitably.

Although we generated modest net income for the year ended March 31, 2007, we incurred losses in the years ended March 31, 2006 and 2005, and we cannot assure you that we will be able to operate profitably in the future. Further, as a result of the reverse acquisition and our status as a reporting company, our ongoing expenses have increased significantly. Our failure to generate sufficient revenue, to reduce expenses or to obtain financing to cover our increased level of expenses could impair our ability to continue in business.

Because we may require additional financing to expand our operations, our failure to obtain necessary financing may impair our operations.

At March 31, 2007, we had working capital of approximately $3,397,887. The only funding available to us, other than our cash flow from operations, is $500,000 capital equipment facility and a $2.0 million revolving credit line with a bank. We cannot assure you that this facility will be sufficient to provide us with the funds necessary to enable us to perform our obligations under our contracts and to develop our business. Our failure to obtain any required financing could impair our ability to both serve our existing clients base and develop new clients and could result in both a decrease in revenue and an increase in our loss. To the extent that we require financing, the absence of a public market for our common stock, the terms of our February 2006 private placement and the number of outstanding warrants and the exercise price and other terms on which we may issue common stock upon exercise of the warrants, it may be difficult for us to raise additional equity capital if required for our present business or for any planned expansion. We cannot assure you that we will be able to get additional financing on any terms, and, if we are able to raise funds, it may be necessary for us to sell our securities at a price which is at a significant discount from the market price and on other terms which may be disadvantageous to us. In connection with any such financing, we may be required to provide registration rights to the investors and pay damages to the investor in the event that the registration statement is not filed or declared effective by specified dates. The price and terms of any financing which would be available to us could result in both the issuance of a significant number of shares and significant downward pressure on our stock price and could result in a reduction of the conversion price of the series A preferred stock and exercise price of the warrants held by the Barron Partners. Further, since Barron Partners has a right of first refusal with respect to future financings, this right may affect our ability to obtain financing from other sources.

Because our contracts are individual purchase orders and not long-term agreements, the results of our operations can vary significantly from quarter to quarter.

We do not have long-term contracts with our customers, and major contracts with a small number of customers account for a significant percentage of our revenue. We must bid or negotiate each contract separately, and when we complete a contract, there is generally no continuing source of revenue under that contract. As a result, we cannot assure you that we have a continuing stream of revenue from any contract. Our failure to generate new business on an ongoing basis would materially impair our ability to operate profitably. Because a significant portion of our revenue is derived from services rendered from the defense, aerospace, nuclear, industrial and related industries, our operating results may suffer from conditions affecting these industries, including any budgeting, economic or other trends that have the effect of reducing the requirements for our services, including changes in federal budgeting which may reduce the budget of those agencies that either engage us directly or affect the contracts of private sector clients for whom we perform services as subcontractors under prime contracts with government agencies.

Because of our dependence on a limited number of customers, our failure to generate major contracts from a small number of customers may impair our ability to operate profitably.

We have, in the past, been dependent in each year on a small number of customers who generate a significant portion of our business, and these customers change from year to year. For the year ended March 31, 2007, our three largest customers accounted for approximately 44% of our revenue, and each of these customer accounted for less than 10% of revenue during both the year ended March 31, 2006 and the year ended March 31, 2005. For the year ended March 31, 2006, our two largest customers accounted for approximately 28% of our revenue, and each of these customers accounted for less than 10% of our revenue in the fiscal year ended March 31, 2005 and the year ended March 31, 2007. To the extent that we are unable to generate orders from new customers, we may have difficulty operating profitably.

Because our customers include major defense contractors, our size and financial condition may place us at a competitive disadvantage in seeking business.

There are a large number of domestic and foreign companies, some of which are considerably larger and better capitalized than we are, with which we compete for business. Foreign companies may have lower manufacturing costs than we have, which may give them a competitive advantage. Since much of our contracts are generated from a request for proposal (RFP) by a prime contractor under a government contract, to the extent that a competitor is able to design the specifications, that competitor may have a competitive advantage. We may also be at a competitive disadvantage to the extent that competitors have existing relationships with the prime contractor. We may spend substantial sums analyzing and preparing a bid and not be awarded a contract. Furthermore, we may not be given the opportunity to comment on the proposed terms of the bid before the bid is issued. Since our customers include major defense customers, our failure to satisfy potential customers as to our financial health may prevent us from obtaining business.

Because a significant portion of our contracts are awarded through a competitive bidding process, we cannot be assured of obtaining business.

A significant portion of our contracts result from a competitive bidding process which entails risks not present in other circumstances. We may spend substantial sums analyzing and preparing a bid and not be awarded a contract. Furthermore, we may not be given the opportunity to comment on the proposed terms of the bid, and it is possible that an RFP may be tailored to meet the specifications of a competitor. Our failure to receive contracts on which we bid could significantly impair our ability to continue in business.

Because our revenue is generated pursuant to contracts that are limited to specific projects, our operating results in future periods may vary from quarter to quarter, and, as a result, we may fail to meet the expectations of our investors and analysts, which may cause our stock price to fluctuate or decline.

Because our business is based upon manufacturing products pursuant to purchase orders, we need to generate new business on a continuing basis. To the extent that we do not have new contracts in place when we complete our work pursuant to existing contracts, our revenue may decline until and unless we generate revenue from new contracts. Furthermore, changes in contracts also affect the results of our operations on a period to period basis. As a result, our revenue and operating results have fluctuated from quarter to quarter significantly in the past, and such fluctuations may continue in the future. A substantial portion of our operating expenses is related to personnel costs, depreciation and rent which cannot be adjusted quickly and, therefore, cannot be easily reduced in response to lower revenue levels or changes in client requirements. Due to these factors and the other risks discussed in this annual report, you should not rely on period-to-period comparisons of our results of operations as an indication of future performance. These factors could cause the market price of our stock to fluctuate substantially.

Changes in delivery schedules and order specifications may affect our revenue stream.

Although we perform manufacturing services pursuant to orders placed by our customers, we have in the past experienced delays in the scheduling and changes in the specification of the products. These changes may result from a number of factors, including a determination by the customer that the product specifications need to be changed after receipt of an initial product or prototype. As a result of these changes, we suffered a delay in the recognition of revenue from the projects. We cannot assure you that our revenue will not be affected in the future by delays or changes in specifications or that we will ever be able to recoup revenue which was lost as a result of the delays or changes. Further, if we cannot allocate our personnel to a different project, we will continue to incur some expenses relating to the project, including labor and overhead.

Our failure to meet our customers' requirement could result in decreased revenue, increased costs and negative publicity.

Purchase orders from our customers require the precision manufacturing of products to very close tolerances which are required in the industries to which we market our services. Our failure to meet these tolerances could result in both cost overruns on a particular contract and a loss of our reputation, which would significantly impair our ability to generate contracts.

Because a significant portion of our business is as a government subcontractor, our failure or the failure of the prime contractor to comply with government procurement and other regulations could result in a loss of business.

We must comply with complex procurement laws and regulations, including the provisions of the procurement regulations that provide for renegotiation and termination for the convenience of the government. Since we are not a prime contractor, any termination or modification of the prime contract may result in a change in our contract with the prime contractor.

If we make any acquisitions, they may disrupt or have a negative impact on our business.

Although we have no present plans for any acquisitions, in the event that we make acquisitions, we could have difficulty integrating the acquired companies' personnel and operations with our own. In addition, the key personnel of the acquired business may not be willing to work for us. We cannot predict the affect expansion may have on our core business. Regardless of whether we are successful in making an acquisition, the negotiations could disrupt our ongoing business, distract our management and employees and increase our expenses. In addition to the risks described above, acquisitions are accompanied by a number of inherent risks, including, without limitation, the following:

- the difficulty of integrating acquired products, services or operations;

- the potential disruption of the ongoing businesses and distraction of our management and the management of acquired companies;

- the difficulty of incorporating acquired rights or products into our existing business;

- difficulties in disposing of the excess or idle facilities of an acquired company or business and expenses in maintaining such facilities;

- difficulties in maintaining uniform standards, controls, procedures and policies;

- the potential impairment of relationships with employees and customers as a result of any integration of new management personnel;

- the potential inability or failure to achieve additional sales and enhance our customer base through cross-marketing of the products to new and existing customers;

- the effect of any government regulations which relate to the business acquired;

- potential unknown liabilities associated with acquired businesses or product lines, or the need to spend significant amounts to retool, reposition or modify the marketing and sales of acquired products or the defense of any litigation, whether of not successful, resulting from actions of the acquired company prior to our acquisition.

Our business could be severely impaired if and to the extent that we are unable to succeed in addressing any of these risks or other problems encountered in connection with these acquisitions, many of which cannot be presently identified, these risks and problems could disrupt our ongoing business, distract our management and employees, increase our expenses and adversely affect our results of operations.

Risks Related to our Common Stock and the Market for our Common Stock.

The rights of the holders of common stock may be impaired by the potential issuance of preferred stock.

Our certificate of incorporation gives our board of directors the right to create new series of preferred stock. As a result, the board of directors may, without stockholder approval, issue preferred stock with voting, dividend, conversion, liquidation or other rights which could adversely affect the voting power and equity interest of the holders of common stock. Preferred stock, which could be issued with the right to more than one vote per share, could be utilized as a method of discouraging, delaying or preventing a change of control. The possible impact on takeover attempts could adversely affect the price of our common stock. Although we have no present intention to issue any additional shares of preferred stock or to create any new series of preferred stock and the certificate of designation relating to the series A preferred stock restricts our ability to issue additional series of preferred stock, we may issue such shares in the future. Without the consent of the holders of 75% of the outstanding shares of series A preferred stock, we may not alter or change adversely the rights of the holders of the series A preferred stock or increase the number of authorized shares of series A preferred stock, create a class of stock which is senior to or on a parity with the series A preferred stock, amend our certificate of incorporation in breach of these provisions or agree to any of the foregoing.

The issuance of shares through our stock compensation plans may dilute the value of existing stockholders and may affect the market price of our stock.

We may use stock options, stock grants and other equity-based incentives, to provide motivation and compensation to our officers, employees and key independent consultants. The award of any such incentives will result in an immediate and potentially substantial dilution to our existing stockholders and could result in a decline in the value of our stock price. The exercise of these options and the sale of the underlying shares of common stock and the sale of stock issued pursuant to stock grants may have an adverse effect upon the price of our stock.

Because we are not subject to compliance with rules requiring the adoption of certain corporate governance measures, our stockholders have limited protections against interested director transactions, conflicts of interest and similar matters.

The Sarbanes-Oxley Act of 2002, as well as rule changes proposed and enacted by the SEC, the New York and American Stock Exchanges and the Nasdaq Stock Market as a result of Sarbanes-Oxley, require the implementation of various measures relating to corporate governance. These measures are designed to enhance the integrity of corporate management and the securities markets and apply to securities which are listed on those exchanges or the Nasdaq Stock Market. Because we are not presently required to comply with many of the corporate governance provisions and because we chose to avoid incurring the substantial additional costs associated with such compliance any sooner than necessary, we have not yet adopted all of these measures. We are not in compliance with requirements relating to the distribution of annual and interim reports, the holding of stockholders meetings and solicitation of proxies for such meeting and requirements for stockholder approval for certain corporate actions, including the issuance of common stock. Thus, there is no restriction on our issuing common stock or preferred stock without the consent of the holders of our common stock. Until we comply with such corporate governance measures, regardless of whether such compliance is required, the absence of such standards of corporate governance may leave our stockholders without protections against interested director transactions, conflicts of interest and similar matters and investors may be reluctant to provide us with funds necessary to expand our operations.

Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and operating results and stockholders could lose confidence in our financial reporting.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, our operating results could be harmed. Under the current SEC regulations, we will be required to include a management report on internal controls over financial reporting in our Form 10-KSB annual report for the year ended March 31, 2008, and we will be required to include an auditor's report on internal controls over financial reporting for the year ended March 31, 2009. Failure to achieve and maintain an effective internal control environment, regardless of whether we are required to maintain such controls, could also cause investors to lose confidence in our reported financial information, which could have a material adverse effect on our stock price. Although we are not aware of anything that would impact our ability to maintain effective internal controls, we have not obtained an independent audit of our internal controls, and, as a result, we are not aware of any deficiencies which would result from such an audit. Further, at such time as we are required to comply with the internal controls requirements of Sarbanes Oxley, we may incur significant expenses in having our internal controls audited and in implementing any changes which are required.

Because of our cash requirements and restrictions in our preferred stock purchase agreement, we may be unable to pay dividends.

In view of the cash requirements of our business, we expect to use any cash flow generated by our business to finance our operations and growth. Further, we are prohibited from paying dividends on our common stock while the series A preferred stock is outstanding.

Because there is no public market for our common stock, you may have difficulty selling common stock that you own.

Although we are registered pursuant to the Securities Exchange Act of 1934, we have approximately 82 stockholders and there is no public market for our common stock. None of the presently outstanding shares of common stock may be sold except pursuant to an effective registration statement. We have filed a registration statement to enable our stockholders to sell shares of our common stock; however, as of the date of this annual report, the registration statement has not been declared effective. Neither the filing nor the effectiveness of the registration statement will assure a public market for our common stock. Accordingly we cannot assure you that there will be any public market for our common stock.

Our stock price may be affected by our failure to meet projections and estimates of earnings developed either by us or by independent securities analysts.

Although we do not make projections relating to our future operating results, our operating results may fall below the expectations of securities analysts and investors. In this event, the market price of our common stock would likely be materially adversely affected.

We are required to pay liquidated damages because the registration statement of which this prospectus is a part was not declared effective in a timely manner and we may be required to pay liquidated damages if we do not maintain a board consisting of a majority of independent directors.

The registration rights agreement which we executed in connection with the February 2006 private placement required us to file a registration statement by April 25, 2006 and to have the registration statement declared effective by the SEC by August 23, 2006. Since we failed to meet the required deadline for this registration statement to be declared effective, as a result of an amendment to the registration rights agreement, we are required to issue 33,212 shares of series A preferred stock to Barron Partners, which shares are recorded as outstanding at March 31, 2007. In addition, if the registration statement is not declared effective by October 15, 2007, liquidated damages will accrue at the rate of 531 shares of series A preferred stock for each day after October 15, 2007 that the registration statement has not been declared effective.

The purchase agreement relating to the February 2006 private placement requires us to maintain a board of directors on which a majority of directors are independent directors and an audit committee composed solely of independent directors and the compensation committee with have a majority of independent directors. Although we presently meet these requirements, our failure to continue to meet these requirements could result in our payment of liquidated damages that could be payable in cash or by the issuance of additional shares of series A preferred stock, as the investors shall determine. Our maximum liability under this provision is $396,000.

Because the holder of our warrants have cashless exercise rights, we may not receive proceeds from the exercise of the outstanding warrants if the underlying shares are not registered.

The holders of our warrants have cashless exercise rights, which provide them with the ability to receive common stock with a value equal to the appreciation in the stock price over the exercise price of the warrants being exercised. This right is not exercisable if the underlying shares are subject to an effective registration statement, and accordingly, the holders have the cashless registration rights until the effective date of the registration statement and thereafter if the warrants are not subject to a current and effective registration statement. As of the date of this annual report, none of the shares of common stock issuable upon exercise of the warrants have been registered pursuant to the Securities Act of 1933, and, as a result, the holders of those warrants, which cover the right to purchase 11,220,000 shares of common stock, have cashless exercise rights with respect to the underlying shares. To the extent that the holders of the warrants exercise this right, we will not receive proceeds from such exercise.

The issuance and sale of the common stock issuable upon conversion of the series A preferred stock and exercise of the warrants could result in a change of control.

If we issue all of the shares of common stock issuable upon conversion of the series A preferred stock and exercise of the warrants, including those that are covered by this prospectus, the 20,301,527 shares of common stock so issuable would constitute approximately 67% of our then outstanding common stock. The percentage would increase to the extent that we are required to issue any additional shares of common stock become upon conversion of the series A preferred stock pursuant to the anti-dilution and adjustment provisions and pursuant to the liquidated damages provision of the registration rights agreement. Any sale of all or a significant percentage of those shares to a person or group could result in a change of control.

General

We perform large metal fabrications and precision machining operations for large military, commercial, nuclear, shipbuilding, industrial, aerospace and alternative energy applications. Our principal services are large metal fabrications, machining and engineering. Metal fabrication is the process of fitting and forming certain grades of metal alloys pursuant to the design drawings furnished to us by our customers. All processes we perform in this manner generally fall under the American Society of Mechanical Engineers standards and specification with respect to quality and conformance to the project documents. These fabrication procedures include welding, forming, bending, cutting and fitting of the materials pursuant to the drawings. On the other hand, machining operations involves employing CNC (computer numerically controlled) machine tools that can include horizontal and vertical milling, turning and machining operations of metals or plastics to the tolerances that are stipulated on our customer’s drawings.

We perform most of our service pursuant to “build to print” contracts, which means that we must manufacture products in accordance with very close tolerances. Our customers provide us with design drawings, tolerances and specifications for the projects. We may perform a constructability review of the customer’s design drawings before we commence our manufacturing operations to determine whether the drawings they provided can actually be constructed or machined. Periodically, a customer’s drawings can not be turned into a desired product. In these cases, we will work with the customer to help produce the necessary drawings that will allow a product to be constructed as the customer had originally envisioned. These engineering services are included in the contract and are billed to and paid for by the customer.

Part of our marketing effort is directed at projects which involve a bidding process. Approximately 73% of our revenue during the year ended March 31, 2007 and approximately 80% of our revenue for the year ended March 31, 2006 was derived from projects which we received through a bidding process. The balance of our revenue was generated by negotiations with the customers or potential customers. Generally, once a potential customer has a project that it wants to put out for bids, it issues an RFP. The request for a quote includes a description of the project as well as any specific requirements that the successful bidder must meet. As part of the contract solicitation and bid protocol, we must establish that we are a qualified contractor for a proposed contract. This substantiation includes evidence that we have previously performed similar or comparable work as well as information concerning our financial condition. The bid process can range from a couple of weeks to more than a year from the time between the bid submission date and the award of a contract. In preparing the bid, we must estimate both the cost of the project and the timing of the project. We do not submit a bid on any project unless we believe that we can generate a profit. If we do not correctly assess the costs of a project we may incur a loss on the contract if we are awarded the contract.

We do not have any proprietary products and we do not manufacture any products in anticipation of orders. We do not commence manufacturing operations on any project until we have a purchase order from a customer. Each of our contracts covers a specific product, and we can manufacture almost any kind of products which requires large metal fabrications. For example, we fabricate nuclear grade steel casks, canisters and housings for the transportation and storage of radioactive materials; we produce large fabrications for Navy aircraft carriers, submarines and commercial vessels, and we manufactures pulp and paper machinery, gas turbine power generation equipment, oil refinery and utilities equipment and alternative energy products. We are one of two companies currently capable of machining one-piece aluminum domes to close tolerance specifications. We do not mass-produce any products or distribute such products on the open market.

Products

All of our products are built pursuant to contracts. Because we have lifting capacity up to 100 tons, we have the ability to manufacture very large products that must be fabricated in a single piece. Because of the nature of our facility we can manufacture a wide range of products, and we do not have any typical products that we sell, and the products that we manufacture in one period may be entirely different from those that are manufactured in another period. The following are examples of recent manufacturing contracts and show the range of products that we have produced.

We manufactured, tested and installed a target chamber mirror structure installation for a national laboratory customer. This installation is used in the quest to understand nuclear fusion.

We produced the full-scale prototype of the first direct drive main propulsion engine that is being considered for use on the DDX destroyer for one of our industrial customers.

We have been the sole source for a major defense contractor for the manufacture of housings for the defense contractor's sonar system. This system is currently being retro-fitted onto the Navy's fleet of nuclear submarines.

We presently provide fabricating and machining services to a division of another major defense contractor. We produce primary shield tank heads, sonar system pods and fairings, and a variety of other components. These are components used in a nuclear submarine. Shield tanks guard the reactor and its core from exposure to the crew and equipment. Sonar pods and fairings are used in the nose of the submarine (forward looking) and on the aft tail section of the submarine (rear looking). With equipment in both the nose and tail of the craft, the sonar equipment allows the crew to develop a three dimensional picture of the underwater surroundings.

One of our customers provides a complete nuclear waste storage system to commercial nuclear power plants. We manufacture lifting equipment for this company to use in the storage system.

Another customer is currently involved in a variety of commercial nuclear reactor repair and overhaul projects. We manufactured several components needed to support this work.

For a customer that manufactures machinery used to build solar panels for power generation, we manufacture critical components for this machinery.

Another customer manufactures machinery that produces plastic sheets which have a range of possible uses from garbage bags to covers for landfill projects. We fabricate components, and we machine large die sets for these machines.

Source of Supply

Our operations are partly dependent on the availability of raw materials. Since we manufacture products for our customers in accordance with their specific requirements, the raw materials we require vary from contract to contract. We have multi-year relationships with a number of our suppliers, but we do not have any long-term supply contracts with any suppliers, and we are not dependent upon any supplier. Rather, we purchase our raw materials pursuant to purchase orders that we place with our suppliers, based on the specific requirements for our contracts and we believe that alternate sources are available to us on commercially reasonable terms. Since each contract requires different raw materials and components, once we have a contract with a customer we seek quotations from one or more suppliers and obtain the materials from one or more different suppliers. We do not have contracts with any suppliers. Rather we place purchase orders using standard forms of purchase orders when we require the raw materials. We have no continuing obligation to purchase products from any supplier and no supplier has any continuing obligation to provide us with product other than pursuant to specific purchase orders.

Our projects include metal fabrications and machining of various traditional and special alloys such as inconel, titanium and high tensile strength steels, and the customer frequently provides us with the raw material for a specific project. We have worked with a number of different metal suppliers over the years to obtain these materials. Although some materials (due to their alloy compositions) require long lead times to obtain, we have never experienced a shortage of any of these materials.

During the year ended March 31, 2007, one supplier, Scott Forge, accounted for approximately 13% of our purchases during that period. No other supplier accounted for 10% or more of our purchases during the year ended March 31, 2007 or the fiscal year ended March 31, 2006. Scott Forge supplied us with metal forgings for some of our products. We do not have any contract with Scott Forge; we use its services when needed pursuant to purchase orders that relate to a specific project.

Environmental Compliance

We are subject to compliance with federal, state and local environmental laws and regulations that involve the use, disposal and cleanup of substances regulated by those laws, and we are subject to periodic inspections to monitor our compliance.

In May 2004, an inspection by the Massachusetts Office of Environmental Affairs revealed that Ranor needed an air quality plan for the paint booths, operated unregistered fuel burning equipment, did not have the proper labeling of the waste oil accumulation areas and containers, and was discharging industrial wastewater (x-ray processor) to a sanitary tight tank. All issues were resolved and a fine of $7,800 was assessed and paid.

In 2005, we engaged an environmental consultant as a part of the due diligence process prior to the acquisition of Ranor. That consultant identified potential contamination in the soil where chip bins are stored. Chips are the metal shavings removed during machining operations. They are stored outside in bins prior to sale to a scrap dealer. Because coolant is used during machining, the chips are coated with coolant. Investigation by our consultant revealed that over the years, rainwater had washed coolant from the chip bins into the upper layer of the soil under the bins. Our environmental consultant identified the extent of contamination, and monitored the removal the contaminated soil from our site. Work on the environmental conditions in the vicinity of the metal chip bins started in March 2006. A building was then constructed for chip bin storage to resolve this problem.

In April 2006, officials from the federal Environmental Protection Agency (the “EPA”) visited Ranor and noted that Ranor had not applied for a Storm Water Runoff Permit and that Ranor had not been providing Tier II Toxic Chemical Release Inventory Reports as required by law. We worked with our environmental consultant to resolve both of these issues. We filed Tier II Emergency and Hazardous Chemical Inventory by July 2006, and submitted a Storm Water Runoff Permit Application by September 2006. From that point forward, we believe that we have been compliant on both of these issues. In addition, investigations performed by our environmental consultant revealed no evidence of the discharge of pollutants from our site.

The cost of environmental compliance was $86,975 for the year ended March 31, 2006 and $3,562 for the year ended March 31, 2005. The expense accrued at March 31, 2006 reflects the estimated expense relating to the compliance work. Much of the compliance work was performed subsequent to year end, and the actual cost was consistent with the estimate. As part of our environmental compliance, we constructed a chip bin building at a cost of $114,620, which was capitalized. We believe that we are currently in compliance with applicable environmental regulations and that our current ongoing obligations at its present facilities will not be material.

In June 2007, the EPA issued an administrative complaint against Ranor and us alleging violations of the Clean Water Act and the Emergency Planning and Community Right-to-Know Act, known as “EPCRA.” The action, In the Matter of Ranor, Inc. and Techprecision Corporation, is pending before the Boston, Massachusetts regional office of the EPA. The complaint states that storm water discharges at Ranor’s facility resulted in the discharge of pollutants into navigable waters of the United States without a permit and that Ranor violated the Clean Water Act by failing to obtain the necessary storm water discharge permits. The EPA is seeking a maximum penalty of $157,500. We intend to vigorously defend against this claim.

With respect to the EPCRA claims, the EPA alleges that in 2003 and 2004, Ranor failed to file required toxic chemical release inventory reporting forms in connection with its use of nickel, chromium and manganese in its operations and seeks a maximum penalty of $162,500. Ranor, while admitting that it failed to file certain reports, asserts that the alleged penalty is excessive, based on the EPA’s own guidelines, and will vigorously consent the claimed penalty.

Marketing

A significant portion of our contracts result from the competitive bidding process, which involves a complete estimate of all materials and labor components to complete a project, along with the engineering analysis concerning project constructability. Such bid processes are frequently limited to pre-qualified bidders. Many of our sales inquiries are from existing customers, but we bid a number of projects on a yearly basis from new inquiries. We have a marketing team of nine, including a sales engineering manager and five technical personnel, who market our services as well as our qualifications to both existing and potential customers through personal contacts and trade shows. We also engage an independent sales representative.

Principal Customers

Although a significant portion of our business is generated from a small number of customers, we experience a significant change in major customers from one year to the next. As a result, on an ongoing basis, our business is not dependent upon any one customer or any small group of customers. Rather, our business is dependent upon our generating new contracts on an ongoing basis. Our work is performed pursuant to purchase orders, and we do not have long-term contracts with any customer. We do not believe that the loss of any customer would have a material effect upon our business since, in our business, once we complete a project for a customer there is not necessarily follow-up business. Our customers include many of the major domestic defense and aerospace companies. Different customers accounted for more than 10% of our revenue in the year ended March 31, 2007 and the year ended March 31, 2006. The following table sets forth information as to revenue derived from those customers who accounted for more than 10% of our revenue in the years ended March 31, 2007, and March 31, 2006 (dollars in thousands).

	Year ended March 31,			
	2007		2006	
Customer	Dollars	Percent	Dollars	Percent
GT Solar Inc.	$ 3,407	17.85%	*	*
General Dynamics Electric Boat	2,587	13.56%	*	*
Essco/L3 Communications	2,415	12.65%	*	*
University of Rochester	*	*	$ 2,967	14.60%
BAE Systems	*	*	2,611	12.90%

* Less than 10% of revenue for the year.

GT Solar is a company in the alternative energy industry that engaged us to provide the complete fabrication, machining and assembly of a component that was included as part of very large industrial furnace.

General Dynamics Electric Boat is a major defense contractor that engaged us for the complete fabrication, machining and assembly for a number of components which are provided by the customer to the United States Navy as part of a classified project.

Essco/L3 Communications is a company for which we manufacture a number of components used in the assembly of one of the national laboratory's classified on-site projects. This project was substantially complete at March 31, 2007.

University of Rochester runs a national laboratory that engaged us to provide the complete fabrication, machining and assembly of several components and work platforms that are used in the customer's classified projects. This project is complete, and there is no significant ongoing work on the project.

BAE Systems is a major defense contractor that engaged us to provide fabrication and machining services for components that are constructed of large exotic alloy forgings and ancillary components.

For each of these customers, the revenue is generally generated pursuant to a series of purchase orders for different aspects of a project.

As of March 31, 2007, we had a backlog of firm orders totaling approximately $16.7 million, which included a backlog of more than $900,000 from each of six customers. We anticipate that approximately two thirds of the backlog at March 31, 2007 will be shipped during the year ended March 31, 2008 and the balance during the year ended March 31, 2009.

Competition

We face competition from a number of domestic and foreign manufacturers. No one company dominates the industry, although many of our competitors are larger, better known and have greater resources then we. Since many of our contracts are awarded through a bidding process, our ability to win an award is dependent upon a number of factors, including the price and our ability to manufacture the products in accordance with specifications and the customer's time requirements, for which our reputation as a quality manufacturer is crucial. For certain products, being a domestic manufacturer may be a factor. For other products, we may be undercut by foreign manufacturers who have a lower cost of production. If a contracting party has a relationship with a vendor and is required to place a contract for bids, the preferred vendor may provide or assist in the development of the specification for the product which may be tailored to that vendor's products. In such event, we would be at a disadvantage in seeking to obtain that contract.

Government Regulations

Although we do not have any contracts with government agencies, some of our manufacturing services are provided as a subcontractor to a government contractor. As a result, the prime contractors subject to government procurement and acquisition regulations, which give the government the right of termination for the convenience of the government and certain renegotiation rights as well as a right of inspection. As a result, any government action which affects our customers would affect us. Some of the work we perform for our customers are part of government appropriation packages, and therefore, subject to the Miller Act, requiring the prime contractors (our customers) to pay all subcontractors under contracted purchase agreements first. Because of the nature and use of our products, we are subject to compliance with quality assurance programs, which are a condition for our bidding on government contracts and subcontracts. We believe we are in compliance with these programs.

Intellectual Property Rights

We have no patent rights. In the course of our business we develop know-how for use in the manufacturing process. Although we have non-disclosure policies, we cannot assure you that we will be able to protect our intellectual property rights. We do not believe that our business requires patent or similar protection. Because of the nature of our business as a contract manufacturer, we do not believe that lack of ownership of intellectual property will adversely affect our operations.

Research and Development

We did not incur any research and development expenses, either on our own behalf or on behalf of our customers, during the year ended March 31, 2007 or the years ended March 31, 2006 or 2005.

Personnel

As of June 15, 2007, we had 143 employees, of whom 19 are administrative, nine are engineering and 115 are manufacturing personnel. All of our employees are full time. None of our employees is represented by a labor union, and we believe that our employee relations are good.

Annual Reports

Commencing not later than the fiscal year ended March 31, 2008, we will send our stockholders an annual report which includes our audited financial statements.

Item 2. Description of Property.

We lease from WM Realty Management, LLC, which is an affiliated company, an approximately 136,000-square foot office and manufacturing facility at Bella Drive, Westminster, Massachusetts 01473, pursuant to a 15-year lease that expires February 28, 2021, at an current annual rental of $444,000, subject to annual escalations based upon increases in the consumer price index. The lease provides for two five-year extensions and a purchase option at appraised value. We sold the real estate to WM Realty Management contemporaneously with the reverse acquisition for $3.0 million. See “Item 12. Certain Relationships and Related Transactions.”

Item 3. Legal Proceedings.

Except for the procedure commenced by the Environmental Protection Agency, and disclosed under “Environmental Compliance” in “Item 1. Business,” we are not a defendant in any material legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters.

There is no market for our common stock

As of May 31, 2007, we had approximately 82 record holders of our common stock.

We have not paid dividends on our common stock, and the terms of certificate of designation relating to the creation of the series A preferred stock prohibit us from paying dividends. We plan to retain future earnings, if any, for use in our business. We do not anticipate paying dividends on our common stock in the foreseeable future.

As of May 31, 2007, we had the following shares of common stock reserved for issuance:

- 10,134,000 shares issuable upon conversion of the series A preferred stock.
- 11,220,000 shares issuable upon exercise of the warrants held by Barron Partners.
- 1,000,000 shares issuable upon exercise of stock options or other equity-based incentives pursuant to our 2006 long-term incentive plan, of which options to purchase 371,659 shares were outstanding on May 31, 2007.

The 100,000 shares of common stock held by the former stockholder of Lounsberry may not be sold pursuant to Rule 144, regardless of how long they are held since the shares were purchased at a time when we were a blank-check shell. The SEC has taken the position, initially enunciated in the letter from Richard K. Wulff of the SEC to Ken Worm of NASD Regulation, Inc.

The 10,134,000 shares of common stock issuable upon conversion of the series A preferred stock held by Barron Partners may be sold pursuant to Rule 144. Barron Partners has registration rights with respect to these shares.

The agreement pursuant to which we issued 7,997,000 shares of common stock, as described in “Item 12. Certain Relationships and Related Transactions and Director Independence,” provides that these stockholders may not sell these shares for a period of twelve months following the February 24, 2006 closing. Thereafter, none of these stockholders shall sell more than 10% of his or her shares in the public market in the twelve-month period following the expiration of the lock-up period or more than an additional 10% of his shares during the following twelve-month period. Commencing January 31, 2007, the holders have demand and piggyback registration rights. The Company is not subject to any liquidated damages in the event that Company fails to satisfy its obligations to register the shares. These shares may be sold pursuant to Rule 144.

Pursuant to a subscription agreement, we sold 1,700,000 shares of common stock to an accredited investor for $500,000 on February 24, 2006. Commencing January 31, 2007, the investor has demand and piggyback registration rights. The Company is not subject to any liquidated damages in the event that Company fails to satisfy its obligations to register the shares. These shares may be sold pursuant to Rule 144.

Although stockholders have held their shares for more than one year, which permits sales of up to 1% of our outstanding common stock in any three month period, because there is no market for our stock, Rule 144 is not presently available for any of our stockholders.

Equity Compensation Plan Information

The following table summarizes the equity compensation plans under which our securities may be issued as of May 31, 2007.

Plan Category	Number of securities to be issued upon exercise of outstanding options and warrants	Weighted-average exercise price of outstanding options and warrants	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	371,659	$ .285	641,341
Equity compensation plan not approved by security holders	-0-	—	—

No unregistered securities were sold during the year ended March 31, 2007.

On February 24, 2006, we entered into an agreement with Capital Markets, which was then our principal stockholder, pursuant to which we purchased 928,000 shares of common stock from Capital Markets for $160,339, and paid $39,661 of debt to Capital Markets, using the proceeds from the sale of series A preferred stock. The purchase was made contemporaneously with the acquisition of Ranor.

Item 6. Management's Discussion and Analysis or Plan of Operations.

The following discussion of the results of our operations and financial condition should be read in conjunction with our financial statements and the related notes, which appear elsewhere in this prospectus.

Forward-Looking Statements

Statements in this annual report may be "forward-looking statements." Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this prospectus, including the risks described under "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this annual report and in other documents which we file with the Securities and Exchange Commission. In addition, such statements could be affected by risks and uncertainties related to our ability to generate business on an on-going business, to receive contract awards from the competitive bidding process, maintain standards to enable us to manufacture products to close tolerances, enter new markets for our services, market and customer acceptance, our ability to raise any financing which we may require for our operations, competition, government regulations and requirements, pricing and development difficulties, our ability to make acquisitions and successfully integrate those acquisitions with our business, as well as general industry and market conditions and growth rates, and general economic conditions. Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this prospectus.

Overview

We operate in one business segment - fabrication, precision machining and engineering of metal products up to 100 tons. Most of our products are fabricated from raw metal plate or forgings. Materials used in the manufacturing of our products are either supplied by our customers or acquired from raw material suppliers we have worked with for many years. Our clients are generally in industries associated with the nuclear, aerospace, military and defense, commercial industries and national laboratories. Payment terms associated with each project often include progress payments and occasionally include deposits. Generally, payment terms are 30 to 45 days from the invoice date. Some of the work we perform for our customers is a part of government appropriation packages, and therefore, subject to the Miller Act, requiring the prime contractors (our customers) to pay all subcontractors under contracted purchase agreements first.

These products are manufactured for our clients under build-to-print agreements. Work is performed by our personnel under firm contracted purchase orders, for each project undertaken at the facility. Our work is contracted under terms that require down payments for the acquisition of materials. Additionally, depending on the length of a given project, some contracts require progress payments based on major milestones of work completed.

In recent years, the capital goods market experienced a slow down due to both the industry over-build of product in the late 1990's and the events of September 11, 2001. As noted in the preceding paragraph, the development of our business was further affected by the bankruptcy of Standard. However, based on recent project inquiries, recent projects awarded and current customer demands for our services, we believe the market has rebounded and that we are finding increased acceptance of our services.

A significant portion of our revenue is generated by a small number of customers who differ from period to period as we complete work on projects or commence new projects for other customers. In the year ended March 31, 2007, three customers accounted for approximately 44% of our revenue, and in the year ended March 31, 2006, two customers accounted for approximately 28% of our revenue. The three largest customers for the year ended March 31, 2007 were not 10% customers for the year ended March 31, 2006. Our contracts generally result from negotiation and from bids made pursuant to a request for proposal. Our ability to receive contract awards is dependent upon the contracting party's perception of such factors as our ability to perform on time, our history of performance and our financial condition. We believe, based on increased requests for quotations, that there is an increasing demand for services of the type which we perform.

We are changing the manner in which we treat potential business from the practices of our predecessor. Because of problems at the former parent company level, in order to obtain business, our predecessor had to perform additional work without increasing the amount it charged its' customer. As a result, our predecessor operated on relative low margins. We are seeking more long-term projects with a more predictable cost structure, and rejecting or not bidding on projects which we do not believe would generate an adequate gross margin. Thus, although our sales decreased in the year ended March 31, 2007 from 2006, our gross margin increased from 13% to 19% and our income from operations increased from $785,000 to $1,446,000. The effect of our change in our marketing efforts toward more long-term contracts is reflected in our backlog at March 31, 2007. At that date, we had a backlog of firm orders of approximately $16.7 million, of which we anticipate that we will deliver approximately two thirds during the year ended March 31, 2008 and the balance during the following year.

Because our revenues are derived from the sale of goods manufactured pursuant to a contract, and we do not sell from inventory, it is necessary for us to constantly seek new contracts. The products that we produce are generally for one or a limited number of units, and once we complete our work on a contract, we generally do not receive subsequent orders for the same product. We receive contracts both by negotiation and through bids. When we bid for a contract, we may not receive the contract award. Thus, there may be a time lag between our completion of one contract and commencement of work on another contract. During this period, we will continue to incur our overhead expense but with lower revenue. Furthermore, changes in the scope of a contract may impact the revenue we receive under the contract and the allocation of manpower.

Although we provide manufacturing services for large governmental programs, we usually do not work directly for agencies of the United States government. Rather, we perform our services for large governmental contractors and large utility companies. However, our business is dependent in part on the continuation of governmental programs which require the services we provide.

We perform manufacturing services pursuant to orders placed by our customers. However, we have in the past experienced delays in the scheduling and changes in the specification of the products. These changes may result from a number of factors, including a determination by the customer that the product specifications need to be changed after receipt of an initial product or prototype. As a result of these changes, we suffered a delay in the recognition of revenue from the projects. We experienced such delays during the first and second quarters of the current fiscal year; however, by December 31, 2006, we had recognized substantially all of the revenue that was delayed under these orders. We cannot assure you that our revenue will not be affected in the future by delays or changes in specifications or that we will be able to recoup revenue which was lost as a result of the delays or changes. Further, if we cannot allocate our personnel to a different project, we will continue to incur some expenses relating to the project, including labor and overhead.

We lease our facilities from WM Realty Management LLC, which is an affiliated entity, to whom we sold the real property in February 2006 for $3,000,000 contemporaneously with the reverse acquisition. WM Realty Management is an affiliate because of common ownership and management. The following table sets forth information as to the relative beneficial interest of our officers, directors and principal stockholders in both our company and their interest in WM Realty at the time WM Realty purchased the real estate.

Name	Beneficial Ownership in us	Ownership in WM Realty
Andrew A. Levy	29.3%	69.0%
James G. Reindl	29.6%	10.0%[1]
Howard Weingrow[2]	18.6%	15.0%[2]
Martin M. Daube	6.7%	7.8%
Larry Steinbrueck	2.0%	1.2%
Michael Holly	[3]	[3]

1 In October 2006, Mr. Reindl conveyed his interest in WM Realty Management to WM Realty Management for no consideration. Mr. Reindl currently has no equity interest in WM Realty Management.

2 Mr. Weingrow's beneficial ownership in our stock includes the stock owned by Stanoff Corporation, of which Mr. Weingrow is president. At the time of the refinancing, Mr. Weingrow made an additional investment in WM Realty Management and his interest in WM Realty Management increased from 15.0% to 25.0%.

3 Less than 1%.

In addition, Mr. Reindl, Mr. Levy and Mr. Daube were the sole members of Techprecision, LLC, which had a management agreement with us through December 31, 2006 and is receiving payments through September 2007 pursuant to a termination agreement. Mr. Reindl is no longer a member of Techprecision LLC.

The price at which we sold the real property, which was less than the appraised value of the property, was based largely upon the maximum amount that WM Realty Management could borrow, based on a percentage of appraised value, and reflected the fact that the use of the real estate as a manufacturing facility would not be considered the best use of the property. The purchase of the property was fully leveraged. The estimated market value of the property on October 18, 2005, based on an appraisal by Avery Associates, was $4,750,000. We sold the property to WM Realty Associates for $3,000,000 to provide a portion of the funds that were due in connection with the acquisition of Ranor. We were not able to find a single lender to finance both the non-real estate assets and the real estate. The mortgagee for the real estate required individual limited guarantees by Mr. Levy and Mr. Reindl, as members of WM Realty Management, as a condition to making the loan to WM Realty Management. The guarantee of Mr. Reindl was released in connection with the refinancing of the property in October 2006.

Because WM Realty Management is an affiliated entity and our lease with WM Realty Management is the sole source of funding for WM Realty Management, under generally accepted accounting principles, the real estate is treated as being owned by us and WM Realty Management's mortgage obligations are treated as our obligations. See "Variable Interest Entity." Our financial condition, principally our working capital, is affected by the terms of WM Realty Management's mortgage. Because of the terms of the mortgage, at March 31, 2006, the mortgage loan was reflected as a short-term loan in the principal amount of the loan. As a result of the refinancing, the long-term portion of the mortgage is reflected as a long-term liability, with a result that our working capital improved from approximately $91,000 at March 31, 2006 to approximately $3.6 million at March 31, 2007.

In connection with our February 2006 private placement, we were required to have a registration statement covering shares of common stock issuable upon conversion of the series A preferred stock and exercise of the warrants effective by August 23, 2006. The registration rights agreement, as amended, requires us to issue 33,212 shares of series A preferred stock to Barron Partners. In addition, if the registration statement is not declared effective by October 15. 2007, liquidated damages will accrue at the rate of 531 shares of series A preferred stock for each day after October 15, 2007 that the registration statement has not been declared effective. At March 31, 2007, we had accrued an expense of $9,456 associated with the issuance of 33,212 shares of series A preferred stock.

Critical Accounting Policies

The SEC issued Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure about Critical Accounting Policies" ("FRR 60"), suggesting companies provide additional disclosure and commentary on their most critical accounting policies. In FRR 60, the SEC defined the most critical accounting policies as the ones that are most important to the portrayal of a company's financial condition and operating results, and requires management to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition our most critical accounting policies involve revenue recognition, accounting for variable interest entity, convertible instruments, income taxes, and reverse acquisition. The methods, estimates and judgments we use in applying these accounting policy has a significant impact on the results we report in our financial statements.

The preparation of our financial statements conforms to the generally accepted accounting principles in the United States and requires our management to make assumptions, estimates and judgments that effect the amounts reported in the financial statements, including all notes thereto, and related disclosures of commitments and contingencies, if any. We rely on historical experience and other assumptions we believe to be reasonable in making our estimates. Actual financial results of the operations could differ materially from such estimates. There have been no significant changes in the assumptions, estimates and judgments used in the preparation of our audited 2007 financial statements from the assumptions, estimates and judgments used in the preparation of our 2006 audited financial statements.

Revenue Recognition and Costs Incurred

We have one source of revenue, which includes the fabrication of large metal components for our customers, the precision machining of such large metal components, including incidental engineering services, and the installation, when required, of the components at the customers' locations.

We recognize revenue under the units of delivery method, in accordance with the AICPA's Statement of Position 81-1.22. We net the advanced billings against the construction in progress. The units of delivery method recognizes as revenue the contract price of units of the product delivered during each period and the costs allocable to the delivered units as the cost of earned revenue. Costs allocable to undelivered units are reported in the balance sheet as inventory. Amounts in excess of agreed upon contract price for customer directed changes, constructive changes, customer delays or other causes of additional contract costs are recognized in contract value if it is probable that a claim for such amounts will result in additional revenue and the amounts can be reasonably estimated. Revisions in cost and profit estimates are reflected in the period in which the facts requiring the revision become known and are estimable

Adjustments to cost estimates are made periodically, and losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined and are reflected as reductions of the carrying value of the costs incurred on uncompleted contracts. Costs incurred on uncompleted contracts consist of labor, overhead, and materials. Work in process is stated at the lower of cost or market and reflect accrued losses, if required, on uncompleted contracts.

Variable Interest Entity

We have consolidated a variable interest entity that entered into a sale and leaseback contract with us to conform to FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). We have also adopted the revision to FIN 46, FIN 46R, which clarified certain provisions of the original interpretation and exempted certain entities from its requirements.

Income Taxes

Our fiscal year ends on March 31st. We provide for federal and state income taxes currently payable, as well as those deferred because of temporary differences between reporting income and expenses for financial statement purposes versus tax purposes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recoverable and or settled. The effect of the change in the tax rates is recognized as income or expense in the period of the change. A valuation allowance is established, when necessary, to reduce deferred income taxes to the amount that is more likely than not to be realized. As of March 31, 2005, we had net operating loss carry-forwards approximating $3,470,000. Pursuant to Section 382 of the Internal Revenue Code, utilization of these losses, and other losses incurred prior to the completion of the reverse acquisition, may be limited in the event of a change in control, as defined in the Treasury Regulations. The change in ownership resulting from our acquisition of Ranor will limit our ability to use the loss carry-forwards.

Reverse Acquisition

From June 1999 until August 2002, Ranor's predecessor was operated by Critical Components, a subsidiary of Standard Automotive. In December 2001, Standard Automotive filed for protection under the Bankruptcy Code, and operated the Ranor business under Chapter 11 until on or about the quarter ended June 30, 2002.

In 2002, an investment group formed a Delaware corporation known as Rbran Acquisition, Inc. to acquire the assets of Ranor's predecessor from the bankrupt estate. The principal investors were Green Mountain Partners III, LP and Phoenix Life Insurance Company, who held the debt, preferred stock and warrants. Rbran subsequently changed its corporate name to Ranor, Inc. On August 7, 2002, Rbran purchased substantially all of the assets and assumed certain operating liabilities of Ranor Inc. Until August 7, 2002, Rbran had no operations. The aggregate acquisition price, including transaction costs, of $8,213,842 was paid in cash. Following is a condensed balance sheet showing the fair value of the assets acquired and the liabilities assumed as of the date of acquisition:

Current Assets, including cash of $2,594,680	$	5,322,060
Property, plant and equipment		3,670,360
		8,992,420
Current Liabilities		778,578
Net assets acquired	$	8,213,842

When the purchase transaction was completed, Rbran recognized the fair value of assets and the fair value of the liabilities on its books as required by generally accepted accounting principals for the asset acquisitions as restated in FASB's *Statement of Financial Accounting Standards No. 141: Business Combinations*, paragraphs 3-8. Rbran existed as a legally entity separate and apart from Ranor Inc. at the time of acquisition and was not subject to the bankruptcy relief and reorganization proceedings of Ranor, Inc.

During 2005, James G. Reindl and Andrew A. Levy negotiated with Ranor's principal stockholders (Green Mountain Partners and Phoenix Life Insurance Company) for the purchase of all of the stock of Ranor, which included the payment or settlement of all of Ranor's outstanding which was payable to Green Mountain Partners and Phoenix Life Insurance Company. In this connection, in April 2005, Mr. Reindl, Mr. Levy and Martin M. Daube formed Ranor Acquisition LLC, a Delaware limited liability company, for the purpose of making the acquisition. On August 17, 2005, Ranor Acquisition entered into an agreement with Green Mountain Partners, Phoenix Life Insurance Company and five holders of Ranor's common stock, including Mr. Youtt, to acquire all of the capital stock and warrants of Ranor for a purchase price equal to $9,250,000 plus the amount by which Ranor's net cash amount exceeded $250,000, less a closing adjustment of $54,000 and less the amount of principal and interest on the debt held by Ranor's two principal stockholders, Green Mountain Partners, Phoenix Life Insurance Company. These two stockholders also held Ranor's preferred stock. Since Ranor's net cash amount was $1,117,000, the amount due to the sellers was increased by $813,000, which resulted in total payments of $10,063,000. The agreement contained standard representations and warranties of the sellers concerning Ranor, and $925,000 of the purchase price was placed in escrow to provide a fund against which any claims for breach of representation can be made. In February 2007, we settled our claims for $500,000, and the balance of the escrow fund, including the accrued interest, was paid to Green Mountain Partners and Phoenix Life Insurance Company in respect of the purchase of their preferred stock.

After executing the purchase agreement, Ranor Acquisition sought to obtain the financing to make the payments. The purchase price was funded from the following sources:

Proceeds from sale of real estate to a related party	$	3,000,000
Net proceeds from Sovereign term loan		3,953,317
Cash due from Ranor		813,000
Cash from the Ranor's available cash		240,000
Cash from proceeds of sale of equity		2,056,683
Total	$	10,063,000

The total payments were disbursed as follows:

Principal of notes to preferred stockholders	$	8,000,000
Interest on notes		975,000
Payment into escrow pursuant to purchase agreement		925,000
Expenses of Ranor stockholders		153,000
Payment to preferred stockholders		6,500
Payment to common stockholders		3,500
Total	$	10,063,000

In connection with our purchase of Ranor, we raised a total of $2,700,000 as equity, of which $2,200,000 was provided by Barron Partners and $500,000 was provided by a private investor. Barron Partners advised Ranor Acquisition that it was willing to make an investment, but would only invest in a company that was a reporting company under the Securities Exchange Act of 1934, as amended. In December 2005, Lounsberry, through, David Feldman, who was then counsel for Lounsberry, was introduced to counsel for Ranor Acquisition. Prior to December 2005, neither Ranor Acquisition nor Mr. Reindl, Mr. Levy or Mr. Daube had any relationship with or knowledge of Lounsberry. During January and February, Ranor Acquisition negotiated agreements with Lounsberry pursuant to which:

- Lounsberry's principal stockholder, Capital Markets Advisory Group, LLC, would sell to Lounsberry 928,000 shares, representing more than 90% of Lounsberry's then outstanding common stock, for $200,000, which was paid to Capital Markets. Of this amount, $39,661 represented money advanced by Capital Markets to Lounsberry and $160,339 was paid for the stock. Capital Markets had purchased 1,000,000 shares of common stock for $100 in connection with Lounsberry's organization in February 2005.

- Lounsberry's officers resigned and Mr. Reindl was elected as sole director.

In order that we could acquire Ranor through a reporting company, we, then known as Lounsberry, entered into an exchange agreement with Ranor Acquisition and its members. Pursuant to that agreement, Ranor Acquisition assigned the agreement to acquire the Ranor stock to us, and we issued a total of 7,997,000 shares of common stock to the members of Ranor Acquisition. Neither Ranor Acquisition nor any of the members received any consideration other than shares of our stock in consideration for the assignment of the Ranor purchase agreement to us.

Our acquisition of Ranor is accounted for as a reverse acquisition. The accounting rules for reverse acquisitions require that beginning with the date of the acquisition, February 24, 2006, our balance sheet includes the assets and liabilities of Ranor and our equity accounts were recapitalized to reflect the net equity of Ranor. In addition, our historical operating results will be the operating results of Ranor.

In connection with the acquisition of Ranor, on February 24, 2006:

- We entered into a preferred stock purchase agreement with Barron Partners LP, pursuant to which we sold to Barron Partners, for $2,200,000, 7,719,250 shares of series A preferred stock, and five-year warrants to purchase an aggregate of 5,610,000 shares of common stock at $.57 per share and 5,610,000 shares of commons stock at $.855 per share. The series A preferred stock was initially convertible into 7,719,250 shares of common stock, subject to adjustment. As a result of our failure to meet targeted levels of EBITDA for the years ended March 31, 2006 and 2007, (i) the conversion price of the series A preferred stock was reduced from $.285 to $.218025, with the result that the series A convertible preferred stock became convertible into 10,090,586 shares of common stock, and (ii) the exercise prices of the warrants were reduced from $.57 to $.43605 and from $.855 to $.654075, with no adjustment in the number of shares issuable upon exercise of the warrants.

- We purchased 928,000 shares of common stock form Capital Markets, which was then our principal stockholder, for $160,339 and paid $39,661 of debt to Capital Markets, using the proceeds from the sale of the preferred stock. The control person for Capital Markets is Steven Hicks.

- We issued 7,997,000 shares of common stock to the members of Ranor Acquisition LLC, which was the party to an August 17, 2005 agreement to purchase the stock of Ranor, for which Ranor Acquisition advanced funds on our behalf and assigned its rights under the Ranor stock purchase agreement, and we assumed Ranor Acquisition's obligations under that agreement.

- We sold 1,700,000 shares of common stock to an investor for $500,000.

- Ranor entered into a loan and security agreement with Sovereign Bank pursuant to which Ranor borrowed $4.0 million, for which Ranor issued its term note, and Sovereign provided Ranor with a $1.0 million revolving credit arrangement.

- Ranor sold its real estate to WM Realty Management, LLC for $3.0 million, and Ranor leased the real property on which its facilities are located from WM Realty Management pursuant to a net lease. WM Realty Management is an affiliate of the Company.

Prior to the reverse acquisition and the assignment by Ranor Acquisition to us of the agreement to acquire Ranor, there were no relationships among Ranor Acquisition, us, Ranor and its predecessor, except that Mr. Reindl was president and chief executive officer of Critical Components from February 1999 until February 2002, and Mr. Stanley Youtt, one of our directors and the chief executive officer of Ranor, was chief executive officer and a common stockholder of Ranor prior to our acquisition of Ranor. Pursuant to the purchase agreement, Mr. Youtt received $700 from the sale of his Ranor stock and has no right to any additional payment.

In determining that the transaction is a reverse acquisition, we considered the application of SFAS No. 141 (Paragraphs 15, 16, 17 and 18), which lists a number of issues, facts and circumstances to be considered in identifying the acquirer in a business combination. Based on these criteria, Ranor is the acquiring party for accounting purposes.

- *What are the relative voting rights in the combined entity?* Ranor Acquisition was formed to acquire the stock of Ranor, and assigned its right to acquire the Ranor stock to us in exchange for 7,997,000 shares. In addition, we sold 1,700,000 shares to an investor who made the investment for the purpose of acquiring Ranor, and we issued an additional 170,000 shares for services rendered in connection with the acquisition of Ranor. All these shares were issued based upon the business on Ranor. These stockholders acquired their shares in connection with the Ranor acquisition and their made their investment decision based on Ranor. One indicia of the acquirer in determining which group of owners retained or received the largest portion of the voting rights in the combined entity. Thus, in determining the relative voting rights, there are 9,867,000 shares of common stock allocable to the Ranor business and 100,000 shares relating to the Lounsberry business.

- *What are the relative equity interests in the combined entity?* The relative equity interest, specifically whether there is a large minority voting interest after the acquisition is also considered in determining the acquiring party. For the reasons set forth above, we believe that the Ranor investors constitute the largest blocks of stock, and that, applying this test, Ranor is the acquiring party. While the stockholders, including Barron Partners, may have technically purchased Lounsberry's securities, they were not continuing Lounsberry stockholders. Rather, as noted above, they were really investors in Ranor and their investment was contingent upon the completion of the Ranor acquisition and was necessary for the Ranor acquisition to be consummated.

- *What is the composition of the governing body of the combined entity?* Prior to the acquisition of Ranor, the sole director of Ranor resigned and Mr. Reindl was elected as sole director. The present board was elected by Mr. Reindl and included, in addition to himself, Mr. Youtt, who was and is president of Ranor, and three independent directors. Thus, the board of directors consists solely of our chief executive officer, Ranor's president and three independent directors who were elected by Mr. Reindl.

- *Is there a continuity of management?* No officer of Lounsberry has any involvement in our business. The president and chief financial officer of Ranor held those positions prior to the acquisition. Similarly, almost all key managers continued with their same responsibilities as before the acquisition. The continuity of management is another indication that Ranor is the acquiring party.

- *Can either party be said to have paid a premium?* Footnote 9 of SFAS 141 states that the premium criteria only applies if the equity securities exchanged are publicly traded, and the stock of the neither Ranor nor Lounsberry was publicly traded. Therefore, this consideration is not relevant in determining the accounting treatment of the transaction.

- *Is the fair value of one of the combining entities significantly greater than the other?* If consideration is given to the relative size of each entity, then it is clear that Ranor is the acquiring party. Lounsberry was a blank-check company with no business or assets. Ranor was, and is, conducting an active business. It is clear that the value of Ranor is significantly greater than the value of Lounsberry.

Because the transaction is treated as a reverse acquisition, Ranor is treated as the accounting acquirer and the transaction being treated as a recapitalization. As a result, the costs of the acquisition are charged to capital.

The financial statements for periods prior to February 24, 2006 reflect the financial position, results of operations and cash flows of Ranor. Techprecision changed its fiscal year to the fiscal year ended March 31, which was the fiscal year of Ranor prior to the reverse acquisition.

The interest paid to the former Ranor noteholders was less than the interest accrued at the closing date. As a result interest of $222,944 to the former noteholders was cancelled. The cancellation is reflected as a credit to capital in excess of par value.

As discussed above, in connection with the reverse acquisition, Ranor sold its real estate to a related party. As a result, for accounting purposes, (i) we recognized no gain on the sale of the real property, (ii) the real property is treated as our property, (iii) the mortgage note issued by the related party is treated as our obligation, (iv) the interest paid on the mortgage and other charges relating to the mortgage, including payments relating to the extensions of the prior mortgage are treated as our expenses, and (v) there is no accounting effect with respect to the lease payment to the related party. Further, since the mortgage is a short-term obligation, it is reflected as our current liability which affects our working capital.

As a result of the reverse acquisition, the debt to the former stockholders in the amount of $8,000,000 and accrued interest of $1,197,944 was eliminated from our balance sheet and replaced with the $4,000,000 bank loan and the $3,300,000 mortgage note reflecting the obligation of WM Realty which is treated for financial reporting purposes as our obligation.

Convertible Preferred Stock and Warrants

In accordance with EITF 00-19 initially we measured the fair value of the series A preferred stocks by the amount of cash that was received for their issuance. We subsequently determined that the convertible preferred stock and the accompanying warrants were equity instruments under SFAS 150 and 133. Although we had unconditional obligation to issue additional shares of common stock upon conversion of the series A preferred stock if our fully-diluted EBITDA per share were below the targeted levels, the certificate of designation relating to the series A preferred stock did not provide that we must issue shares that are registered pursuant to the Securities Act of 1933, with the result, pursuant to the certificate of designation, the additional shares need not be registered shares. Our series A preferred stock also met all other conditions for the classification as equity instruments. We had a sufficient number of authorized shares, the agreement contained an explicit limit on the number of shares to be delivered on conversion of 1,400,000 shares of series A preferred stock, there is no required cash payment or net cash settlement requirement, and the holders of the series A preferred stock had no right higher than the holders of the common stock.

Our warrants were excluded from derivative accounting because they were indexed to our common stock and were classified in stockholders' equity section according to SFAS 133 paragraph 11(a).

As of April 1, 2007, we were required to reduce the conversion price of the series A preferred sock to common stock of $0.285 by 15% because the fully-diluted EBITDA per share was below the targeted level of $0.06591 per share in the year ended March 31, 2006. On March 31, 2007, we were required to further reduce the conversion price by an additional 10% because the fully-diluted EBITDA per share was below the targeted level of $0.08568 per share in the year ended March 31, 2007. According to EITF 00-27, "Application of issue No. 98-5 to Certain Convertible Instruments," we estimated the beneficial effect of the reductions in conversion price to be $675,813. The 2,371,336 additional shares of common stock into which the holders of the series A preferred stock could obtain, upon conversion, were valued at $0.285 per share, which represents the initial conversion price of the series A preferred stock and our estimate of the current value per share of the common stock..

In accordance with EITF 98-5 this amount ($675,813) is analogous to a deemed dividend and recognized as a return to the holders of the series A preferred stock and is included in our calculation of net loss applicable to common stockholders and basic and diluted net loss per share. The reductions in the exercise price of the warrants, because our fully-diluted EBITDA per share was less than the targeted amounts for in the years ended March 31, 2006 and 2007, did not result in any beneficial effect to the warrant holders because the warrants were not in the money prior or after the reductions.

We agreed to pay liquidated damages for our failure to achieve effective registration by August 24, 2006, by issuing 33,212 shares of series A preferred stock valued at $9,465, or $0.285 per share. There is no market for our common stock or series A preferred stock. According to the final FASB Staff Position in EITF 00-19-2, "Accounting for Registration Payment Arrangements," issued on December 21, 2006, we recognized the amount of liquidated damages of $9,465 as an expense and credited to preferred stock. If the currently pending registration statement is not effective by October 15, 2007, liquidated damages shall accrue at the rate of 531 shares of series A preferred stock for each day after October 15, 2007, that the registration statement is not effective. Based on the current status of our registration statement, we consider this contingency not to be probable and no liability is required to be recognized under EITF 00-19-2 at March 31, 2007.

We recorded the series A preferred stock to permanent equity in accordance with the terms of the Abstracts - Appendix D - Topic D-98: "Classification and Measurement of Redeemable Securities."

Non-GAAP Information

We refer to EBITDA, which is a non-GAAP performance measure, because our agreement with Barron Partners uses EBITDA as a measure for determining whether there is an adjustment in the conversion price of the series A preferred stock or the exercise price of the warrants. EBITDA is determined by adding to net income the amount deducted for interest, taxes, depreciation and amortization. The following table shows the relationship between net income and EBITDA for the years ended March 31, 2007 and 2006.

	Year ended March 31,	
	2007	2006
	(dollars in thousands)	
Net income (loss)	$ 290	$ (428)
Plus interest (net)	626	1,098
Plus taxes	240	42
Plus non-recurring finance charge	289	59
Plus loss on disposal of asset		14
Plus depreciation and amortization	427	413
EBITDA	$ 1,872	$ 1,198

New Accounting Pronouncements

There are several new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") which are not yet effective. Each of these pronouncements, as applicable, has been or will be adopted by us.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections-a replacement of the APB Opinion No. 20 and FASB Statement No. 3." SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle, retrospective application of previous periods financial statements of changes in accounting principle, unless it is impractical to determine either the period specific effect of the cumulative effect of the change. The statement applies to all voluntary changes in accounting principles. It also applies to changes required by an accounting pronouncement in the unusual instances that the pronouncement does not include specific transition provisions. SFAS No. 154 does not currently have an effect on our financial statements.

In March 2005, the FASB issued FIN 47, "Accounting for Conditional Asset Retirement Obligations-an interpretation of FASB Statement No. 143." FIN 47 clarifies that an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. FIN 47 does not currently have an effect on our financial statements.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Instruments - an Amendment of SFAS No. 140" ("SFAS 156"). This Statement amends SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," with respect to the accounting for separately recognized servicing assets and servicing liabilities. This Statement is effective for fiscal years beginning after September 15, 2006. We do not expect the adoption of SFAS 156 will have a material impact on our consolidated financial position, results of operations or cash flows.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statements No. 133 and 140," to simplify and make more consistent the accounting for certain financial instruments. SFAS No. 155 amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," to permit fair value re-measurement for any hybrid financial instrument with an embedded derivative that otherwise would require bifurcation, provided that the whole instrument is accounted for on a fair value basis. SFAS No. 155 amends SFAS No. 140, "Accounting for the Impairment or Disposal of Long-Lived Assets," to allow a qualifying special-purpose entity to hold a derivative financial instrument that pertains to beneficial interest other than another derivative financial instrument. SFAS No. 155 applies to all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006, with earlier application allowed. This standard is not expected to have a significant effect on our future reported financial position or results of operations.

In June 2006, FASB Interpretation 48, “Accounting for Uncertainty in Income Taxes,” was issued, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FASB Statement No. 109, “Accounting for Income Taxes.” This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. This Interpretation is effective for fiscal years beginning after December 15, 2006, and earlier application of the provisions of this Interpretation is encouraged if the enterprise has not yet issued financial statements, including interim financial statements, in the period this Interpretation is adopted. We have determined that the FASB Interpretation 48 does not have a material impact on our financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 (“SFAS 157”), “Fair Value Measurements,” which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted, provided the company has not yet issued financial statements, including for interim periods, for that fiscal year. We do not expect the adoption of SFAS 157 will have a material impact on its consolidated financial position, results of operations or cash flows.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements (“SAB 108”). SAB 108 provides interpretive guidance on how the effects of prior-year uncorrected misstatements should be considered when quantifying misstatements in the current year financial statements. SAB 108 requires registrants to quantify misstatements using both an income statement (“rollover”) and balance sheet (“iron curtain”) approach and evaluate whether either approach results in a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. If prior year errors that had been previously considered immaterial now are considered material based on either approach, no restatement is required so long as management properly applied its previous approach and all relevant facts and circumstances were considered. If prior years are not restated, the cumulative effect adjustment is recorded in opening accumulated earnings as of the beginning of the fiscal year of adoption. SAB 108 is effective for fiscal years ending after November 15, 2006. We have determined that there will be no impact to the financial statements upon the adoption of this bulletin.

On December 21, 2006, the FASB issued final FASB Staff Position (FSP) No. EITF 00-19-2, Accounting for Registration Payment Arrangements, which addresses an issuer’s accounting for registration payment arrangements. This FSP requires that an entity should recognize and measure a registration payment arrangement as a separate unit of account from the financial instrument(s) subject to that arrangement. This FSP states that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement should be separately recognized and measured in accordance with FASB Statement No. 5, Accounting for Contingencies. This FSP further specifies that a financial instrument subject to a registration payment arrangement should be recognized and measured in accordance with other applicable GAAP without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement. This FSP is effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to December 21, 2006. Otherwise, the guidance in the FSP is effective for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years. For registration payment arrangements and financial instruments subject to those arrangements that were entered into prior to December 21, 2006 and that continue to be outstanding at the beginning of the period of adoption, the FSP requires retrospective application. We adopted the FSP and accordingly recorded in the year ended March 31, 2006, liquidated damages in the amount of $9,465 for our failure to have the registration statement declared effective when required.

Results of operations

The following table sets forth information from our statements of operations for the years ended March 31, 2007 and 2006, in dollars and as a percentage of sales (dollars in thousands):

	Year Ended March 31,			
	2007		2006	
Net sales	$ 19,086	100.00%	$ 20,266	100.00%
Cost of sales	15,543	81.44%	17,633	87.00%
Gross profit	3,543	18.56%	2,634	13.00%
Selling, general and administrative	2,098	10.99%	1,849	9.12%
Income from operations	1,445	7.57%	784	3.87%
Interest expense, net	(626)	(3.28%)	(1,098)	(5.42%)
Finance costs	(289)	(1.51%)	(58)	(0.29%)
Other Income (loss)	0	0%	(14)	(0.07%)
Income (loss) before income taxes	530	2.78%	(386)	(1.90%)
Provision for income taxes	(240)	(1.26%)	42	0.21%
Net income (loss)	290	1.52%	(428)	(2.11%)

Sales in the year ended March 31, 2007 decreased $1,180,000, or 6%, to $19,086,000, compared to $20,266,000 for the year ended March 31, 2006. Our revenue was affected by our change of marketing focus. We are seeking more long-term projects with a more predictable cost structure, and rejecting or not bidding on projects that we do not believe would generate an adequate gross margin.

Our cost of sales for the year ended March 31, 2007 decreased $2,090,000, to $15,543,000, a decrease of 12%, from $17,633,000 for the year ended March 31, 2006. This decrease was greater than the decrease in sales, resulting in an improvement in the gross margin from 13.0% to 18.6%. In the year ended March 31, 2006, we carried more employees than we required under our then current contracts. We currently have a staff suitable to our current sales volume, which has enabled us to operate more efficiently

Selling, administrative and other expenses for the year ended March 31, 2007 were $2,098,000, compared to $1,849,000 for the year ended March 31, 2006, an increase of $249,000, or 13%. The following table sets forth information as to the different components of selling, general and administrative expenses (dollars in thousands).

			Change	
Category	2007	2006	Amount	Percent
Payroll, including payroll taxes	$ 1,209	$ 1,402	(193)	(14%)
Professional fees	498	80	419	525%
Other selling, general and administrative	390	367	23	6%

The decrease in payroll expense resulted from a decrease in compensation for officers and sales staff. During the year ended March 31, 2006, our compensation to officers included compensation to former stockholders who were officers for almost eleven months of the year and whose services were not required by us. Our payroll expense for the year ended March 31, 2007 includes payments of $150,000 under our management agreement with Techprecision. These expenses are included under payroll since the services performed are those that are performed by officers and other employees. The management agreement has been terminated.

The increase in professional fees reflected additional legal and accounting fees resulting from our status as a reporting company under the Securities Exchange Act of 1934.

WM Realty is a special purpose entity which is consolidated with us. Costs relating to WM Realty that are included in the consolidated statement operations interest expense of $286,000 on WM Realty's mortgage obligation, $280,000 finance costs of the mortgage loans, $40,000 of professional fees and $4,000 of general and administrative expenses. WM Realty's rental income and depreciations expense for the building it had purchased from Ranor were eliminated as intercompany accounts.

Other selling, general and administrative expenses reflect sales development expenses, travel expenses and officers and directors' liability insurance, as well as $15,000 of expense of equity-based compensation relating to the stock issued and grant of options to our staff. Since our rent is paid to WM Realty, our rent is not reflected as an expense.

Net interest expense for the year ended March 31, 2007 was $626,000 compared with $1,098,000 for the year ended March 31, 2006. The decrease in interest expense reflects both a decrease in debt as a result of the payment of debt to related parties, which was paid on February 24, 2006, and a lower interest rate. The outstanding debt to the related parties was approximately $8,000,000 throughout fiscal 2005 and during fiscal 2006 through February 24, 2006. At March 31, 2007, our debt was $6,631,000, including the $3,189,000 mortgage debt of WM Realty. The average interest rate was 9% for the year ended March 31, 2007 as compared with 14% for the year ended March 31, 2006.

Income taxes were $240,000 for the year ended March 31, 2007, compared with $42,000 for the prior year. As a result of the change of stock ownership of Ranor in February 2006, the ability of Ranor to use its tax loss carryforward to reduce taxes for the year ended March 31, 2007 was limited to $164,000.

As a result of the foregoing, we generated net income for the year ended March 31, 2007 of $290,000. However, as a result of a deemed dividend to the holders of the series A preferred stock in the amount of $676,000, the net loss allocable to the holders of the common stock was $386,000, or $0.04 per share (basic and diluted), as compared to a net loss of $428,000, or $0.05 per share (basic and diluted), for the ended March 31, 2006. The deemed dividend resulted from a reduction during the year ended March 31, 2007 in the conversion price of the series A preferred stock from $.285 to $.218025, which resulted the potential issuance of 2,371,336 additional shares of common stock upon conversion of the series A preferred stock.

Liquidity and Capital Resources

At March 31, 2007, we had working capital of $3,398,000, as compared with working capital of $91,000 at March 31, 2006. Our cash position was $1,444,000 at March 31, 2007. Pursuant to FASB Interpretation No. 46, we are required to include the real property that we sold to WM Realty at our historical cost and record the liability as a liability on our balance sheet. In October 2006, WM Realty refinanced its real estate mortgage with a ten-year mortgage with interest at 6.75%. As a result, our short term liability with respect to this mortgage reflects only current amortization. The cost of refinancing, which was approximately $104,000, will be amortized over the term of the loan. Further, WM Realty used the proceeds of the mortgage loan to pay us the money we advanced to WM Realty at the time of its initial purchase of the real estate from us in February 2006. The amount advanced, $226,808, was offset by rent arrearages of $43,018, October rent of $36,500, a late payment fee of $625 and a tax escrow payment in the amount of $24,445, resulting in a net payment to the Company of $122,220.

As part of the October 2006 refinancing of the mortgage given by WM Realty on the property leased by us, a new mortgage of $3.2 million was placed on the property and the existing mortgage of $3.1 million was paid off. The new mortgage has a term of ten years, bears interest at 6.75% per annum, and provides for monthly payments of principal and interest of $20,595. The amortization is based on a thirty-year payout, with the unpaid principal being due in full on November 1, 2016. WM Realty has the right to prepay the mortgage note upon payment of a prepayment premium of 5% of the amount prepaid if the prepayment is made during the first two years, and declining to 1% of the amount prepaid if the prepayment is made during the ninth or tenth year. In connection with the refinancing, Mr. Levy executed a limited guarantee. Pursuant to the limited guaranty, Mr. Levy guaranteed the lender the payment of any loss resulting from WM Realty's fraud or misrepresentation in connection with the loan documents, misapplication of rent and insurance proceeds, failure to pay taxes and other defaults resulting from his or WM Realty's misconduct.

Although we incurred $4,000,000 in bank debt and, pursuant to FIN 46, the $3,200,000 in mortgage debt which is owed by a related party special purpose entity, the former debt to the related parties in the amount of approximately $10,000,000 was settled for payments totaling $8,975,000 of which $8,000,000 was principal and $975,500 was interest. In addition, interest of $222,944 due to the former stockholders was cancelled. The cancellation is reflected as a credit to capital in excess of par value. The outstanding debt prior to the reverse acquisition included $2,000,000 of mandatory redeemable preferred stock which was reflected as debt at March 31, 2005.

The loan and security agreement with Sovereign Bank, pursuant to which we borrowed $4,000,000 on a term loan basis in connection with the acquisition of Ranor, and, as a result of a June 2007 amendment to the loan and security agreement, we have a $2,000,000 revolving credit facility, requires Ranor to maintain a ratio of earnings available for fixed charges to fixed charges of at least 1.2 to 1, and an interest coverage ratio of at least 2:1. The interest coverage ratio is the ratio of earnings before interest and taxes to current interest payments. The agreement also limits our capital expenditures to $500,000 per year.

The term note is due on March 1, 2013, and is payable in 28 quarterly installments of $142,847. The note bears interest at 9% per annum through December 31, 2010 and at prime plus 1½% thereafter. At March 31, 2007 the principal balance due on our term loan to Sovereign Bank was $3,428,571.

The revolving note bears interest at prime plus ½%, and we have the right to borrow at a LIBOR rate plus 300 basis points. We may borrow, subject to the borrowing formula at any time prior to June 30, 2009. Any advances under the revolving note become due on June 30, 2009. The maximum borrowing under the revolving note is the lesser of (i) $2,000,000 or (ii) the sum of 70% of eligible accounts receivable and 40% of eligible inventory. At March 31, 2007 and June 15, 2007, the maximum available under the borrowing formula was $2,000,000. At March 31, 2007 and June 15, 2007, there were no borrowings under the revolving note.

We also have a capital expenditures facility, under which we may borrow up to $500,000 until the February 1, 2008, with interest only payable through February 1, 2008 and the principal to be amortized over a five-year term commencing March 1, 2008. As of March 31, 2007, we had not borrowed any money under this facility.

The securities purchase agreement pursuant to which we sold the series A preferred stock and warrants to Barron Partners provides that, for two years after the closing, which is the period ending February 24, 2008, we will not incur indebtedness equal to more than three times EBITDA for the preceding four quarters. The agreement also gives Barron Partners a right of first refusal on future equity financings, which may affect our ability to raise funds from other sources if the need arises.

For the year ended March 31, 2007, we had cash flow from operations of $1,738,000, which is an improvement from the year ended March 31, 2006, in which we had negative cash flow from operations of ($873,000). We attribute this improvement to our ability to operate more efficiently, which is reflected in our improved gross margin in the year ended March 31, 2007 notwithstanding a decline in revenue. However, as a result of the reverse acquisition, we have additional expenses resulting from being a public company.

On January 29, 2007, our management agreement with Techprecision LLC was terminated as of December 31, 2006. In connection with the termination, we made a payment of $16,667 on or about January 15, 2007 and we agreed to make eight monthly payments of $9,167 to Techprecision LLC, commencing February 15, 2007 and ending on September 15, 2007. As a result of the termination of the management agreement, Mr. Reindl no longer receives compensation through Techprecision LLC, and we are paying Mr. Reindl, our chief executive officer, directly for his services as chief executive officer at the annual rate of $160,000. Mr. Reindl has negotiated an employment agreement with our compensation committee.

In connection with the acquisition of Ranor, we placed $925,000 of the purchase price in escrow as security for the obligations of the former Ranor stockholders under the indemnity provisions of the securities purchase agreement. In February 2007, we entered into a settlement agreement with the former Ranor stockholders pursuant to which we received $500,000 from the escrow fund in settlement for claims that we made for breach of representations and warranties relating to environmental matters, and the balance of the escrow, together with accrued interest, was paid to Green Mountain Partners and Phoenix Life Insurance Company in respect of their sale of the preferred stock in February 2006.

While we believe that the $2,000,000 revolving credit facility, which remained unused as of March 31, 2007 and June 15, 2007 and terminates in June 2009, our $500,000 capital expenditure facility and our cash flow from our operations should be sufficient to enable us to satisfy our cash requirements at least through the end of fiscal 2008, it is possible that we may require additional funds. In the event that we make an acquisition, we may require additional financing for the acquisition. However, we do not have any current plans for any acquisition, and we cannot give any assurance that we will make any acquisition. We have no commitment from any party for additional funds; however, the terms of our agreement with Barron Partners, particularly Barron Partners' right of first refusal, may impair our ability to raise capital in the equity markets since potential investors are often reluctant to negotiate a financing when another party has a right to match the terms of the financing.

Item 7. Financial Statements.

The financial statements begin on Page F-1.

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Not Applicable.

Item 8A. Controls and Procedures.

As of the end of the period covered by this report, our chief executive officer and chief financial officer evaluated the effectiveness of our disclosure controls and procedures. Based on their evaluation, the chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective in alerting them to material information that is required to be included in the reports that we file or submit under the Securities Exchange Act of 1934.

Our principal executive officer and principal financial officer have concluded that there were no significant changes in our internal controls or in other factors that could significantly affect these controls during the fourth quarter ended March 31, 2007

Item 8B. Other Information.

Not Applicable

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.

Directors and Executive Officers

The following table sets forth certain information concerning our directors and executive officers.

Name	Age	Position
James G. Reindl	48	Chairman and chief executive officer
Mary Desmond	43	Chief financial officer and secretary
Stanley A. Youtt	61	Director and chief executive officer of Ranor
Michael R. Holly[1]	61	Director
Larry Steinbrueck[1]	55	Director
Louis A. Winoski[1]	49	Director

(1) Member of the audit and compensation committees.

James G. Reindl has been a director, chairman and chief executive officer since February 2006. From 2002 until January 2007, Mr. Reindl was president of Techprecision, LLC, a company that was formed in 2002 to acquire, manage and develop smaller to mid-sized companies in the aerospace, military and precision manufacturing industry sectors. From February 2006 until December 2006, Techprecision, LLC had a management agreement with us. Mr. Reindl devotes substantially all of his business time and attention to our business. From February 1999 until February 2002, Mr. Reindl was president and chief executive officer of Critical Components, an aerospace subsidiary of Standard Automotive. In March 2002, in connection with its bankruptcy filing, Standard Automotive included Critical Components as part of its bankruptcy petition. During that period, Ranor's predecessor was a wholly-owned subsidiary of Critical Components. Mr. Reindl received his Bachelor of Science degree in mechanical aerospace engineering from the University of Delaware.

Mary Desmond has been our chief financial officer since February 2006, and she has been the chief financial officer of Ranor since 1998. Ms. Desmond obtained her Bachelor of Science degree in accounting from Franklin Pierce College and she received her Masters of Business (MBA) from Fitchburg State College.

Stanley A. Youtt has been a director since February 2006, and he has been chief executive officer of Ranor since 2000. Mr. Youtt received a Bachelor of Science degree in naval architecture and marine engineering from the University of Michigan and Masters Degree in civil engineering (applied mechanics) from the University of Connecticut.

Michael Holly has been a director since March 2006. Since 2004, Mr. Holly has been a private investor and consultant. From 1996 until 2004, Mr. Holly was managing director of Safeguard International Fund, L.P., a private equity fund of which Mr. Holly is a founding partner. Mr. Holly has a Bachelor of Science degree in economics from Mount St. Mary's College.

Larry Steinbrueck has been a director since March 2006. Since 1991, Mr. Steinbrueck has been president of MidWest Capital Group, an investment banking firm. Mr. Steinbrueck has a Bachelor of Science degree in business and a Masters in Business Administration from the University of Missouri.

Louis A. Winoski has been a director since March 2006. Since August 2005, Mr. Winoski has been a consultant to Garner CAD Technic GmbH, an aerospace engineering and design services company. From August 2004 to August 2005, Mr. Winoski was managing director, chairman of the board and member of the holding company board for RSM Fabrications Ltd., a fabricator of aerospace products. From March 2002 until July 2004, Mr. Winoski was a consultant and director of global marketing for PFW GmbH, a producer of components for commercial aircraft. From December 1999 to February 2002, Mr. Winoski was president and chief executive officer of Tubetronics Inc., a producer of spare parts for Boeing commercial aircraft and other aerospace products. Mr. Winoski is also managing partner of Homeric Partners, LLC, a management consulting business. Mr. Winoski has a Bachelor of Science degree in industrial and systems management engineering from Pennsylvania State University.

Our directors are elected for a term of one year.

Board Committees

The board of directors has two committees, the audit committee and the compensation committee. Michael Holly, Larry Steinbrueck and Louis Winoski, each of whom is an independent director, are the members of both committees. Mr. Holly is the audit committee financial expert and chairman of the audit committee, and Mr. Winoski is chairman of the compensation committee.

Code of Ethics

Our board of directors has adopted a code of business conduct and ethics for its officers and employees.

Section 16(a) Compliance

Section 16(a) of the Securities Exchange Act of 1934, requires our directors, executive officers and persons who own more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other of our equity securities. To our knowledge, during the year ended March 31, 2007, the Forms 3 filed on April 5, 2006 by Andrew Levy, on July 26, 2006 by Mary Desmond, on August 2, 2006 by Mr. Holly and on August 11, by Mr. Steinbrueck were filed late. Mr. Winoski is also delinquent in filing Forms 3 and 4.

Item 10. Executive Compensation.

SUMMARY COMPENSATION TABLE

Set forth below is information for the year ended March 31, 2007 and 2006 for our chief executive officer and for one individual who was chief executive officer of our operating subsidiary, Ranor, Inc. No other officer received compensation of more than $100,000 for the year ended March 31, 2007.

Name and Position	Year	Salary	Bonus	Stock Options	Stock Awards	Other Compensation	Total
James G. Reindl, chief executive officer	2007	$ 24,615	-0-	-0-	-0-	$ 75,000	$ 99,615
	2006	-0-	-0-	-0-	-0-	7,500	7,500
Stanley A. Youtt, chief executive officer or Ranor	2007	198,016	-0-	-0-	-0-	-0-	198,016
	2006	198,016	-0-	-0-	-0-	-0-	198,016
Mary Desmond, chief financial officer	2007	89,870	-0-	-0-	-0-	-0-	89,870
	2006	83,691	-0-	-0-	2,850	-0-	86,541

Mr. Reindl became our chief executive officer on February 24, 2006. Through December 31, 2006, Mr. Reindl was a member of Techprecision LLC, and he received his compensation through our management agreement with Techprecision LLC, which we entered into on February 24, 2006 and terminated as of December 31, 2006. The amount shown as "Other Compensation" for Mr. Reindl reflects the amount of the payments under the management agreement that were allocated to him by Techprecision LLC for the years ended March 31, 2007 and 2006. Our total payments to Techprecision LLC pursuant to the management agreement were $185,000 for the year ended March 31, 2007 and $16,667 for the year ended March 31, 2006. During that period, Techprecision LLC had three members, Andrew A. Levy, who had a 45% interest, James G. Reindl, who had a 45% interest, and Martin M. Daube, who had a 10% interest. Accordingly, $7,500, which is 45% of the $16,667 total payments, has been allocated to Mr. Reindl. We also reimburse Mr. Reindl for his travel expenses from his home to our offices in Westminster, Massachusetts, which were $29,390 for the year ended March 31, 2007 and $1,625 for the year ended March 31, 2006.

The stock awards for Ms. Desmond represent the value of the 10,000 shares of common stock that were granted to Ms. Desmond at the time of the reverse acquisition in February 2006. In April 2007, we granted Ms. Desmond 3,000 shares of common stock and an option to purchase 25,000 shares of common stock at $.285, being the fair value on the date of grant.

Except for employment agreements with Mr. Reindl and Mr. Youtt, we have no agreement with any of the officers named in the summary compensation table.

Employment Agreements

In February 2006, Ranor entered into an employment agreement with Stanley A. Youtt pursuant to which he would serve as our chief executive officer for a term of three year term ending on February 28, 2009. Pursuant to the agreement, we pay Mr. Youtt salary at the annual rate of $200,000. Mr. Youtt is also eligible for performance bonuses based on financial performance criteria set by the board. In the event that we terminate Mr. Youtt's employment without cause, we are required to make a lump-sum payment to him equal to his base compensation for the balance of the term and to provide the insurance coverage that we would provide if he remained employed.

On June 19, 2007, we entered into an employment agreement dated as of April 1, 2007 with James G. Reindl, our chief executive officer. Pursuant to the terms of the agreement, we will employ Mr. Reindl for an initial term commencing April 1, 2007 and expiring on March 31, 2008 and continuing on a year-to-year basis thereafter unless terminated by either party on 90 days' written notice prior to the expiration of the initial term or any one-year extension. Mr. Reindl is to receive an annual base salary of $160,000 a year. Mr. Reindl is also entitled to receive an increase to his base salary and receive certain bonus compensation, stock options or other equity-based incentives at the discretion of the compensation committee of the board of directors and reimbursement of his commuting expenses. The agreement may be terminated by us with or without cause or by Mr. Reindl's resignation. If we terminate the agreement without cause, we are to pay Mr. Reindl severance pay equal to his salary for the balance of the term plus the amount of his bonus for the prior year. During the term of his employment and for a period thereafter, Mr. Reindl will be subject to non-competition and non-solicitation provisions, subject to standard exceptions.

Management Agreement

Contemporaneously with the reverse acquisition on February 24, 2006, we engaged Techprecision LLC to manage our business through March 31, 2009 pursuant to a management agreement. The agreement provided that we pay Techprecision LLC an annual management fee of $200,000 and a performance bonus based on criteria determined by the compensation committee. Mr. James G. Reindl was president and Mr. Andrew A. Levy was chairman of Techprecision LLC, and they and Martin M. Daube were the members of Techprecision LLC. The agreement provided that Techprecision LLC would provide the services of Mr. Reindl at chairman, Mr. Levy for marketing support and analysis of long-term contracts and Mr. Daube for marketing support. Mr. Reindl works for us on a full time basis. Neither Mr. Levy nor Mr. Daube devoted any significant time to our business. None of the members of Techprecision LLC received any additional compensation from us during the period that the contract was in effect, and the annual fee and any performance bonus which may be awarded is allocated among the three members in accordance with their interests in Techprecision LLC, which is 45% for each of Mr. Reindl and Mr. Levy and 10% with respect to Mr. Daube.

On January 29, 2007, the management agreement with Techprecision LLC was terminated as of December 31, 2006. In connection with the termination, we made a payment of $16,667 on or about January 15, 2007 and we agreed to make eight monthly payments of $9,167 to Techprecision LLC, commencing February 15, 2007 and ending on September 15, 2007. Mr. Reindl is no longer a member of Techprecision LLC, and he has no interest in the continuing payments to Techprecision LLC. As a result of the termination of the management agreement, Mr. Reindl no longer receives compensation through Techprecision LLC, and we are paying Mr. Reindl salary of $160,000 per annum. We also reimburse Mr. Reindl for his travel expenses to our offices in Westminster, Massachusetts.

Directors' Compensation

We did not pay our director any cash compensation during the year ended March 31, 2006. Commencing with the year ending March 31, 2007, we pay our independent directors a fee of $2,000 per meeting. In addition, our 2006 long-term incentive plan provides for the grant of non-qualified options to purchase 50,000 shares, exercisable in installments, to each newly elected independent director and annual grants of options to purchase 5,000 shares of common stock commencing with the third with year of service as a director, as described under "2006 Long-Term Incentive Plan."

2006 Long-Term Incentive Plan

In February 2006, our board of directors adopted, and in July 2006 it amended, and in October 2006, our stockholders approved, the 2006 long-term incentive plan covering 1,000,000 shares of common stock. The plan provides for the grant of incentive and non-qualified options, stock grants, stock appreciation rights and other equity-based incentives to employees, including officers, and consultants. The 2006 Plan is to be administered by a committee of not less than two directors each of whom is to be an independent director. In the absence of a committee, the plan is administered by the board of directors. Independent directors are not eligible for discretionary options. As initially adopted, each newly elected independent director received at the time of his election, a five-year option to purchase 25,000 shares of common stock at the market price on the date of his or her election. Pursuant to the amendment to the plan, the number of shares subject to the initial option grant was increased to 50,000 shares, with the option being exercisable as to 30,000 shares in July 2006 and as to 10,000 shares in each of February 2007 and 2008. In addition, the plan provides for the annual grant of an option to purchase 5,000 shares of common stock on July 1st of each year, commencing July 1, 2009. For each independent director who is elected after July 31, 2006, the director will receive an option to purchase 50,000 shares at an exercise price equal to the fair market value on the date of his or her election. The option will vest as to 30,000 shares nine months from the date of grant and as 10,000 shares on each of the first and second anniversaries of the date of grant. These directors will receive an annual grant of an option to purchase 5,000 shares of common stock on the July 1st coincident with or following the third anniversary of the date of his or her first election. Pursuant to the plan, we granted non-qualified stock options to our three independent directors - Michael Holly, Larry Steinbrueck and Louis Winoski - at an exercise price of $.285 per share, which was determined to be the fair market value on the date of grant. On April 1, 2006, we granted incentive stock options to purchase a total of 221,659 shares of common stock to our key employees, including Mary Desmond, our chief financial officer, who received an option to purchase 25,000 shares. The options are immediately exercisable at an exercise price of $.285 per share, which the compensation committee determined to be the fair market value on the date of grant. This valuation of $.285 per share represents the initial conversion price of the series A preferred stock and our estimate of the current fair value per share of the common stock. No other officer received an option grant. By the terms of the option grants, the options can only be exercised if the underlying shares are covered by an S-8 registration statement.

Options intended to be incentive stock options must be granted at an exercise price per share which is not less than the fair market value of the common stock on the date of grant and may have a term which is not longer than ten years. If the option holder holds 10% of our common stock, the exercise price must be at least 110% of the fair market value on the date of grant and the term of the option cannot exceed five years.

Option holders do not recognize taxable income upon the grant of such either incentive or non-qualified stock options. When employees exercise incentive stock options, they will not recognize taxable income upon exercise of the option, although the difference between the exercise price and the fair market value of the common stock on the date of exercise is included in income for purposes of computing their alternative minimum tax liability, if any. If certain holding period requirements are met, their gain or loss on a subsequent sale of the stock will be taxed at capital gain rates. Generally, long-term capital gains rates will apply to their full gain at the time of the sale of the stock, provided that they do not dispose of the stock made within two years from the date of grant of the option or within one year after your acquisition of such stock, and the option is exercised while they are employed by us or within three months of the termination of their employment or one year in the event of death or disability, as defined in the Internal Revenue Code.

In general, upon the exercise of a non-qualified option, the option holder will recognize ordinary income in an amount equal to the difference between the exercise price of the option and the fair market value of the shares on the date they exercise the option. Subject to certain limitations, we may deduct that amount an expense for federal income tax purposes. In general, when the holders of shares issued on exercise of a nonqualified stock option sell their shares, any profit or loss is short-term or long-term capital gain or loss, depending upon the holding period for the shares and their basis in the shares will be the fair market value on the date of exercise.

As of May 31, 2007, there were outstanding options to purchase 150,000 shares which we issued to our independent directors pursuant to provision of the 2006 Plan that provide for the automatic grant of options to independent directors, and outstanding options to purchase 211,660 shares of common stock which were granted to employees on April 1, 2007, of which options to purchase 25,000 shares were granted to Ms. Desmond. Except for the options granted to Ms. Desmond on April 1, 2007, no options were granted to any of the individuals named in the summary compensation table. All outstanding options have an exercise price of $.285, which was determined to be the fair market value on the date of grant.

At fiscal year end, no person named in the summary compensation table held any options or stock appreciation rights.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table provides information as to shares of common stock beneficially owned as of May 31, 2007 by:

- each director;
- each officer named in the summary compensation table;
- each person owning of record or known by us, based on information provided to us by the persons named below, to own beneficially at least 5% of our common stock; and
- all directors and officers as a group.

Name	Shares	Percentage
James G. Reindl One Bella Drive Westminster, MA 01473	2,587,100	25.7%
Andrew A. Levy 46 Baldwin Farms North Greenwich, CT 06831	2,567,100	25.5%
Howard Weingrow 805 Third Avenue New York, NY 10022	1,850,000	18.4%
Stanoff Corporation 805 Third Avenue New York, NY 10022	1,700,000	16.9%
Stanley A. Youtt One Bella Drive Westminster, MA 01473	1,592,000	15.8%
Martin M. Daube 20 West 64th Street New York, NY 10023	561,800	5.6%
Larry Steinbrueck	244,000	2.4%
Michael Holly	125,000	1.2%
Louis A. Winoski	40,000	*
Mary Desmond	38,000	*
All officers and directors as a group (six individuals)	4,626,100	45.4%

* Less than 1%

Except as otherwise indicated each person has the sole power to vote and dispose of all shares of common stock listed opposite his name. Each person is deemed to own beneficially shares of common stock which are issuable upon exercise or warrants or options or upon conversion of convertible securities if they are exercisable or convertible within 60 days of May 31, 2007.

On March 20, 2007, James G. Reindl and Andrew Levy each transferred 358,200 shares of common stock to Stanley A. Youtt and Martin Daube transferred 79,600 shares to Mr. Youtt, resulting in the transfer of 796,000 shares of common stock to Mr. Youtt. There shares were transferred for no consideration pursuant to an agreement whereby Mr. Reindl, Mr. Levy and Mr. Daube agrees to transfer 796,000 shares of common stock to Mr. Youtt if we did not complete an acquisition by February 24, 2007. The shares transferred by Mr. Levy represent 250,000 shares of common stock transferred by Redstone Capital Corporation, of which Mr. Levy is president and he and his wife are the sole stockholders, and 108,200 transferred by Mr. Levy individually. Redstone Capital no longer owns any shares of our common stock.

Howard Weingrow, as president of Stanoff Corporation, has voting and dispositive control over the shares owned by Stanoff Corporation. Because Mr. Weingrow has voting and dispositive control over the shares owned by Stanoff, the shares owned by Stanoff are deemed to be beneficially owned by Mr. Weingrow. Thus, the number of shares beneficially owned by Mr. Weingrow includes the 1,700,000 shares owned by Stanoff Corporation and the 150,000 shares owned by Mr. Weingrow individually.

The shares owned by Mr. Steinbrueck, Mr. Holly and Mr. Winoski include shares of common stock issuable upon exercise of currently exercisable options to purchase 40,000 shares of common stock which are held by each of them.

Barron Partners owns shares of series A preferred stock and warrants which, if fully converted or exercised, would result in ownership of more than 4.9% of our outstanding common stock. However, the series A preferred stock may not be converted and the warrants may not be exercised if such conversion would result in Barron Partners owning more than 4.9% of our outstanding common stock. The applicable instruments provide that this limitation may not be waived. As a result, Barron Partners does not beneficially own 5% or more of our common stock.

Item 12. Certain Relationships and Related Transactions and Director Independence

Mr. Reindl, Mr. Levy and Mr. Daube may be deemed to be our founders.

On February 24, 2006, we acquired the stock of Ranor pursuant to a stock purchase agreement dated as of August 17, 2005 among Ranor Acquisition LLC, Ranor and its stockholders. In connection with the acquisition of Ranor on February 24, 2006, we sold the real estate to WM Realty Management for $3.0 million. WM Realty Management is an affiliated company controlled by Andrew A. Levy, one of our principal stockholders. WM Realty Management financed the purchase through a $3.3 million mortgage which was due on August 1, 2006. The outstanding balance of $3,200,000 was due on August 1, 2006. In August 2006, WM Realty Management obtained a one-month extension and the right to extend the maturity date for two one-month periods. The interest rate for the extension was 11.5% per annum plus .75% of the principal balance for each month’s extension. This mortgage was refinanced in October 2006. Expenses of obtaining the initial mortgage were $192,455 and were amortized over the stated term of the mortgage. In connection with the mortgage, we paid certain of WM Realty Management’s legal and closing costs of approximately $226,808, which WM Realty Management paid, net of obligations we had to WM Realty Management, following the refinancing its mortgage.

On October 4, 2006, WM Realty Management placed a new mortgage of $3.2 million on the property and the existing mortgage of $3.1 million was paid off. The new mortgage has a term of ten years, bears interest at 6.75% per annum, and provides for monthly payments of principal and interest of $20,595. The amortization is based on a thirty-year payout. WM Realty Management has the right to prepay the mortgage note upon payment of a prepayment premium of 5% of the amount prepaid if the prepayment is made during the first two years, and declining to 1% of the amount prepaid if the prepayment is made during the ninth or tenth year. In connection with the refinancing, Mr. Levy executed a limited guarantee. Pursuant to the limited guaranty, Mr. Levy guaranteed the lender the payment of any loss resulting from WM Realty Management's fraud or misrepresentation in connection with the loan documents, misapplication of rent and insurance proceeds, failure to pay taxes and other defaults resulting from his or WM Realty's misconduct.

Item 13. Exhibits.

2.1	Stock purchase agreement dated August 17, 2005, by and among Ranor Acquisition, LLC, the stockholders of Ranor and Ranor, Inc.[1]
3.1	Certificate of incorporation[3]
3.2	By-laws[2]
3.3	Certificate of Designation for the Series A Convertible Preferred Stock[4]
4.1	Loan and security agreement dated February 24, 2006, between Ranor and Sovereign Bank[1]
4.2	Guaranty from the Registrant to Sovereign Bank[1]
4.3	Form of warrant issued to Barron Partners LP[1]
4.4	First amendment dated January 29, 2007 to loan and security agreement dated February 24, 2006, between Ranor, Inc. and Sovereign Bank and forms of notes[6]
4.5	Second amendment dated June , 2007 to loan and security agreement dated February 24, 2006, between Ranor, Inc. and Sovereign Bank and forms of revolving note[3]
4.6	Mortgage security agreement and fixture filing dated October 4, 2006, from WM Realty Management, LLC to Amalgamated Bank[3]
4.7	Mortgage note dated October 4, 2006[3]
10.1	Preferred stock purchase agreement dated February 24, 2006, between the Registrant and Barron Partners, LP[1]
10.2	Registration rights agreement dated February 24, 2006, between the Registrant and Barron Partners LP[1]
10.3	Agreement dated February 24, 2006, among the Registrant, Ranor Acquisition LLC and the members of Ranor Acquisition LLC[1]
10.4	Subscription Agreement dated February 24, 2006[1]
10.5	Registration rights provisions pursuant to the agreements listed in Exhibits 10.3 and 10.4[1]
10.6	Employment agreement between the Registrant and Stanley Youtt[1]

10.7	Management agreement dated February 24, 2006, between Ranor and Techprecision LLC[4]
10.8	Lease, dated February 24, 2006 between WM Realty Management, LLC and Ranor[1]
10.9	2006 Long-term incentive plan[4]
10.10	Letter agreement from WM Realty Management, LLC[1]
10.11	Settlement agreement and general release dated February 13, 2007, among the Company, Green Mountain Partners III, L.P.[6]
10.12	Letter agreement dated January , 2007 between Techprecision Corporation and Techprecision LLC[7]
10.13	Limited guarantee dated October 4, 2006 from Andrew Levy to Amalgamated Bank[3]
10.14	Agreement dated May 31, 2007 between the Company and Barron Partners LP dated August 17, 2005[3]
10.15	Employment agreement dated as of April 1, 2007 between the Company and James G. Reindl[8]
10.16	Purchase order from Electric Boat Corporation dated November 9, 2006[3]
10.17	Purchase order from GT Solar Incorporated dated January 22, 2007[3,9]
10.18	Purchase order from L3 Communications ESSCO dated March 29, 2006[3]
14.1	Code of business conduct and ethics[4]
21.1	List of Subsidiaries[3]
31.1	Certification of chief executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002[3]
31.2	Certification of chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002[3]
32.1	Certification of chief executive officer and chief financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002[3]

1 Filed as an exhibit to the Company's registration statement on Form SB-2, File No. 333-133509, and incorporated hereby by reference.

2 Filed as an exhibit to the Company's registration statement on Form 10-SB, which was filed with the Commission on June 23, 2005 and incorporated herein by reference.

3 Filed herewith.

4 Filed as an appendix to the Company's information statement of Schedule 14-C, and incorporated herein by reference.

5 Filed as an exhibit to the Company's annual report on Form 10-KSB for the year ended December 31, 2005 and incorporated hereby reference.

6 Filed as an exhibit to the Company's current report on Form 8-K, which was filed with the commission on February 20, 2007.

7 Filed as an exhibit to the Company's current report on Form 8-K, which was filed with the commission on February 8, 2007.

8 Filed as an exhibit to the Company's current report on Form 8-K, which was filed with the commission on June 26, 2007.

9 Confidential treatment requested.

Item 14. Principal Accountant Fees and Services.

The following is a summary of fees for professional services rendered by Tabriztchi & Co., CPA, P.C., formerly known as Bloom & Co., LLP ("Tabriztchi"), our independent registered public accounting firm, for the years ended March 31, 2007 and 2006 as follows:

	Year ended March 31,	
	2007	2006
Audit fees	$ 75,088	$ 35,039
Audit related fees	8,062	-0-
Tax fees	1,800	-0-
All other fees	-0-	-0-
Total	$ 84,950	$ 35,039

Audit fees. Audit fees represent fees for professional services performed by Tabriztchi for the audit of our annual financial statements and the review of our quarterly financial statements, as well as services that are normally provided in connection with statutory and regulatory filings or engagements.

Audit-related fees. Audit-related fees represent fees for assurance and related services performed by Tabriztchi that are reasonably related to the performance of the audit or review of our financial statements. These services include the review of our registration statement of Form SB-2 and communications with SEC regarding 10-KSB and 10-QSB forms filed in 2006.

*Tax Fees.*Tax fees represent fees for tax compliance services performed by Tabriztchi.

All other fees. There were no other fees paid to Tabriztchi.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

The audit committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. The independent registered public accounting firm and management are required to periodically report to the audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The audit committee may also pre-approve particular services on a case-by-case basis. All services were pre-approved by the audit committee.

SIGNATURES

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.

TECHPRECISION CORPORATION
(Registrant)

Dated: June 28, 2007

/s/ James G. Reindl

James G. Reindl, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. Each person whose signature appears below hereby authorizes James G. Reindl and Mary Desmond or either of them acting in the absence of the others, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution for him or her and in his or her name, place and stead, in any and all capacities to sign any and all amendments to this report, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Signature	Title	Date
/s/ James G. Reindl James G. Reindl	Chairman of the board, chief executive officer and director (Principal Executive Officer)	June 28, 2007
/s/ Mary Desmond Mary Desmond	Chief financial officer (Principal Financial and Accounting Officer)	June 28, 2007
/s/ Stanley A. Youtt Stanley A. Youtt	Director	June 28, 2007
/s/ Michael Holly Michael Holly	Director	June 28, 2007
/s/ Larry Steinbrueck Larry Steinbrueck	Director	June 28, 2007
/s/ Louis A. Winoski Louis A. Winoski	Director	June 28, 2007

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TECHPRECISION CORPORATION

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
and Stockholders of
Techprecision Corporation

We have audited the accompanying consolidated balance sheet of Techprecision Corporation as of March 31, 2007, and the related consolidated statements of operations, stockholders' equity, and cash flows for the two years in the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Techprecision Corporation as of March 31, 2007 and 2006, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Tabriztchi & Co., CPA, P.C.
(Formerly Bloom & Co., LLP)
Garden City, New York
June 22, 2007

TECHPRECISION CORPORATION
CONSOLIDATED BALANCE SHEET
MARCH 31, 2007

CURRENT ASSETS	
Cash and cash equivalents	$ 1,443,998
	—
Accounts receivable, less allowance for doubtful accounts of $25,000	2,684,970
Other receivables	16,737
Costs incurred on uncompleted contracts, net of allowance for loss and progress billings	1,266,445
Inventories- raw materials	183,498
Prepaid expenses	270,321
Total current assets	5,865,969
Property, plant and equipment, net	2,561,054
Other assets deferred loan cost, net	138,718
Total Assets	$ 8,565,741
CURRENT LIABILITIES	
Accounts payable	$ 1,298,643
Accrued expenses	498,626
	—
Loan from stockholder	60,000
Current maturity of long-term debt	610,814
Mortgage payable	—
Total current liabilities	2,468,083
LONG-TERM DEBT	
Notes payable- noncurrent	6,020,440
STOCKHOLDERS' EQUITY	
Preferred stock- par value $.0001 per share, 10,000,000 shares authorized, of which 9,000,000 are designated as Series A Preferred Stock, with 7,752,462 shares issued and outstanding at March 31, 2006	2,835,278
Common stock -par value $.0001 per share, authorized — 90,000,000 shares, issued and outstanding — 10,049,000 shares	1,006
Paid in capital	1,766,423
Accumulated deficit	(4,525,489)
Total Stockholders' Equity	77,218
Total liabilities and stockholders equity	$ 8,565,741

The accompanying notes are an integral part of the financial statements.

TECHPRECISION CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years ended March 31,	
	2007	2006
Net sales	19,086,206	20,266,402
Cost of sales	15,543,055	17,632,576
Gross profit	3,543,151	2,633,826
Operating expenses:		
Salaries and related expenses	1,208,920	1,402,000
Professional fees	498,349	79,787
Selling, general and administrative	390,290	367,418
Total operating expenses	2,097,559	1,849,205
Income from operations	1,445,592	784,621)
Other income (expenses)		
Interest expense	(628,412)	(1,107,902)
Interest income	2,453	10,135
Finance costs	(289,308)	(58,541)
	—	(14,273)
	(915,267)	(1,170,581)
Income (loss) before income taxes	530,325	(385,960)
Provision for income taxes	(240,100)	(42,188)
Net income (loss)	290,225	($428,148)
Deemed dividend to preferred stockholders	(675,813)	
Loss to common stockholders	(385,588)	($428,148)
Net loss per share of common stock (basic and diluted)	(0.04)	(0.05)
Weighted average number of shares outstanding (basic and diluted)	10,008,463	8,270,156

The accompanying notes are an integral part of the financial statements.

TECHPRECISION CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
YEARS ENDED MARCH 31, 2007 AND 2006

	Warrants	Preferred Stock		Common Stock		Paid in	Accumulated	
	Outstanding	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance, March 31, 2005				8,089,000	$ 809	392,165	$ (3,711,753)	$(3,318,779)
Sale of preferred stock and Warrants	11,220,000	7,719,250	$2,150,000					2,150,000
Sale of common stock				1,708,000	171	501,829		502,000
Issuance of shares of common stock for services				170,000	17	42,483		42,500
Contributed Capital						304,344		304,344
Loss for period							(428,148)	(428,148)
Balance, March 31, 2006	11,220,000	7,719,250	$2,150,000	9,967,000	$ 997	$1,240,821	$ (4,139,901)	$ (748,083)
Contributed capital						497,350		497,350
Shares issued for services				82,000	$ 9	14,752		14,761
Directors' stock options						13,500		13,500
Liquidated damages to preferred stockholders		33,212	9,465					9,465
Deemed dividend to preferred stockholders			675,813				(675,813)	
Income for period							290,225	290,225
Balance, March 31, 2007	11,220,000	7,752,462	$2,835,278	10,049,000	$ 1,006	$1,766,423	$ (4,525,489)	$ 77,218

The accompanying notes are an integral part of the financial statements.

TECHPRECISION CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 290,225	$ (428,148)
Noncash items included in net loss:		
Depreciation and amortization	873,320	456,383
Shares issued for services	14,761	42,500
Directors' options	13,500	
Liquidated damages	9,466	
Changes in assets and liabilities:		
(Increase) in accounts receivable	(194,423)	(667,059)
Decrease (increase) in inventory	30,649	(127,445)
(Increase) decrease in costs on uncompleted contracts	(2,565,492)	1,779,515
Decrease (increase) in prepaid expenses	116,154	(269,565)
Increase (decrease) in accounts payable and accrued expenses	544,369	(565,431)
Increase (decrease) in customer advances	2,605,636	(1,094,461)
Net cash provided (used) in operating activities	1,738,165	(873.711)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(430,534)	(83,934)
Net cash used in investing activities	(430,534)	(83,934)
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage loan	3,200,000	3,300,000
Bank loan	—	4,000,000
Sale of common shares	—	656,763
Retirement of common stock	—	(210,000)
Sale of preferred stock	—	2,150,000
Retirement of preferred stock	—	(2,000,000)
Contributed capital	497,350	1,379,344
Payment of notes [do you need a separate line item for payment of mortgage loan since we have a line item for the mortgage loan?]	(3,888,148)	(8,005,527)
Increase (decrease) in restricted cash	950,000	(950,000)
Increase (decrease) due to former stockholders	(843,600)	843,600
Cost of reorganization	—	(627,139)
Cost of financing	(332,036)	(312,625)
Loan from stockholder	60,000	—
Net cash provided by (used in) financing activities	(356,434)	224,416
Net increase (decrease) in cash and cash equivalents	$ 951,197	$ (733,229)
CASH AND CASH EQUIVALENTS, beginning of period	492,801	1,226,030
CASH AND CASH EQUIVALENTS, end of period	$ 1,443,998	$ 492,801

The accompanying notes are an integral part of the financial statements.

TECHPRECISION CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)

	Years ended March 31,	
	2007	2006
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the year for:		
Interest expense	$ 637,793	$ 747,764
Income taxes	$ 4,229	$ 3,100

SUPPLEMENTAL INFORMATION-NONCASH TRANSACTIONS:

1. On February 24, 2006 the Company issued 170,000 shares, valued at $.25 per share, to consultants for services rendered.

2. On February 24, 2006, as a part of restructuring the Company's financing, 2000 shares of redeemable preferred stock and 650,000 warrants' attached to them were retired and $925,000 was placed in an escrow account for the payment of contingent indemnification obligation costs. The balance of the escrow funds, after the payment of all indemnification obligation costs, if any, is to be paid to the previous preferred stockholders. The Company reduced the cost of the redeemable preferred stock and warrants by $2,000,000, increased the additional paid in capital by $1,075,000 and recorded a liability of $925,000 that was placed in escrow.

3. During the year ended March 31, 2006, the amount of environmental remediation costs were determined to be $81,400. Consequently, the amount of indemnification due to previous stockholders for escrow obligation was reduced and the additional paid in capital was increased by $81,400. In February 2007, we entered into a settlement agreement with the previous stockholders pursuant to which we received $500,000 from the escrow fund in settlement for claims that we made for breach of representations and warranties including the $81,400 for remediation. The balance of the escrow, together with accrued interest was paid to the former preferred stockholders, Green Mountain Partners and Phoenix life Insurance Company.

4. The Company recorded deemed dividends of $388,233 and $287,580 to preferred stockholders in the year ended March 31, 2007 because of a reduction in the conversion price of the series A preferred stock from $.285 to $.24225 resulting from the Company's failure to attain a specified level of fully diluted EBITDA per share for the years ended March 31, 2006 and a further reduction from $.24225 to $.218025 resulting from our failure to attain a specified level of fully-diluted EBITDA for the year ended March 31, 2007. The deemed dividends increased the preferred stockholders' equity and reduced the income available to common stockholders by total amount of $675,813.

The accompanying notes are an integral part of the financial statements.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

Techprecision Corporation ("Techprecision") is a Delaware corporation organized in February 2005 under the name Lounsberry Holdings II, Inc. The name was changed to Techprecision Corporation on March 6, 2006. Techprecision is the parent company of Ranor, Inc. ("Ranor"), a Delaware corporation. Ranor is a Delaware corporation, founded in May 2002 under the name Rbran Acquisition, Inc. and changed its name to Ranor, Inc. in August 2002. Techprecision and Ranor are collectively referred to as the "Company."

Ranor has been in business since 1956, and was sold by its founders in 1999 to Critical Components Corporation, a subsidiary of Standard Automotive Corporation. From June 1999 until August 2002, Ranor was operated by Critical Components Corporation. In December 2001, Standard filed for protection under the Bankruptcy Code and operated under Chapter 11 until on or about the quarter ended June 30, 2002. Subsequently, all Standard's holdings were sold. In 2003, Ranor, then known as Rbran Acquisition, Inc., acquired the Ranor assets from the bankruptcy estate.

On February 24, 2006, Techprecision acquired all stock of Ranor in a transaction which is accounted for as a reverse acquisition, with Ranor being treated as the acquiring company for accounting purposes and the transaction being treated as a recapitalization. As a result, the costs of the acquisition are charged to capital. See Note 2. The financial statements for periods prior to February 24, 2006 reflect the financial position, results of operations and cash flows of Ranor. Techprecision changed its fiscal year to the fiscal year ended March 31, which was the fiscal year of Ranor prior to the reverse acquisition.

The accompanying consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiary as well as a special purpose entity. Intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

Fair Values of Financial Instruments

Cash and cash equivalents. Holdings of highly liquid investments with maturities of three months or less, when purchased, are considered to be cash equivalents. The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair values. The amount of federally insured cash deposits was $100,000 as of March 31, 2007 and March 31, 2006. The carrying amount of trade accounts receivable, accounts payable, prepaid and accrued expenses, and notes payable, as presented in the balance sheet, approximates fair value.

Accounts receivable

Trade accounts receivable are stated at the amount Ranor expects to collect. Ranor maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial condition of Ranor's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, Ranor provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after Ranor has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Current earnings are also charged with an allowance for sales returns based on historical experience. There were no bad debt expenses for the years ended March 31, 2007 and 2006.

Inventories

Cost of the inventories of raw materials is determined principally by the first-in, first-out method .

Notes Payable

The Company accounts for all note liabilities that are due and payable in one year as short-term liabilities.

Long-lived Assets

Property, plant and equipment- these assets are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are accounted for on the straight-line method based on estimated useful lives. The amortization of leasehold improvements is based on the shorter of the lease term or the life of the improvement. Betterments and large renewals, which extend the life of the asset, are capitalized whereas maintenance and repairs and small renewals are expensed as incurred. The estimated useful lives are: machinery and equipment, 7-15 years; buildings, up to 30 years; and leasehold improvements, 10-20 years.

Leases

Operating leases are charged to operations as paid. Capital leases are capitalized and depreciated over the term of the lease. A lease is considered a capital lease if there is a favorable buy out clause that would be an inducement for us to own the asset.

Convertible Preferred Stock and Warrants

In accordance with EITF 00-19, the Company initially measured the fair value of the series A preferred stocks by the amount of cash that was received for their issuance. The Company subsequently determined that the convertible preferred shares and the accompanying warrants were equity instruments under SFAS 150 and 133. Although the Company had unconditional obligation to issue additional shares of common stock upon conversion of the series A preferred stock if EBITDA per share were below the targeted amount, the certificate of designation relating to the series A preferred stock did not provide that we must issue shares that are registered pursuant to the Securities Act of 1933, with the result, pursuant to the certificate of designation, the additional shares need not be registered shares. Our preferred stock also met all other conditions for the classification as equity instruments. The Company had sufficient number of authorized shares, the agreement contained an explicit limit on the number of shares to be delivered on conversion, which was 1,400,000 shares of series A preferred stock, there is no required cash payment or net cash settlement requirement and the holders of the series A preferred stock had no right higher than the common stockholders.

The Company's warrants were excluded from derivative accounting because they were indexed to the Company's own common stock and were classified in stockholders' equity section according to SFAS 133 paragraph 11(a).

As of April 1, 2006, the Company was required to reduce the conversion price of the preferred to common stock of $0.285 by 15% because the EBITDA per share was below the targeted level of $0.06591 per share for the year ended March 31, 2006. On March 31, 2007, the Company was required to further reduce the conversion price by an additional 10% because the fully-diluted EBITDA per share was below the targeted level of $0.08568 per share in the year ended March 31, 2007. According to EITF number 00-27, "Application of issue No. 98-5 to Certain Convertible Instruments," (EITF 00-27) we estimated the beneficial effect of the reductions in conversion price to be $675,813. The 2,371,336 additional shares of common stock into which the holders of the series A preferred stock could obtain, upon conversion of their shares, were valued at $0.285 per share, which represents the initial conversion price of the series A preferred stock and the Company's. estimate of the current fair value per share of the common stock.

In accordance with EITF 98-5, this amount ($675,813) is analogous to a deemed dividend and recognized as a return to holders of the series A preferred stock and is included in the calculation of net loss applicable to common stockholders and basic and diluted net loss per share of common stock.

The reductions in the exercise price of the warrants, because of the Company's fully diluted EBITDA per share was lower than the targeted amounts for the years ended March 31, 2006 and 2007, did not result in any beneficial effect to the warrant holders because the warrants were not in the money prior or after the reductions.

The Company agreed and paid liquidated damages for its failure to achieve effective registration by August 24, 2006, by issuing 33,212 shares of series A preferred stock valued at $9,465, or $0.285 per share. The shares of preferred shares for liquidated damages were valued at the last cash price paid for those shares, which was $.285 per share in February 2006, determined without allocating any value to the warrants that were issued with the series A preferred stock. There is no market for the Company's common stock or series A preferred stock. According to the final FASB Staff Position (FSP) No. EITF 00-19-2, "Accounting for Registration Payment Arrangements," issued on December 21, 2006, the Company recognized the amount of liquidated damages of $9,465 as an expense and credited to preferred stock. If the currently pending registration statement is not effective by October 15, 2007, liquidated damages shall accrue at the rate of 531 shares of series A preferred stock for each day after October 15, 2007 that the registration statement is not effective. Based on the current status of our registration statement, the Company considers this contingency not to be probable and no liability is required to be recognized under FSP No. EITF 00-19-2 at March 31, 2007.

The Company recorded the series A preferred stocks to permanent equity in accordance with the terms of the Abstracts - Appendix D - Topic D-98: Classification and Measurement of redeemable Securities."

Stock Based Compensation

Stock-based compensation represents the cost related to stock-based awards granted to employees. The Company measures stock-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost as expense on a straight-line basis (net of estimated forfeitures) over the employee requisite service period. The Company estimates the fair value of stock options using a Black-Scholes valuation model. The 150,000 options granted to the company directors were evaluated using Black Scholes model assuming average volatility of 25%, exercise and stock price of $0.285, risk free rate of 5% and the term of 5 years.

Loss per share of common stock

Loss per share was computed by dividing the net loss by the number of weighted average shares outstanding for the year of the loss. The shares of common stock issuable upon conversion of the series A preferred stock and upon exercise of outstanding warrants and options were not considered since they would be considered anti-dilutive.

Revenue Recognition and Costs Incurred

Revenue and costs are recognized on the units of delivery method. This method recognizes as revenue the contract price of units of the product delivered during each period and the costs allocable to the delivered units as the cost of earned revenue. When the sales agreements provide for separate billing of engineering services, the revenues for those services are recognized when the services are completed. Costs allocable to undelivered units are reported in the balance sheet as costs incurred on uncompleted contracts. Amounts in excess of agreed upon contract price for customer directed changes, constructive changes, customer delays or other causes of additional contract costs are recognized in contract value if it is probable that a claim for such amounts will result in additional revenue and the amounts can be reasonably estimated. Revisions in cost and profit estimates are reflected in the period in which the facts requiring the revision become known and are estimable. The unit of delivery method requires the existence of a contract to provide the persuasive evidence of an arrangement and determinable seller's price, delivery of the product and reasonable collection prospects. The Company has written agreements with the customers that specify contract prices and delivery terms. The Company recognizes revenues only when the collection prospects are reasonable.

Adjustments to cost estimates are made periodically, and losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined and are reflected as reductions of the carrying value of the costs incurred on uncompleted contracts. Costs incurred on uncompleted contracts consist of labor, overhead, and materials. Work in process is stated at the lower of cost or market and reflect accrued losses, if required, on uncompleted contracts.

Advertising expenses

Advertising costs are charged to operations when incurred. Advertising expenses were $10,832 and $18,210 in 2007 and 2006, respectively.

Income taxes

The Company uses the asset and liability method of financial accounting and reporting for income taxes required by statement of Financial Accounting Standards No. 109 ("FAS 109"), "Accounting for Income Taxes." Under FAS 109, deferred income taxes reflect the tax impact of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and the amounts recognized for tax purposes.

Temporary differences giving rise to deferred income taxes consist primarily of the reporting of losses on uncompleted contracts, the excess of depreciation for tax purposes over the amount for financial reporting purposes, and accrued expenses accounted for differently for financial reporting and tax purposes, and net operating loss carryforwards.

Variable Interest Entity

The Company has consolidated a variable interest entity that entered into a sale and leaseback contract with the Company to conform to FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). The Company has also adopted the revision to FIN 46, FIN 46R, which clarified certain provisions of the original interpretation and exempted certain entities from its requirements.

Reclassification

The Company has reclassified certain expenses for the year ended March 31, 2006 to conform to the current year's presentation.

Recent Accounting Pronouncements

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections-a replacement of the APB Opinion No. 20 and FASB Statement No. 3." SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle, retrospective application of previous periods financial statements of changes in accounting principle, unless it is impractical to determine either the period specific effect of the cumulative effect of the change. The statement applies to all voluntary changes in accounting principles. It also applies to changes required by an accounting pronouncement in the unusual instances that the pronouncement does not include specific transition provisions. SFAS No. 154 does not currently have an effect on the Company's financial statements.

In March 2005, the FASB issued FIN 47, "Accounting for Conditional Asset Retirement Obligations-an interpretation of FASB Statement No. 143." FIN 47 clarifies that an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. FIN 47 does not currently have an effect on the Company's financial statements.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Instruments - an Amendment of SFAS No. 140" ("SFAS 156"). This Statement amends SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", with respect to the accounting for separately recognized servicing assets and servicing liabilities. This Statement is effective for fiscal years beginning after September 15, 2006. The Company does not expect the adoption of SFAS 156 will have a material impact on its consolidated financial position, results of operations or cash flows.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statements No. 133 and 140", to simplify and make more consistent the accounting for certain financial instruments. SFAS No. 155 amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", to permit fair value re-measurement for any hybrid financial instrument with an embedded derivative that otherwise would require bifurcation, provided that the whole instrument is accounted for on a fair value basis. SFAS No. 155 amends SFAS No. 140, "Accounting for the Impairment or Disposal of Long-Lived Assets", to allow a qualifying special-purpose entity to hold a derivative financial instrument that pertains to beneficial interest other than another derivative financial instrument. SFAS No. 155 applies to all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006, with earlier application allowed. This standard is not expected to have a significant effect on the Company's future reported financial position or results of operations.

In June 2006, FASB Interpretation 48, "Accounting for Uncertainty in Income Taxes", was issued, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

This Interpretation is effective for fiscal years beginning after December 15, 2006, and earlier application of the provisions of this Interpretation is encouraged if the enterprise has not yet issued financial statements, including interim financial statements, in the period this Interpretation is adopted. The Company has determined that the FASB Interpretation 48 does not have a material impact on its financial statements..

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), "Fair Value Measurements," which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted, provided the company has not yet issued financial statements, including for interim periods, for that fiscal year. The Company does not expect the adoption of SFAS 157 will have a material impact on its consolidated financial position, results of operations or cash flows.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements ("SAB 108"). SAB 108 provides interpretive guidance on how the effects of prior-year uncorrected misstatements should be considered when quantifying misstatements in the current year financial statements. SAB 108 requires registrants to quantify misstatements using both an income statement ("rollover") and balance sheet ("iron curtain") approach and evaluate whether either approach results in a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. If prior year errors that had been previously considered immaterial now are considered material based on either approach, no restatement is required so long as management properly applied its previous approach and all relevant facts and circumstances were considered. If prior years are not restated, the cumulative effect adjustment is recorded in opening accumulated earnings as of the beginning of the fiscal year of adoption. SAB 108 is effective for fiscal years ending after November 15, 2006. The Company has determined that there will be no impact to the financial statements upon the adoption of this bulletin.

On December 21, 2006, the FASB issued final FASB Staff Position (FSP) No. EITF 00-19-2, Accounting for Registration Payment Arrangements, which addresses an issuer's accounting for registration payment arrangements. This FSP requires that an entity should recognize and measure a registration payment arrangement as a separate unit of account from the financial instrument (s) subject to that arrangement. This FSP states that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement should be separately recognized and measured in accordance with FASB Statement No. 5, Accounting for Contingencies. This FSP further specifies that a financial instrument subject to a registration payment arrangement should be recognized and measured in accordance with other applicable GAAP without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement.

This FSP is effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to December 21, 2006. Otherwise, the guidance in the FSP is effective for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years. For registration payment arrangements and financial instruments subject to those arrangements that were entered into prior to December 21, 2006 and that continue to be outstanding at the beginning of the period of adoption, the FSP requires retrospective application. The Company adopted the FSP and accordingly recorded liquidated damages in the amount of $9,465.

NOTE 2. REVERSE ACQUISITION

In connection with the reverse acquisition, on February 24, 2006:

- The Company entered into a preferred stock purchase agreement with Barron Partners LP, pursuant to which it sold to Barron Partners, for $2,200,000, 7,719,250 shares of series A preferred stock, and five-year warrants to purchase an aggregate of 11,220,000 shares of common stock.

- During the period from inception in February 2005 through the completion of the reverse acquisition on February 24, 2006, the Company's then principal stockholder, Capital Markets Advisory Group,LLC, had advanced $39,661 to the Company, then known as Lounsberry Holdings II, Inc. to pay its expenses. On February 24, 2006, the Company paid $160,339 to Capital Markets to repurchase 928,000 shares of common stock, which were cancelled, and to reimburse the $39,661 of advances.

- The Company issued 7,997,000 shares of common stock to the members of Ranor Acquisition LLC, which was a party to an August 17, 2005 agreement to purchase the stock of Ranor (the "Ranor Agreement"), for which Ranor Acquisition advanced funds on the Company's behalf and assigned its rights under the Ranor stock purchase agreement. The Company assumed Ranor Acquisition's obligations to purchase the Ranor capital stock pursuant to that agreement.

- The Company sold 1,700,000 shares of common stock to an investor for $500,000.

- Ranor entered into a loan and security agreement with Sovereign Bank pursuant to which Ranor borrowed $4.0 million, by issuing its term note. Sovereign provided Ranor with a $1.0 million revolving credit arrangement.

- Ranor sold its real estate to WM Realty Management, LLC for $3.0 million, and Ranor leased the real property on which its facilities are located from WM Realty Management, LLC pursuant to a net lease. WM Realty Management, LLC is an affiliate of the Company which is a variable interest entity. As a result, the financial statements do not reflect the sale of the real estate, but do show the $3,300,000 mortgage obligation, which is due in August 2006, as a current liability of the Company. The mortgage was refinance in October 2006. See Note 7.

- Ranor used the net proceeds of the Sovereign Bank loan (see Note 7), the net proceeds from the sale of the real estate, $240,000 of available cash and a portion of the proceeds from the sale of the preferred stock to pay principal ($8,000,000) and interest ($975,500) on notes to Ranor's then principal stockholders, and to purchase the equity in Ranor. Although the payment was less than the principal and interest due on the note, the note holders released Ranor from any further obligation under the notes.

- The Company placed $925,000 of the purchase price into escrow. The escrow was the sole source of the former Ranor preferred stockholders' liability for breach of the representations and warranties under the Ranor Agreement. The Company made claims against the escrow account and, in February 2007, the Company and the former Ranor preferred stockholders entered into a settlement agreement pursuant to which the Company received $500,000 from the escrow funds and the escrow agent paid the balance, including accrued interest, to the former Ranor preferred stockholders, and the parties exchanged general releases.

Description of Business

The Company produces large metal fabrications and perform precision machining operations for large military, commercial, nuclear, aerospace, shipbuilding and industrial customers. Its principal services are large metal fabrications, machining and engineering. Each of the Company's contracts covers a specific product. The Company does not mass-produce any products or distribute such products on the open market. The Company renders our services under "build to print" contracts with contractors. However, the Company also helps its customers to analyze and develop their projects for constructability by providing engineering and research and development services, for which it bills its customers.

Although the Company provides manufacturing services to large governmental programs, the Company usually does not work directly for agencies of the United States government. Rather, the Company performs its services for large governmental contractors and large utility companies.

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

As of March 31, 2007 and 2006 property, plant and equipment consisted of the following:

	2007	2006
Land	$ 110,113	$ 110,113
Building and improvements	1,290,072	1,290,072
Machinery equipment, furniture and fixtures	3,040,232	2,609,698
Total property, plant and equipment	4,440,417	4,009,883
Less: accumulated depreciation	(1,879,363)	(1,452,889)
	$ 2,561,054	$ 2,556,994

Depreciation expense for the years ended March 31, 2007 and 2006 were $426,474 and $412,988, respectively. Land and buildings (which are owned by WM Realty Management, LLC- a consolidated entity under Fin 46 R) are collateral for the $3,300,000 Mortgage Loan and other fixed assets of the Company together with its other personal properties, are collateral for the Sovereign Bank $4,000,000 secured loan and line of credit.

NOTE 4. COSTS INCURRED ON UNCOMPLETED CONTRACTS

The Company recognizes revenues based upon the units-of-delivery method (see Note 1). The advance billing and deposits includes down payments for acquisition of materials and progress payments on contracts. The agreements with the buyers of the Company's products allow the Company to offset the progress payments against the costs incurred. As of March 31, 2007 and 2006.

	2007	2006
Cost incurred on uncompleted contracts, beginning balance	$ 2,889,649	$ 4,669,165
Total cost incurred on contracts, during the year	18,108,550	15,853,060
Less cost of sales, during the year	(15,543,057)	(17,632,576)
Cost incurred on uncompleted contracts, ending balance	$ 5,455,142	$ 2,889,649
Billings on uncompleted contracts, beginning balance	$ 1,583,061	$ 2,677,522
Plus: Total billings incurred on contracts, during the year	9,236,613	6,760,524
Less: Contracts recognized as revenue, during the year	(6,630,977)	(7,854,985)
Billings on uncompleted contracts, ending balance	$ 4,188,697	$ 1,583,061
Cost incurred on uncompleted contracts, ending balance	$ 5,455,142	$ 2,889,649
Billings on uncompleted contracts, ending balance	(4,188,697)	1,583,061
Cost incurred on uncompleted contracts, ending balance, net	$ 1,266,445	$ 1,306,588

On March 31, 2007 and 2006, $116,755 and $86,141 of allowance for losses on uncompleted contracts were recognized, respectively.

NOTE 5. PREPAID EXPENSES

As of March 31, 2007 and 2006, the prepaid expenses included the following:

	2007	2006
Insurance	$ 137,484	$ 173,152
Interest	0	122,001
Mortgage payment	0	36,500
Real estate taxes	4,387	34,921
Pre-Pay on purchases	121,720	
Mortgage servicing fee	0	3,529
Equipment maintenance	6,730	6,022
Quality control audit fees	0	10,350
Total	$ 270,321	$ 386,475

NOTE 6. DEFERRED CHARGES

Deferred charges represent the capitalization of costs incurred in connection with obtaining the bank loan and building mortgage. These costs are being amortized over the term of the related debt obligation. Amortization charged to operations in 2007 and 2006 were $295,978 and $59,096, respectively. As of March 31, 2007 and 2006, deferred charges were as follows:

	2007	2006
Deferred costs expiring in one year or less:		
Deferred mortgage costs	$ 207,402	265,943
Less: accumulated amortization	(207,402)	(58,541)
	$ 0	$ 207,402
Deferred costs expiring after one year:		
Deferred loan costs	$ 150,259	46,852
Accumulated amortization	(11,541)	(655)
	$ 138,718	$ 46,127

NOTE 7. LONG-TERM DEBT

The following debt obligations, outstanding on March 31, 2007 and 2006:

	2007	2006
1. Long-term debt issued on February 24, 2006:		
Sovereign Bank-Secured Term note payable- 72 month 9% variable term note with quarterly principal payments of $142,857 plus interest. Final payment due on March 1, 2013	$ 3,428,571	4,000,000
2. long-term mortgage loan issued on October 4, 2006		
Amalgamated Bank mortgage loan to WM Realty- 10 years, annual interest rate 6.75%, monthly interest and principal payment $20,955. The amortization is based A thirty year term. WM realty has the WM Realty Management has the right to prepay the mortgage note upon payment of a prepayment premium of 5% of the amount prepaid if the prepayment is made during the first two years, and declining to 1% of the amount prepaid if the prepayment is made during the ninth or tenth year.	$ 3,189,087	
3. Automobile Loan		
Ford Motor Credit Company-Note payable secured by a vehicle - payable in monthly installments of $552 including interest of 4.9%, commencing July 20, 2003 through June 20, 2009	13,596	19,401
	6,631,254	4,019,401
Principal payments due within one year	610,814	576,934
Principal payments due after one year	$ 6,020,440	$ 3,442,467

On February 24, 2006, Ranor entered into a loan and security agreement with Sovereign Bank, West Hartford, Ct. as part of the agreement the bank has granted the Company a term loan of $4,000,000 and extended the Company a line of credit of $1,000,000, initial interest at 9%. The interest on the line of credit is variable. At March 31, 2007 the amount due on the line of credit was zero. In February 2007, the Company entered into an agreement with the bank which (i) reduced the interest rate on its revolving credit line from prime plus 1 1/2% to prime plus 1% and (ii) provided for the Company to borrow up to $500,000 at prime plus 1% in order to financing capital expenditures. Under this capital expenditures facility, the Company may borrow up to $500,000 until the February 1, 2008, with interest only payable through February 1, 2008 and the principal to be amortized over a five-year term commencing March 1, 2008. As of March 31, 2007, the Company had not borrowed any money under the capital expenditures facility.

The note is subject to various covenants that include the following: the loan collateral comprises all personal property of the Company, including cash, accounts receivable, inventories, equipment, financial and intangible assets owned when the loan is contracted or acquired thereafter; the amount of loan outstanding at all times is limited to a borrowing base amount of the Company's qualified accounts receivable and inventory; there are prepayment penalties of 3%, 2% and 1% of the outstanding principal, in the first, second and third years following the issuance date, respectively. There is no prepayment penalty thereafter; the Company is prohibited from issuing any additional equity interest (except to existing holders), or redeem, retire, purchase or otherwise acquire for value any equity interests; the Company pays an unused credit line fee of 0.25% of the average unused credit line amount in previous month; the earnings available to cover fixed charges are required not to be less than 120% of fixed charges for the rolling four quarters, tested at the end of each fiscal quarter; and interest coverage ratio is required to be not less than 2:1 as at the end of each fiscal quarter.

In connection with the Amalgamated Bank mortgage financing, Mr. Andrew Levy executed a limited guarantee. Pursuant to the limited guaranty, Mr. Levy guaranteed the lender the payment of any loss resulting from WM Realty Management's fraud or misrepresentation in connection with the loan documents, misapplication of rent and insurance proceeds, failure to pay taxes and other defaults resulting from his or WM Realty's misconduct.

As of March 31, 2007, the maturities of long-term debt were as follows:

Year ending March 31,

2008	$ 609,734
2009	612,752
2010	612,435
2011	612,641
2012	615,628
Due after 2011	3,568,064
Total	$ 6,631,254

NOTE 8. INCOME TAXES

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to the net income or loss from operations. As of March 31, 2007 and 2006, the sources and tax effects of the differences are as follows:

	2007	2006
Income tax provision at statutory rate of 34%	$ (400,600)	$ (588,500)
Tax benefit before net operating loss carry forward (11%)	160,500	546,300
Net tax provision (23%)	(240,100)	$ (42,200)

As of March 31, 2007 and 2006, the tax effect of temporary differences and net operating loss carry forward that give rise to the Company's deferred tax assets and liabilities are as follows:

	2007	2006
Deferred Tax Assets:		
Current:		
Compensation accrual	$ 112,000	$ 73,000
Bad debt allowance	9,800	9,800
Loss on uncompleted contracts	45,600	33,600
Non-Current:		
Net operating loss carry-forward	584,900	760,800
Total deferred tax assets	752,300	877,200
Deferred Tax Liabilities:		
Non-Current:		
Depreciation	206,000	197,600
Net deferred tax asset	546,300	679,600
Valuation allowance	(546,300)	(679,600)
Net Deferred Tax Asset Balance	$ —	$ —

At March 31, 2007 and 2006, the Company provided a full valuation allowance for its net deferred tax assets. The Company believes sufficient uncertainty exists regarding the realizability of the deferred tax assets. The net changes in the valuation allowances during the years ended March 31, 2007 and 2006 were $(123,300) and $(588,500) respectively. The Company applied $164, 500 of the tax benefit of loss carryforward to offset the provision for income taxes, in the year ended March 31, 2007. In the year ended March 31, 2006, the sale and leaseback of the Company's land and building for $3,000,000 to a special purpose entity, WM Realty Management, LLC, resulted in a gain of 1,734,700. The reduction in the deferred tax asset of $588,500 represents the realized tax benefit of the loss carryforward.

As of March 31, 2007, the Company's federal net operating loss carryforwards was approximately $1,499,600. If not utilized, the federal net operating loss carryforward of Ranor and Techprecision will expire in 2025 and 2027, respectively. Furthermore, because of over fifty percent changes in ownership, as a consequence of the reverse merger, as defined by Section 382 of the IRC, the amount of net operating loss carry forward used in any one year in the future is substantially limited.

NOTE 9. RESTRICTED CASH - INDEMNIFICATION OBLIGATION ESCROW

The stock purchase agreement, pursuant to which the Company purchased the outstanding securities of Ranor, provided for the parties to establish an escrow account into which $925,000 of the purchase price of the securities was placed. The Company made a claim against the escrow account and, in February 2007, the Company entered into a settlement agreement with the former Ranor preferred stockholders pursuant to which we received $500,000 from the escrow fund in settlement for claims that we made for breach of representations and warranties relating to environmental matters, and the balance of the escrow, together with accrued interest, was paid to Green Mountain Partners and Phoenix Life Insurance Company in respect of their sale of the preferred stock in February 2006, and the parties exchanged mutual releases.

NOTE 10. RELATED PARTY TRANSACTIONS

Management Fees

Contemporaneously with the reverse acquisition on February 24, 2006, we engaged Techprecision LLC to manage our business through March 31, 2009 pursuant to a management agreement. The agreement provided that we pay Techprecision LLC an annual management fee of $200,000 and a performance bonus based on criteria determined by the compensation committee. Mr. James G. Reindl was president and Mr. Andrew A. Levy was chairman of Techprecision LLC, and they and Martin M. Daube were the members of Techprecision LLC. The agreement provided that Techprecision LLC would provide the services of Mr. Reindl at chairman, Mr. Levy for marketing support and analysis of long-term contracts and Mr. Daube for marketing support. Mr. Reindl works for us on a full time basis. Neither Mr. Levy nor Mr. Daube devoted any significant time to the Company's business. None of the members of Techprecision LLC receive any additional compensation from us during the period that the contract was in effect, and the annual fee and any performance bonus which may be awarded is allocated among the three members in accordance with their interests in Techprecision LLC, which is 45% for each of Mr. Reindl and Mr. Levy and 10% with respect to Mr. Daube. No performance bonus was awarded.

On January 29, 2007, the management agreement with Techprecision LLC was terminated as of December 31, 2006. In connection with the termination, we made a payment of $16,667 on or about January 15, 2007 and we agreed to make eight monthly payments of $9,167 to Techprecision LLC, commencing February 15, 2007 and ending on September 15, 2007. Mr. Reindl is no longer a member of Techprecision LLC, and he has no interest in the continuing payments to Techprecision LLC. As a result of the termination of the management agreement, Mr. Reindl no longer receives compensation through Techprecision LLC, and we are paying Mr. Reindl salary of $160,000 per annum. We also reimburse Mr. Reindl for his travel expenses to our offices in Westminster, Massachusetts. Mr. Reindl has negotiated an employment agreement with our compensation committee. (See Note 18.)

Loans from Related Parties

Ranor had long-term debt payable to former preferred stockholders and warrant holders, Green Mountain Partners III, L.P. and Phoenix Life Insurance Company (see Note 7). Interest expense charged to operations under this related party debt was $1,073,466 and $1,120,000 in 2006 and 2005, respectively. On February 24, 2006, in connection with the reverse acquisition (see Note 2), Green Mountain and Phoenix forgave interest of $222,944 which was a capital contribution.

The principal stockholder of WM Realty made loans to WM Realty in the year ended March 31, 2007. The outstanding balance of the loans was $60,000 as of March 31, 2007 and is reflected on the Company's balance sheet as a loan from stockholder.

Sale and Lease Agreement and Intra-company Receivable

On February 24, 2006, WM Realty Management, LLC borrowed $3,300,000 to finance the purchase of Ranor's real property. WM Realty Management purchased the real property for $3,000,000 and leased the property on which Ranor's facilities are located pursuant to a net lease. The property was appraised on October 31, 2005 at $4,750,000. The Company advanced $226,808 to pay closing costs, which advance was repaid when WM Realty Management refinanced the mortgage in October 2006. WM Realty Management, LLC was formed solely for this purpose; its partners are stockholders of the Company. The Company considers WM Realty Management a special purpose entity as defined by FIN 46, and therefore has consolidated its operations into the Company.

On October 4, 2006, WM Realty Management placed a new mortgage of $3.2 million on the property and the existing mortgage of $3.1 million was paid off. The new mortgage has a term of ten years, bears interest at 6.75% per annum, and provides for monthly payments of principal and interest of $20,595. The amortization is based on a thirty-year payout. WM Realty Management has the right to prepay the mortgage note upon payment of a prepayment premium of 5% of the amount prepaid if the prepayment is made during the first two years, and declining to 1% of the amount prepaid if the prepayment is made during the ninth or tenth year. In connection with the refinancing, Mr. Levy, the principal stockholder of WM Realty, executed a limited guarantee. Pursuant to the limited guaranty, Mr. Levy guaranteed the lender the payment of any loss resulting from WM Realty Management's fraud or misrepresentation in connection with the loan documents, misapplication of rent and insurance proceeds, failure to pay taxes and other defaults resulting from his or WM Realty's misconduct.

NOTE 11. OPERATING LEASE

Ranor leases office equipment under operating lease agreements expiring through November 2008. Total rent expense charged to operations was $16,700 and $19,900 in the years ended March 31, 2006 and 2005, respectively.

Future minimum lease payments under noncancellable portions of the leases as of March 31, 2006, are as follows:

Years ending March 31,	**Amount**
2008	15,288
Total minimum lease payments	$ 15,288

NOTE 12. SALE AND LEASE

On February 24, 2006 Ranor, Inc. entered into a sale and lease back arrangement with WM Realty Management, LLC, a special purpose entity. The sale of the building was for $3,000,000. The term of the lease has a term of fifteen years commencing February 24, 2006. For the years ended March 31, 2007 the Company's annual rent expense was $438,500. This amount was eliminated in consolidation and the interest and depreciation were expensed. The current annual rent is $444,000, and the rent is subject to an annual increase based on the increase in the consumer price index.

The Company has an option to extend the term of the lease for two additional terms of five years, upon the same terms. The minimum rent payable for each option term will be the greater of (i) the minimum rent payable under the lease immediately prior to either the expiration date, or the expiration of the preceding option term, or (ii) the fair market rent for the leased premises.

The Company has the option to purchase the property at the appraised market value.

The minimum future lease payments are as follows:

Year Ended March 31,	Amount
2008	444,000
2009	444,000
2010	444,000
2011	444,000
2012-2016	2,220,000
2017-2022	2,220,000
Total	$ 6,216,000

NOTE 13. PROFIT SHARING PLAN

Ranor has a 401(k) profit sharing plan that covers substantially all employees who have completed 90 days of service. Ranor retains the option to match employee contributions. There were no employer-matched contributions charged to operations in the years ended March 31, 2006 and 2005, respectively.

NOTE 14. CAPITAL STOCK

Preferred stock

On March 31, 2005, Ranor had 2,000 shares of preferred stock outstanding. The preferred stock carried a mandatory redemption provision. The Company acquired these shares as part of the reverse acquisition and the shares were cancelled on February 24, 2006.

On February 24, 2006, Barron Partners LP purchased 7,719,250 shares of series A preferred stock, par value $0.0001 per share for $2,200,000. The securities purchase agreement provided that the Company pay Barron Partners a due diligence fee of $50,000 at the closing. Initially, series A preferred stock were convertible into common stock at a conversion rate of one share of Common Stock, for each share of Series A Preferred Stock. In addition, pursuant to the preferred stock purchase agreement, the Company issued to Barron Partners common stock purchase warrants to purchase up to 5,610,000 of Common
Stock at $0.57 per share and 5,610,000 shares of Common Stock at $0.855 per share.

As of April 1, 2006, the Company was required to reduce the conversion price of the series A preferred stock to common stock of $0.285 by 15% because the fully-diluted EBITDA per share was below the targeted level of $0.06591 per share in the year ended March 31, 2006. On March 31, 2007, we were required to further reduce the conversion price by an additional 10% because the fully-diluted EBITDA per share was below the targeted level of $0.08568 per share in the year ended March 31, 2007. As a result, at March 31, 2007, the shares of series A preferred stock issued pursuant to the securities purchase agreement were convertible into 10,090,586.

At March 31, 2007, we had also issued 33,212 shares of series A preferred stock to Barron Partners as a result of our failure to have a registration statement effective in August 2006. These shares of series A preferred stock are convertible into 43.414 shares of common stock.

The investor or its affiliates will not be entitled to convert the series A preferred stock into shares of common stock or exercise warrants to the extent that such conversion or exercise would result in beneficial ownership by the investor and its affiliates of more than 4.9% of the shares of common stock outstanding after such exercise or conversion. The agreement, the certificate of designation relating to the series A preferred stock and the warrants all provide that this provision cannot be amended.

The Company agreed not to issue any additional preferred stock until the earlier of (a) three years from the Closing or (b) the date that the investor transfer and/or converts not less than 90% of the shares of series A preferred stock and sells the underlying shares of common stock and for two years after Closing not to enter into any new borrowing of more than three times the EBITDA from recurring operations over the trailing four quarters.

Barron Partners has the right of first refusal in the event that the Company seeks to raise additional funds through a private placement of securities, other than exempt issuances. The percentage of shares that Barron Partners may acquire is based on the ratio of shares held by the investor plus the number of shares issuable upon conversion of series A preferred stock owned by the investor to the total of such shares.

No dividends are payable with respect to the series A preferred stock and no dividends are payable on common stock while series A preferred stock is outstanding. The common stock shall not be redeemed while preferred stock is outstanding.

Upon any liquidation the Company is required to pay $.285 for each share of series A preferred stock. The payment will be made before any payment to holders of any junior securities and after payment to holders of securities that are senior to the series A preferred stock.

The holders of the series A preferred stock do not have voting rights. However, the approval of the holders of 75% of the outstanding shares of series A preferred stock is required to amend the certificate of incorporation, change the provisions of the preferred stock purchase agreement, to authorize additional series A preferred stock in addition to the 9,000,000 authorized, or to authorize any class of stock that ranks senior with respect to voting rights, dividends or liquidations.

Stock warrants

Warrants to purchase 650,000 shares of common stock that were outstanding on March 31, 2005 were acquired by the Company in connection with the reverse acquisition and cancelled on February 24. 2006

In February 2006, we issued to Barron Partners 11,220,000 warrants in connection with its purchase of the series A preferred stock. These warrants are exercisable, in part or full, at any time from February 24, 2006 to expiration time, February 24, 2011. If the shares of common stock are not registered pursuant to the Securities Act of 1933, the holders of the warrants have cashless exercise rights which will enable them to receive the value of the appreciation in the common stock through the issuance of additional shares of common stock. These warrants had initial execise prices of $0.57 as to 5,610,000 shares and $0.855 as to 5,610,000 shares. As a result of the Company's failure to meet the EBITDA per share targets for the years ended March 31, 2006 and 2007, the exercise prices per share of the warrants were reduced from $0.57 to $.43605 and from $0.855 to $.654075.

Common Stock

At March 31, 2006, the Company has 9,967,000 shares of common stock outstanding and at March 31, 2007 it had 10,049,000. During the year ended March 31, 2007, the Company issued an aggregate of 82,000 shares of common stock to key employees pursuant to its stock grant program.

NOTE 15. 2006 LONG-TERM INCENTIVE PLAN

In February 2006, our board of directors adopted, and in July 2006 the board amended, and in October 2006, the stockholders approved, the 2006 long-term incentive plan (the "Plan") covering 1,000,000 shares of common stock. The purpose of the Plan is to attract, retain and reward officers and other key employees, directors, consultants and independent contractors of the Company. The Plan provides for the grant of incentive and non-qualified options, stock grants, stock appreciation rights and other equity-based incentives to employees, including officers, and consultants. The Plan is to be administered by a committee of not less than two directors each of whom is to be an independent director. In the absence of a committee, the plan is administered by the board of directors. Independent directors are not eligible for discretionary options. As initially adopted, each newly elected independent director received at the time of his election, a five-year option to purchase 25,000 shares of common stock at the market price on the date of his or her election.

Pursuant to the amendment to the plan, the number of shares subject to the initial option grant was increased to 50,000 shares, with the option being exercisable, with respect to the then current independent directors as to 30,000 shares in July 2006 and as to 10,000 shares in each of February 2007 and 2008. In addition, the plan provides for the annual grant of an option to purchase 5,000 shares of common stock on July 1st of each year, commencing July 1, 2009. For each independent director who is elected after July 31, 2006, the director will receive an option to purchase 50,000 shares at an exercise price equal to the fair market value on the date of his or her election. The option will vest as to 30,000 shares nine months from the date of grant and as 10,000 shares on each of the first and second anniversaries of the date of grant. These directors will receive an annual grant of an option to purchase 5,000 shares of common stock on the July 1st coincident with or following the third anniversary of the date of his or her first election. Pursuant to the plan, the Company granted non-qualified stock options to purchase an aggregate of 150,000 shares of common stock at an exercise price of $.285 per share, which was determined to be the fair market value on the date of grant, to the three independent directors.

NOTE 16. CONCENTRATION OF CREDIT RISK AND MAJOR CUSTOMERS

The Company maintains bank account balances, which, at times, may exceed insured limits. The Company has not experienced any losses with these accounts and believes that it is not exposed to any significant credit risk on cash.

The Company has been dependent in each year on a small number of customers who generate a significant portion of our business, and these customers change from year to year. For the year ended March 31, 2007, our three largest customers accounted for approximately 44% of our revenue, and each of these customer accounted for less than 10% of revenue during both the year ended March 31, 2006 and the year ended March 31, 2005. For the year ended March 31, 2006, our two largest customers accounted for approximately 28% of our revenue, and each of these customers accounted for less than 10% of our revenue in the fiscal year ended March 31, 2005 and the year ended March 31, 2004. To the extent that we are unable to generate orders from new customers, we may have difficulty operating profitably.

The following table sets forth information as to revenue derived from those customers who accounted for more than 10% of our revenue in the years ended March 31, 2007, and 2006:

	2007		2006	
Customer	Dollars	Percent	Dollars	Percent
	(Dollars in thousands).			
GT Solar Inc.	$ 3,407	17.85%	*	*
General Dynamics Electric Boat	2,587	13.56%	*	*
Essco/L3 Communications	2,415	12.65%	*	*
University of Rochester	*	*	$ 2,967	14.60%
BAE Systems	*	*	2,611	12.90%

* Less than 10% of revenue for the year.

NOTE 17. EMPLOYMENT AGREEMENT

In February 2006, Ranor entered into an employment agreement with Stanley A. Youtt pursuant to which he would serve as our chief executive officer for a term of three year term ending on February 28, 2009. Pursuant to the agreement, we pay Mr. Youtt salary at the annual rate of $200,000. Mr. Youtt is also eligible for performance bonuses based on financial performance criteria set by the board. In the event that we terminate Mr. Youtt's employment without cause, we are required to make a lump-sum payment to him equal to his base compensation for the balance of the term and to provide the insurance coverage that we would provide if he remained employed.

NOTE 18. SUBSEQUENT EVENTS

Incentive stock options and stock grants

On April 1, 2007, we granted incentive stock options to purchase a total of 221,659 shares of common stock to our key employees, including Mary Desmond, our chief financial officer, who received an option to purchase 25,000 shares. The options are immediately exercisable at an exercise price of $.285 per share, which the compensation committee determined to be the fair market value on the date of grant. No other officer received an option grant. By the terms of the option grants, the options can only be exercised if the underlying shares are covered by an S-8 registration statement.

On April 1, 2007, we granted 15,000 shares of common stock to our key employees, of which 3,000 shares were granted to Ms. Desmond. Except for the shares issued to Ms. Desmond, which vested immediately, the remaining 12,000 shares vest in installments, with 4,000 shares vesting immediately.

Environmental matters

In June 2007, the federal Environmental Protection Agency (the "EPA") issued an administrative complaint against Ranor and the Company alleging violations of the Clean Water Act and the Emergency Planning and Community Right-to-Know Act, known as "EPCRA." The action, In the Matter of Ranor, Inc. and Techprecision Corporation, is pending before the Boston, Massachusetts regional office of the EPA. The complaint states that storm water discharges at Ranor's facility resulted in the discharge of pollutants into navigable waters of the United States without a permit and that Ranor violated the Clean Water Act by failing to obtain the necessary storm water discharge permits. The EPA is seeking a maximum penalty of $157,500. The Company intends to vigorously defend against these claims.

With respect to the EPCRA claims, the EPA alleges that in 2003 and 2004, Ranor failed to file required toxic chemical release inventory reporting forms in connection with its use of nickel, chromium and manganese in its operations and seeks a maximum penalty of $162,500. Ranor, while admitting that Ranor failed to file certain reports, asserts that the alleged penalty is excessive, based on the EPA's own guidelines, and will vigorously contest the claimed penalty. Ranor does not believe that any such remaining liabilities, either individually or in the aggregate, will have a material adverse effect on the Company's business, financial condition or results of operations.

Employment agreement.

On June 19, 2007, the Company entered into an employment agreement dated as of April 1, 2007 with James G. Reindl, its chief executive officer. Pursuant to the terms of the agreement, the Company will employ Mr. Reindl for an initial term commencing April 1, 2007 and expiring on March 31, 2008 and continuing on a year-to-year basis thereafter unless terminated by either party on 90 days' written notice prior to the expiration of the initial term or any one-year extension. Mr. Reindl is to receive an annual base salary of $160,000 a year. Mr. Reindl is also entitled to receive an increase to his base salary and receive certain bonus compensation, stock options or other equity-based incentives at the discretion of the compensation committee of the board of directors and reimbursement of his commuting expenses. The agreement may be terminated by the Company with or without cause or by Mr. Reindl's resignation. If the Company terminates the agreement without cause, it is to pay Mr. Reindl severance pay equal to his salary for the balance of the term plus the amount of his bonus for the prior year. During the term of his employment and for a period thereafter, Mr. Reindl will be subject to non-competition and non-solicitation provisions, subject to standard exceptions.

Exhibit 3.1

CERTIFICATE OF INCORPORATION

OF

LOUNSBERRY HOLDINGS II, INC.

(Pursuant to Section 102 of the Delaware General Corporation Law)

1. The name of the corporation is LOUNSBERRY HOLDINGS II, INC. (the "Corporation").

2. The address of its registered office in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, County of New Castle. The name of its registered agent at such address is the Corporation Service Company.

3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware (the "DGCL").

4. The Corporation is to have perpetual existence.

5. The total number of shares of capital stock which the Corporation shall have authority to issue is: One Hundred Million (100,000,000). These shares shall be divided into two classes with 90,000,000 shares designated as common stock at $.0001 par value (the “Common Stock”) and 10,000,000 shares designated as preferred stock at $.0001 par value (the “Preferred Stock”).

The Preferred Stock of the Corporation shall be issued by the Board of Directors of the Corporation in one or more classes or one or more series within any class and such classes or series shall have such voting powers, full or limited, or no voting powers, and such designations, preferences, limitations or restrictions as the Board of Directors of the Corporation may determine, from time to time.

Holders of shares of Common Stock shall be entitled to cast one vote for each share held at all stockholders' meetings for all purposes, including the election of directors. The Common Stock does not have cumulative voting rights.

No holder of shares of stock of any class shall be entitled as a matter of right to subscribe for or purchase or receive any part of any new or additional issue of shares of stock of any class, or of securities convertible into shares of stock of any class, whether now hereafter authorized or whether issued for money, for consideration other than money, or by way of dividend.

6. The Board of Directors shall have the power to adopt, amend or repeal the by-laws of the Corporation.

7. No director shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law, (i) for breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended DGCL. No amendment to or repeal of this Article 7 shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

8. The Corporation shall indemnify, to the fullest extent permitted by Section 145 of the DGCL, as amended from time to time, each person that such section grants the Corporation the power to indemnify.

9. The name and mailing address of the incorporator is Michael F. Nertney, c/o Feldman Weinstein LLP, 420 Lexington Avenue, Suite 2620, New York, New York 10170.

IN WITNESS WHEREOF, the undersigned, being the incorporator hereinbefore named, has executed, signed and acknowledged this certificate of incorporation this 10th day of February, 2005.

/s/ Michael F. Nertney

Michael F. Nertney
Incorporator

CERTIFICATE OF OWNERSHIP AND MERGER

OF

TECHPRECISION CORPORATION
(a Delaware corporation)

INTO

LOUNSBERRY HOLDINGS II, INC.
(a Delaware corporation)

Under Section 253 of the Delaware General Corporation Law

The undersigned corporation does hereby certify as follows:

FIRST: Lounsberry Holdings II, Inc. (the "Corporation") is a business corporation of the State of Delaware. The Certificate of Incorporation was filed with the Secretary of State on February 10, 2005.

SECOND: The Corporation is the owner of all of the outstanding shares of the stock of Techprecision Corporation, which is also a business corporation of the State of Delaware.

THIRD: On March 3, 2006, the Board of Directors of the Corporation adopted the following resolutions to merge Techprecision Corporation into the Corporation:

RESOLVED that Techprecision Corporation be merged into this Corporation, and that all of the estate, property, rights, privileges, powers and franchises of Techprecision Corporation be vested in and held and enjoyed by this Corporation as fully and entirely and without change or diminution as the same were before held and enjoyed by Techprecision Corporation in its name; and further

RESOLVED that this Corporation shall assume all of the obligations of Techprecision Corporation; and further

RESOLVED, that the officers of this Corporation be, and they and each of them hereby is, authorized, empowered and instructed to file a Certificate of Ownership and Merger of Techprecision Corporation into this Corporation pursuant to Section 253 of the Delaware General Corporation Law and to take such other action as they may deem necessary or advisable in order to effect the merger of into this Corporation, the taking of such action to be conclusive evidence as to the necessity or advisability therefor; and further

RESOLVED, that this Corporation shall change its name to Techprecision Corporation upon the effectiveness of the Merger; and further

RESOLVED, that the merger of Techprecision Corporation shall be effective upon filing of the Certificate of Ownership and Merger with the Secretary of State of the State of Delaware; and further

RESOLVED, that the officers of this Corporation be, and they hereby are, authorized and empowered to certify as to the adoption of any or all of the foregoing resolutions.

Dated: March 3, 2006

LOUNSBERRY HOLDINGS II, INC.

By: /s/ James Reindl

James Reindl
Chairman and CEO

CERTIFICATE OF AMENDMENT
TO
CERTIFICATE OF INCORPORATION
OF
TECHPRECISION CORPORATION

The undersigned, being the Chief Executive Officer of Techprecision Corporation, a corporation existing under the laws of the State of Delaware, does hereby certify under the seal of the said corporation as follows:

1. The name of the Corporation (hereinafter referred to as the "Corporation") is Techprecision Corporation.

2. The Corporation's certificate of incorporation was filed with the Secretary of State on February 10, 2005 under the name Lounsberry Holdings II, Inc.

3. The name of the Corporation was changed to Techprecision Corporation by the filing of a certificate of ownership and merger on March 3, 2006.

4. The certificate of incorporation of the Corporation is hereby amended by adding the following Article 10:

"10: The terms and conditions of any rights, options and warrants approved by the Board of Directors may provide that any or all of such terms and conditions may not be waived or amended or may be waived or amended only with the consent of the holders of a designated percentage of a designated class or classes of capital stock of the Corporation (or a designated group or groups of holders within such class or classes, including but not limited to disinterested holders), and the applicable terms and conditions of any such rights, options or warrants so conditioned may not be waived or amended or may not be waived or amended absent such consent."

5. The Amendment of the Certificate of Incorporation herein certified was duly adopted by the Corporation's Board of Directors and a majority of the Corporation's stockholders in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused its this Certificate of Amendment to be signed by James G. Reindl, its chief executive officer, this 13th day of March 2007.

Techprecision Corporation

By: /s/ James G. Reindl

James G. Reindl
Chief Executive Officer

Exhibit 4.5

SECOND AMENDMENT TO LOAN AGREEMENT

THIS SECOND AMENDMENT TO LOAN AGREEMENT is made as of the 28 day of June 2007 (the "**Agreement**"), by and among **RANOR, INC.**, a corporation organized under the State of Delaware with its chief executive office, principal place of business and mailing address at One Bella Drive, Westminster, Massachusetts 01473 (, the "**Borrower**") and **SOVEREIGN BANK**, a federal savings bank with a usual place of business at 1010 Farmington Avenue, West Hartford, Connecticut 06107 (the "**Lender**").

W I T N E S S E T H:

WHEREAS, Lender and Borrower entered into a certain loan transaction in the amount of $5,000,000.00 as evidenced by a Loan and Security Agreement dated February 24, 2006, as amended from time to time (the "**Loan Agreement**"); and

WHEREAS, the obligations of the Borrower under the Loan Agreement are evidenced by a certain Revolving Promissory Note in the amount of $1,000,000 (the "Revolving Note") from Borrower to the order of Lender dated January __, 2007 and a certain Term Promissory Note in the amount of $4,000,000 (the "Term Note") from Borrower to the order of Lender dated February 24, 2006 (collectively, the "**Note**"); and

WHEREAS, Lender and Borrower have agreed to increase the amount of the loan and to make certain other modifications to the Loan Agreement as set forth herein.

NOW THEREFORE, in consideration of the foregoing, and in consideration of $1.00 and other valuable consideration received to the full satisfaction of the Borrower, the Borrower and the Lender hereby agree as follows:

1. Subparagraph b. of Section 2.1 of the Loan Agreement is amended to read in its entirety as follows:

"b. Two Million Dollars ($2,000,000)."

2. Section 2.10., Unused Line Fee, of the Loan Agreement is deleted in its entirety.

3. Subparagraph (e) of Section 6.5, Financial Statements, of the Loan Agreement is amended to read in its entirety as follows:

"(e) Field Exams. Lender may cause commercial finance field examinations to be completed annually, at Borrower's sole cost and expense; provided that, no field examination shall be required for any year in which the average of the total principal amount outstanding under the Loan as of the close of each month is less than $1,000,000."

3. All references to the Revolving Note in the Loan Agreement shall hereafter mean the Amended and Restated Revolving Promissory Note of even date herewith by Borrower in favor of Lender.

5. Except as modified herein, the Loan Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Borrower and the Lender have caused this Agreement to be executed as of the date first set forth above.

SOVEREIGN BANK

By: /s/ Devin Hawthorne

Devin Hawthorne
Its Vice President
Duly Authorized

BORROWER

RANOR, INC.

By: /s/ James G. Reindl

James G. Reindl
Its Chairman
Duly Authorized

The foregoing has been read and consented to by the following Guarantor:

TECHPRECISION CORPORATION
f/k/a LOUNSBERRY HOLDINGS II,
INC.

By: James G. Reindl

James G. Reindl
Its Chairman and CEO
Duly Authorized

AMENDED AND RESTATED
REVOLVING PROMISSORY NOTE

$2,000,000.00 Westminster, Massachusetts
June 28, 2007

1. Promise To Pay.

FOR VALUE RECEIVED, **RANOR, INC.**, a Delaware corporation with a chief executive office and principal place of business of One Bella Drive, Westminster, Massachusetts 01473 ("Borrower") promises to pay to the order of **SOVEREIGN BANK**, a federal savings bank having an address and principal office at 1010 Farmington Avenue, West Hartford, CT 06107 ("Lender"), the principal sum of TWO MILLION ($2,000,000.00) DOLLARS, or so much thereof as may be advanced, with interest thereon, or on the amount thereof from time to time outstanding, to be computed, as hereinafter provided, on each advance from the date of its disbursement until such principal sum shall be fully paid. Interest and principal shall be payable as set forth in Section 4 below. Subject to extension as provided in Section 4.4 below, the total principal sum, or the amount thereof outstanding, together with any accrued but unpaid interest, shall be due and payable in full on June 30, 2009 (the "Maturity Date") in accordance with the Loan Agreement (hereafter defined) pursuant to which this Note has been issued.

2. Loan Agreement.

This Note is issued pursuant to the terms, provisions and conditions of an agreement captioned "Loan and Security Agreement" dated February 24, 2006, as amended by a First Amendment to Loan Agreement dated January __, 2007, as further amended by a Second Amendment to Loan Agreement as of the date hereof between Borrower and Lender (the "Loan Agreement") and evidences the Loan and Loan Advances made pursuant thereto. Capitalized terms used herein which are not otherwise specifically defined shall have the same meaning herein as in the Loan Agreement.

3. Interest Rates.

3.1. Borrower's Options. Principal amounts outstanding under the Loan shall bear interest at the following rates, at Borrower's selection, subject to the conditions and limitations provided for in this Note: (i) Variable Rate, or (ii) LIBOR Based Rate.

3.1.1. Selection To Be Made. Borrower shall select, and thereafter may change the selection of, the applicable interest rate, from the alternatives otherwise provided for in this Note, by giving Lender a Notice of Rate Selection: (i) prior to each Loan Advance, (ii) prior to the end of each Interest Period applicable to a LIBOR Based Advance, or (iii) on any Business Day on which Borrower desires to convert an outstanding Variable Rate Advance to a LIBOR Based Advance.

3.1.2. Notice. A “Notice of Rate Selection” shall be a written notice, given by cable, tested telex, telecopier (with authorized signature), or by telephone if immediately confirmed by such a written notice, from an Authorized Repre-sentative of Borrower which: (a) with respect to LIBOR Based Advances: (i) is irrevocable; (ii) is received by Lender not later than 10:00 o'clock A.M. Eastern Time, at least three (3) Business Days prior to the first day of the Interest Period to which such selection is to apply; and (iii) as to each selected interest rate option, sets forth the aggregate principal amount(s) to which such interest rate option(s) shall apply and the Interest Period(s) applicable to each LIBOR Based Advance; (b) with respect to Variable Rate Advances: (i) is irrevocable; (ii) is received by Lender not later than 12:00 o’clock P.M. Eastern Time with respect to any same day Variable Rate Advance; and (iii) as to each selected interest rate option, sets forth the aggregate principal amount(s) to which such interest rate option(s) shall apply.

3.1.3. If No Notice. If Borrower fails to select an interest rate option in accordance with the foregoing prior to a Loan Advance, or prior to the last day of the applicable Interest Period of an outstanding LIBOR Based Advance, or if a LIBOR Based Advance is not available, any new Loan Advance made shall be deemed to be a Variable Rate Advance, and on the last day of the applicable Interest Period all outstanding principal amounts shall be deemed converted to a Variable Rate Advance.

3.2. Telephonic Notice. Without in any way limiting Borrower's obligation to confirm in writing any telephonic notice, Lender may act without liability upon the basis of telephonic notice believed by Lender in good faith to be from Borrower prior to receipt of written confirmation. In each case Borrower hereby waives the right to dispute Lender's record of the terms of such telephonic Notice of Rate Selection in the absence of manifest error.

3.3. Limits On Options; One Selection Per Month. Each LIBOR Based Advance shall be in a minimum amount of $100,000. At no time shall there be outstanding a total of more than four (4) LIBOR Based Advances combined at any time.

4. Payment of Interest and Principal.

4.1. Payment and Calculation of Interest. All interest shall be: (a) payable in arrears commencing July 1, 2007 and on the first day of each month thereafter until the principal together with all interest and other charges payable with respect to the Loan shall be fully paid; and (b) with respect to interest calculated at the variable rate, calculated on the basis of a 360 day year and the actual number of days elapsed. Each change in the Prime Rate shall simultaneously change the Variable Rate payable under this Note. Interest at the LIBOR Based Rate shall be computed from and including the first day of the applicable Interest Period to, but excluding, the last day thereof.

4.2. Principal. The entire principal balance shall be due and payable in full upon Maturity.

4.3. Prepayment. The Loan or any portion thereof may be prepaid in part at any time without premium or penalty with respect to Variable Rate Advances. LIBOR Based Advances (whether partially or fully prepaid) may be prepaid on the terms set forth in Section 4.9. If the Loan is prepaid in full, the Borrower shall pay to the Lender an amount equal to 3% of the loan amount in the first year of this Note, and 2% in the second year.

4.4. Maturity. At Maturity all accrued interest, principal and other charges due with respect to the Loan shall be due and payable in full and the principal balance and such other charges, but not unpaid interest, shall automatically bear interest at the Default Rate until so paid.

4.5. Method of Payment; Date of Credit. All payments of interest, principal and fees shall be made in immediately available funds: (a) by direct charge to an account of Borrower maintained with Lender (or the then holder of the Loan), or (b) by a Variable Rate Advance, which Borrower hereby authorizes Lender to make unless Borrower otherwise notifies Lender prior to the due date, or (c) by wire transfer to Lender. Payments shall be credited on the Business Day on which immediately available funds are received prior to one o'clock p.m. Eastern Time; payments received after one o'clock p.m. Eastern Time shall be credited to the Loan on the next Business Day.

4.6. Billings. Lender shall submit monthly billings reflecting payments due; however, any changes in the interest rate which occur between the date of billing and the due date shall be reflected in the billing for a subsequent month. Neither the failure of Lender to submit a billing nor any error in any such billing shall excuse Borrower from the obligation to make full payment of all Borrower's payment obligations when due.

4.7. Default Rate. Lender shall have the option of imposing, and Borrower shall pay upon billing therefor, an interest rate which is two percent (2%) per annum above the interest rate otherwise payable ("Default Rate"): (a) while any monetary Default exists and is continuing, during that period between the due date (extended by any grace period) and the date of payment; (b) following any Event of Default, unless and until the Event of Default is waived by Lender; and (c) after Maturity.

4.8. Late Charges. If a regularly scheduled payment is fifteen (15) days or more late, Borrower will be charged five percent (5%) of the regularly scheduled payment or $10.00, whichever is greater. If Lender demands payment of this Loan, and Borrower does not pay the Loan within fifteen (15) days after Lender's demand, Borrower will be charged either five percent (5.0%) of the unpaid principal plus accrued unpaid interest or $10.00, whichever is greater.

4.9. Calculation of Yield Maintenance

(i) If, at any time (A) the interest rate on a loan is a LIBOR Based Rate, and (B) Lender in its sole discretion should determine that current market conditions can accommodate a prepayment request, Borrower shall have the right at any time and from time to time to prepay the LIBOR Based Advance in whole (but not in part), and Borrower shall pay to Lender a yield maintenance fee in an amount computed as follows: the Treasury Rate shall be subtracted from the LIBOR Based Rate in effect at the time of prepayment. If the result is zero or a negative number, there shall be no yield maintenance fee. If the result is a positive number, then the resulting percentage shall be multiplied by the amount of the principal balance being prepaid. The resulting amount shall be divided by 360 and multiplied by the number of days remaining in the Interest Period as to which the prepayment is made. Said amount shall be reduced to Present Value calculated by using the number of days remaining in the designated term and using the above-referenced Treasury Rate and the number of days remaining in the Interest Period as to which the prepayment is made. The resulting amount shall be the yield maintenance fee due to Lender upon prepayment of the LIBOR Based Advance.

(ii) Neither all nor any portion of the principal which bears interest at the LIBOR Based Rate may or shall be prepaid prior to the last day of the applicable Interest Period, except upon fifteen (15) days' prior written notice to Lender and the payment to Lender of a Yield Maintenance Fee computed in accordance with clause (i) above.

(iii) The Yield Maintenance Fee shall be payable in respect of all prepayments of principal whether voluntary or involuntary including, without limitation, prepayments made upon acceleration of the Loan, or application of insurance or eminent domain proceeds.

(iv) Once written notice of intention to prepay is given, the Loan, or the applicable portion thereof, shall become due and payable in full on the date specified in the notice of prepayment and the failure to so prepay the loan on such date, together with any applicable Yield Maintenance Fees, shall constitute an Event of Default.

4.10. Make Whole Provision. Borrower shall pay to Lender, immediately upon request and notwithstanding contrary provisions contained in any of the Loan Documents, such amounts as shall, in the judgment of Lender (which shall not be disturbed in the absence of manifest error), compensate Lender for the loss, cost or expense which it may reasonably incur as a result of (i) any payment or prepay-ment, under any circumstances whatsoever, whether voluntary or involuntary, of all or any portion of a LIBOR Based Advance on a date other than the last day of the applicable Interest Period, (ii) the conversion, for any reason whatsoever, whether voluntary or involuntary, of any LIBOR Based Advance to a Variable Rate Advance on a date other than the last day of the applicable Interest Period, (iii) the failure of all or a portion of a Loan Advance which was to have borne interest at the LIBOR Based Rate pursuant to the request of Borrower to be made under the Loan Agreement (except as a result of a failure by Lender to fulfill Lender's obligations to fund), or (iv) the failure of Borrower to borrow in accordance with any request submitted by it for a LIBOR Based Advance. Such amounts payable by Borrower shall be equal to any administrative costs actually incurred, plus any amounts required to compensate for any loss, cost or expense incurred by reason of the liquidation or re-employment of deposits or other funds acquired by Lender to fund or maintain a LIBOR Based Advance plus, in any event, but without duplication, a Yield Maintenance Fee.

5. Certain Definitions and Provisions Relating To Interest Rate.

5.1. Banking Day. The term “Banking Day” means a day on which banks are not required or authorized by law to close in the State of Massachusetts.

5.2. Business Day; Same Calendar Month. The term “Business Day” means any Banking Day and, if the applicable Business Day relates to the selection or determination of any LIBOR Based Rate, any London Banking Day. If any day on which a payment is due is not a Business Day, then the payment shall be due on the next day following which is a Business Day, unless, with respect to LIBOR Based Advances, the effect would be to make the payment due in the next calendar month, in which event such payment shall be due on the next preceding day which is a Business Day. Further, if there is no corresponding day for a payment in the given calendar month (i.e., there is no “February 30th”), the payment shall be due on the last Business Day of the calendar month.

5.3. Dollars. The term “Dollars” or “$” means lawful money of the United States.

5.4. Interest Period. The term “Interest Period” means with respect to each LIBOR Based Advance: a period of one (1), two (2), three (3) or six (6) consecutive months, subject to availability, as selected, or deemed selected, by Borrower at least three (3) Business Days prior to a Loan Advance, or if an advance is already outstanding, at least three (3) Business Days prior to the end of the current Interest Period. Each such Interest Period shall commence on the Business Day so selected, or deemed selected, by Borrower and shall end on the numerically corresponding day in the first, second, third, or sixth month thereafter, as applicable. Provided, however: (i) if there is no such numerically corresponding day, such Interest Period shall end on the last Business Day of the applicable month, (ii) if the last day of such an Interest Period would otherwise occur on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day; but (iii) if such extension would otherwise cause such last day to occur in a new calendar month, then such last day shall occur on the next preceding Business Day. In any event, no Interest Period may be selected which would end beyond the then Maturity Date of the Loan.

5.5. LIBOR Based Advance. The term “LIBOR Based Advance” means any principal outstanding under this Note which pursuant to this Note bears interest at the LIBOR Based Rate.

5.6. LIBOR Based Rate. The term “LIBOR Based Rate” means the per annum rate equal to the LIBO Rate plus 300 basis points.

5.7. LIBO Rate. The term “LIBO Rate” shall mean the rate two (2) Business Days prior to an Interest Period per annum (rounded upward, if necessary, to the nearest 1/32 of one percent) as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Based Advance which appears on the Dow Jones Telerate page 3750 as of 11:00 a.m. London time on the day that is two London Banking Days preceding the first day of such LIBOR Based Advance.

If the Telerate system is unavailable, then the rate for that date will be determined on the basis of the rates for deposits in U.S. dollars for a period of time comparable to such LIBOR Based Advance which are offered by four major banks in the London interbank market at approximately 11:00 a.m. London time, on the day that is two (2) London Banking Days preceding the first day of such LIBOR Based Advance as selected by the Lender. The principal London office of each of the four major London banks will be requested to provide a quotation of its U.S. dollar deposit offered rate. If at least two such quotations are provided, the rate for that date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that date will be determined on the basis of the rates quoted for loans in U.S. dollars to leading European banks for a period of time comparable to such LIBOR Based Advance offered by major banks in New York City at approximately 11:00 a.m. New York City time, on the day that is two London Banking Days preceding the first day of such LIBOR Based Advance.

In the event that Lender is unable to obtain any such quotation as provided above, it will be deemed that the LIBO Rate pursuant to a LIBOR Based Advance cannot be determined. In the event that the Board of Governors of the Federal Reserve System shall impose a Reserve Percentage with respect to LIBO Rate deposits of Lender then for any period during which such Reserve Percentage shall apply, the LIBO Rate shall be equal to the amount determined above divided by an amount equal to 1 minus the Reserve Percentage.

5.8. Loan Document. The term "Loan Document" means all documents relating to the Loan and executed by Borrower or any guarantor in favor of Lender.

5.9. London Banking Day. The term "London Banking Day" means any day on which dealings in deposits in Dollars are transacted in the London interbank market.

5.10. Maturity. The term "Maturity" means the Maturity Date, as the same may be extended under Section 4.4 hereof, or in any instance, upon acceleration of the Loan, if the Loan has been accelerated by Lender upon an Event of Default.

5.11. Present Value. The term "Present Value" means the value at the applicable maturity discounted to the date of prepayment using the Treasury Rate.

5.12. Prime Rate. The term "Prime Rate" means the variable per annum rate of interest so designated from time to time by Lender as its prime rate. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate being charged to any customer. The rate of interest hereunder shall change simultaneously and automatically, without further notice, upon Lender's determination and designation from time to time of the Prime Rate. The Lender's determination and designation from time to time of the Prime Rate shall not in any way preclude the Lender from making loans to other borrowers at rates that are higher or lower than or different from the referenced rate.

5.13. Treasury Rate. The term "Treasury Rate" means, as of the date of any calculation or determination, the latest published rate for United States Treasury Notes or Bills (but the rate on Bills issued on a discounted basis shall be converted to a bond equivalent) as published weekly in the Federal Reserve Statistical Release H.15(519) of Selected Interest Rates in an amount which approximates (as determined by Lender) the amount (i) approximately comparable to the portion of the Loan to which the Treasury Rate applies for the Interest Period, or (ii) in the case of a prepayment, the amount prepaid and with a maturity closest to the original maturity of the installment which is prepaid in whole or in part.

5.14. Variable Rate. The term "Variable Rate" means the Prime Rate plus one half percent (0.5%).

5.15. Variable Rate Advance. The term "Variable Rate Advance" means any principal amount outstanding under this Note which pursuant to this Note bears interest at the Variable Rate.

6. Additional Provisions Related to Interest Rate Selection.

6.1. Increased Costs. If, due to any one or more of: (i) the introduction of any applicable law or regulation or any change (other than any change by way of imposition or increase of reserve requirements already referred to in the definition of LIBOR Based Rate above) in the interpretation or application by any authority charged with the interpretation or application thereof of any law or regulation; or (ii) the compliance with any guideline or request from any governmental central bank or other governmental authority (whether or not having the force of law), there shall be an increase in the cost to Lender of agreeing to make or making, funding or maintaining LIBOR Based Advances, including without limitation changes which affect or would affect the amount of capital or reserves required or expected to be maintained by Lender, with respect to all or any portion of the Loan, or any corporation controlling Lender, on account thereof, then Borrower from time to time shall, upon written demand by Lender, pay Lender additional amounts sufficient to indemnify Lender against the increased cost. A certificate as to the amount of the increased cost and the reason therefor submitted to Borrower by Lender, in the absence of manifest error, shall be conclusive and binding for all purposes. Any additional costs due under this Section 6.1 will be imposed upon the Borrower only to the extent not already included in the interest rate for the applicable LIBOR Advance.

6.2. Illegality. Notwithstanding any other provision of this Note, if the introduction of or change in or in the interpretation of any law, treaty, statute, regulation or interpretation thereof shall make it unlawful, or any central bank or government authority shall assert by directive, guideline or otherwise, that it is unlawful, for Lender to make or maintain LIBOR Based Advances or to continue to fund or maintain LIBOR Based Advances then, on written notice thereof and demand by Lender to Borrower, (a) the obligation of Lender to make LIBOR Based Advances and to convert or continue any Loan Advances as LIBOR Based Advances shall terminate and (b) Borrower shall convert all principal outstanding under this Note into Variable Rate Advances.

6.3. Additional LIBOR Based Conditions. The selection by Borrower of a LIBOR Based Rate and the maintenance of Loan Advances at such rate shall be subject to the following additional terms and conditions:

(i) Availability. If, before or after Borrower has selected to take or maintain a LIBOR Based Advance, Lender notifies Borrower that:

(A) dollar deposits in the amount and for the maturity requested are not available to Lender in the London interbank market at the rate specified in the definition of LIBO Rate set forth above, or

(B) reasonable means do not exist for Lender to determine the LIBOR Based Rate for the amounts and maturity requested,

then the principal which would have been a LIBOR Based Advance shall be a Variable Rate Advance.

(ii) Payments Net of Taxes. All payments and prepay-ments of principal and interest under this Note shall be made net of any taxes and costs resulting from having principal outstanding at or computed with reference to a LIBOR Based Rate. Without limiting the generality of the preceding obligation, illustrations of such taxes and costs are taxes, or the withholding of amounts for taxes, of any nature whatsoever including income, excise, interest equalization taxes (other than United States or state income taxes) as well as all levies, imposts, duties or fees whether now in existence or as the result of a change in or promulgation of any treaty, statute, regulation, or interpretation thereof or any directive guideline or otherwise by a central bank or fiscal authority (whether or not having the force of law) or a change in the basis of, or the time of payment of, such taxes and other amounts resulting therefrom.

6.4. Variable Rate Advances. Each Variable Rate Advance shall continue as a Variable Rate Advance until Maturity of the Loan, unless sooner converted, in whole or in part, to a LIBOR Based Advance, subject to the limitations and conditions set forth in this Note.

6.5. Conversion of Other Advances. At the end of each applicable Interest Period, the applicable LIBOR Based Advance shall be converted to a Variable Rate Advance unless Borrower selects another option in accordance with the provisions of this Note.

7. Acceleration; Event of Default.

At the option of the holder, this Note and the indebtedness evidenced hereby shall become immediately due and payable without further notice or demand, and notwithstanding any prior waiver of any breach or default, or other indulgence, upon the occurrence at any time of an Event of Default under the Loan Agreement.

8. Certain Waivers, Consents and Agreements.

Each and every party liable hereon or for the indebtedness evidenced hereby whether as maker, endorser, guarantor, surety or otherwise hereby: (a) waives presentment, demand, protest, suretyship defenses and defenses in the nature thereof; (b) waives any defenses based upon and specifically assents to any and all extensions and postponements of the time for payment, changes in terms and conditions and all other indulgences and forbearances which may be granted by the holder to any party now or hereafter liable hereunder or for the indebtedness evidenced hereby; (c) agrees to any substitution, exchange, release, surrender or other delivery of any security or collateral now or hereafter held hereunder or in connection with the Loan Agree-ment, or any of the other Loan Documents, and to the addition or release of any other party or person primarily or secondarily liable; (d) agrees that if any security or collateral given to secure this Note or the indebtedness evidenced hereby or to secure any of the obligations set forth or referred to in the Loan Agreement, or any of the other Loan Documents, shall be found to be unenforceable in full or to any extent, or if Lender or any other party shall fail to duly perfect or protect such collateral, the same shall not relieve or release any party liable hereon or thereon nor vitiate any other security or collateral given for any obligations evidenced hereby or thereby; (e) agrees to pay all reasonable costs and expenses incurred by Lender or any other holder of this Note in the collection of the indebtedness evidenced hereby and the enforcement of rights and remedies hereunder or under the other Loan Documents, whether or not suit is instituted; and (f) consents to all of the terms and conditions contained in this Note, the Loan Agreement, and all other instruments now or hereafter executed evidencing or governing all or any portion of the security or collateral for this Note and for such Loan Agreement, or any one or more of the other Loan Documents.

9. Delay Not A Bar.

No delay or omission on the part of the holder in exercising any right hereunder or any right under any instrument or agree-ment now or hereafter executed in connection herewith, or any agreement or instrument which is given or may be given to secure the indebtedness evidenced hereby or by the Loan Agreement, or any other agreement now or hereafter executed in connection here-with or therewith shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed to be a bar to or waiver of the same or of any other right on any future occasion.

10. Partial Invalidity.

The invalidity or unenforceability of any provision hereof, of the Loan Agreement, of the other Loan Documents, or of any other instrument, agreement or document now or hereafter executed in connection with the Loan made pursuant hereto and thereto shall not impair or vitiate any other provision of any of such instruments, agreements and documents, all of which provisions shall be enforceable to the fullest extent now or hereafter permitted by law.

11. Compliance With Usury Laws.

All agreements between Borrower and Lender are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to Lender for the use or the forbearance of the indebtedness evidenced hereby exceed the maximum permissible under applicable law. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof, provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Note shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of Borrower and Lender in the execution, delivery and acceptance of this Note to contract in strict compliance with the laws of the State of Connecticut from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the Loan Documents or the Security Documents at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by applicable law, then the obligation to be fulfilled shall automatically be reduced to the limit of such validity, and if under or from any circumstances whatsoever Lender should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of all agreements between Borrower and Lender.

12. Use of Proceeds.

All proceeds of the Loan shall be used solely for the purposes more particularly provided for and limited by the Loan Agreement.

13. Security.

This Note is secured by a first priority security interest in certain personal property of the Borrower and is further secured by other collateral as set forth in the Loan Agreement.

14. Notices.

Any notices given with respect to this Note shall be given in the manner provided for in the Loan Agreement.

15. Governing Law and Consent to Jurisdiction.

15.1. Governing Law. This Note and each of the other Loan Documents shall in all respects be governed, construed, applied and enforced in accordance with the internal laws of the State of Massachusetts without regard to principles of conflicts of law.

15.2. Consent to Jurisdiction. Borrower hereby consents to personal jurisdiction in any state or Federal court located within the State of Massachusetts.

16. Waiver of Jury Trial.

BORROWER AND LENDER MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OTHER LOAN DOCUMENTS CONTEM-PLATED TO BE EXECUTED IN CONNECTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR LENDER TO ACCEPT THIS NOTE AND MAKE THE LOAN.

17. No Oral Change.

This Note and the other Loan Documents may only be amended, terminated, extended or otherwise modified by a writing signed by the party against which enforcement is sought. In no event shall any oral agreements, promises, actions, inactions, knowledge, course of conduct, course of dealing, or the like be effective to amend, terminate, extend or otherwise modify this Note or any of the other Loan Documents.

18. Rights of the Holder.

This Note and the rights and remedies provided for herein may be enforced by Lender or any subsequent holder hereof. Wherever the context permits each reference to the term “holder” herein shall mean and refer to Lender or the then subsequent holder of this Note.

19. Commercial Transaction.

The Borrower hereby represents, covenants and agrees that the proceeds of the loan evidenced by this Note shall be used for general commercial purposes and that such loan is a "commercial transaction" as defined by the statutes of the State of Massachusetts.

20. Setoff.

Borrower hereby grants to Lender a lien, security interest and right of setoff as security for all liabilities and obligations to Lender, 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 Lender or any entity under the control of Lender, or in transit to any of them. At any time, without demand or notice, after the occurrence of an Event of Default or after the lien or levy against such deposits, credits, collateral or property, Lender may set off the same or any part thereof and apply the same to any liability or obligation of Borrower and regardless of the adequacy of any other collateral securing the Loan. ANY AND ALL RIGHTS TO REQUIRE LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE LOAN, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF THE BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

21. Right to Assign.

Lender shall have the unrestricted right at any time or from time to time, and with Borrower's consent, not to be unreasonably withheld, to sell, assign, endorse, or transfer all or any portion of its rights and obligations to one or more Lenders or other entities (each an "Assignee"), and Borrower agrees that it shall execute, or cause to be executed such documents including, without limitation, amendments to this Agreement and to any other documents, instruments and agreements executed in connection herewith as Lender shall deem necessary to effect the foregoing. In addition, at the request of Lender and any such Assignee, Borrower shall issue one or more new promissory notes, as applicable, to any such Assignee and, if Lender has retained any of its rights and obligations hereunder following such assignment, to Lender, which new promissory notes shall be issued in replacement of, but not in discharge of, the liability evidenced by the note held by Lender prior to such assignment and shall reflect the amount of the respective commitments and loans held by such Assignee and Lender after giving effect to such assignment. Upon the execution and delivery of appropriate assignment documentation, amendments and any other documentation required by Lender in connection with such assignment, and the payment by Assignee of the purchase price agreed to by Lender and such Assignee, such Assignee shall be a party to this Agreement and shall have all of the rights and obligations of Lender hereunder (and under any and all other guaranties, documents, instruments and agreements executed in connection herewith) to the extent that such rights and obligations have been assigned by Lender pursuant to the assignment documentation between Lender and Assignee, and Lender shall be released from its obligation hereunder and thereunder to a corresponding extent.

22. Lost Note.

Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note or any other security document(s) which is not of public record and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other document(s), the Borrower will issue, in lieu thereof, a replacement Note or other document(s) in the same principal amount thereof and otherwise of like tenor.

23. Pledge to Federal Reserve.

Lender may at any time pledge, endorse, assign, or transfer all or any portion of its rights under the Loan Documents including any portion of the Note to any of the twelve (12) Federal Reserve Banks organized under Section 4 of the Federal Reserve Act. 12 U.S.C. Section 341. No such pledge or enforcement thereof shall release Lender from its obligations under any of the Loan Documents.

This Note amends and restates a certain Revolving Promissory Note dated January __, 2007, and nothing contained herein shall constitute a novation of the indebtedness thereunder.

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed as of the date set forth above as a sealed instrument at Westminster, Massachusetts.

BORROWER:

RANOR, INC.

By: /s James G. Reindl

James G. Reindl
Its Chairman

WM REALTY MANAGEMENT, LLC
(Mortgagor)

to

AMALGAMATED BANK
(Mortgagee)

MORTGAGE SECURITY AGREEMENT AND FIXTURE FILING

Dated: As of October 4, 2006

Location: 48 Town Farm Road
Westminster, Massachusetts
Parcel ID:
County: Worcester

RECORD AND RETURN TO:

Goldberg, Weprin & Ustin LLP
1501 Broadway
New York, New York 10036
Attention: Steven R. Uffner, Esq.

File No.: 15646K49
Title No.: C9015-01
Title Co.: Lawyers Title Insurance Corporation

THIS MORTGAGE SECURITY AGREEMENT AND FIXTURE FILING (hereinafter referred to as the "**Mortgage**") made as of the 4th day of October, 2006 between **WM REALTY MANAGEMENT, LLC**, a Massachusetts limited liability company having an address at c/o Andrew A. Levy, 900 Third Avenue, 13th Floor, New York, New York 10022 (hereinafter, the "**Mortgagor**"), and **AMALGAMATED BANK,** a New York banking corporation having offices at 11-15 Union Square, New York, New York 10003 (hereinafter, the "**Mortgagee**").

W I T N E S S E T H :

WHEREAS, Mortgagor is the fee owner of the real property described in SCHEDULE A attached hereto (hereinafter, collectively, the "**Premises**");

WHEREAS, Mortgagor is the maker of that certain note of even date herewith in favor of Mortgagee (hereinafter, the "**Note**") in the principal sum of THREE MILLION TWO HUNDRED THOUSAND AND 00/100 ($3,200,000.00) DOLLARS, together with interest (said principal sum, interest and all other sums which may or shall become due under the Note or under this Mortgage, being hereinafter, collectively, the "**Debt**"); and

NOW, THEREFORE, to secure to Mortgagee (a) repayment of the Debt and all renewals, modifications and extensions thereof; (b) payment of all other sums advanced in accordance with the terms of the Note or this Mortgage in order to protect the security hereof, together with interest thereon, and (c) performance of the agreements of Mortgagor contained herein, it is agreed as follows:

The Mortgagor does hereby mortgage, grant, convey and assign unto Mortgagee all of the right, title, interest and estate of Mortgagor, now owned, or hereafter acquired, in and to the following property, rights, interests and estates (such property, rights and interests being hereinbefore and hereinafter, collectively, the "**Mortgaged Property**") together with MORTGAGE COVENANTS, UPON THE STATUTORY CONDITION and with THE STATUTORY POWER OF SALE:

(a) the Premises;

(b) all buildings, structures, fixtures (owned by Mortgagor), additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter located on the Premises (hereinafter, collectively, the "**Improvements**");

(c) all easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, liberties, tenements, hereditaments and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Premises and the

lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Premises, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Mortgagor of, in and to the Premises and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(d) all machinery, equipment, fixtures (including but not limited to all heating, air conditioning, plumbing, lighting, communications and elevator fixtures) and other property of every kind and nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Premises and Improvements, or appurtenant thereto, and usable in connection with the present or future operation and occupancy of the Premises and the Improvements and all building equipment, materials and supplies of any nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Premises and the Improvements, or appurtenant thereto, or usable in connection with the present or future operation and occupancy of the Premises and the Improvements (hereinafter, collectively, the "**Equipment**"), and the right, title and interest of Mortgagor in and to any of the Equipment which may be subject to any security interests, as defined in the Uniform Commercial Code, as adopted and enacted by the state or states where any of the Mortgaged Property is located (hereinafter, the "**UCC**"), superior in lien to the lien of this Mortgage;

(e) all awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Mortgaged Property, whether from the exercise of the right of eminent domain (including but not limited to any transfer made in lieu of or in anticipation of the exercise of said right), or for a change of grade, or for any other injury to or decrease in the value of the Mortgaged Property;

(f) all leases and other agreements affecting the use, enjoyment or occupancy of the Premises and the Improvements heretofore, now or hereafter entered into, including but not limited to, that certain Lease (the "**Ranor Lease**") dated February 24, 2006 between Mortgagor, as Landlord and Ranor, Inc. (the "**Tenant**") (hereinafter, collectively, the "**Leases**") and all rents, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Premises and the Improvements (hereinafter, collectively, the "**Rents**") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Debt;

(g) all proceeds of and any unearned premiums on any insurance policies covering the Mortgaged Property (to which Mortgagor is entitled), including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Mortgaged Property and all real estate tax and assessment refunds and credits at any time accruing to the benefit of the Mortgagor on the Mortgaged Property, even if relating to taxes and assessments payable for a period prior to the date hereof;

(h) all books, files, records, correspondence, orders and data processing material (including, but not limited to, programs, cards, tapes, disks and tabulating runs) relating to any of the foregoing and/or to Mortgagor's data regarding tenants and rent rolls owned by Mortgagor;

(i) all plans, drawings, specifications, site plans, sketches, samples, contracts and agreements, however characterized, at any time prepared for use in connection with the construction, repair, renovation, operation or maintenance of the Improvements owned by Mortgagor;

(j) all computer software and programs, instructions manuals and other materials of any nature necessary or appropriate for the operation or use of any of the foregoing. and all licenses and permits to own, hold and use such software, programs, manuals and other materials;

(k) all utility or municipal deposits made by or on behalf of Mortgagor or made in connection with the Mortgaged Property;

(l) all deposit balances of Mortgagor in any currency in any bank account(s) with Mortgagee at any of its offices and/or any depository pursuant to this Mortgage and all investments made by Mortgagee or any depository for Mortgagor; such lien being in addition to (and without limiting) any right of setoff, banker's lien or counterclaim Mortgagee may otherwise have;

(m) all products and proceeds of any of the foregoing; and

(n) the right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of Mortgagee in the Mortgaged Property.

Mortgagor represents and warrants to and covenants and agrees with Mortgagee as follows:

SECTION 1. Payment of Debt and Incorporation of Covenants, Conditions and Agreements.

Mortgagor will pay the Debt at the time and in the manner provided in the Note and in this Mortgage. All the covenants, conditions and agreements contained in (a) the Note and (b) all and any of the documents other than the Note or this Mortgage now or hereafter executed by Mortgagor and/or others and by or in favor of Mortgagee, which wholly or partially secure or guaranty payment of the Debt (collectively, the "**Other Security Documents**"), are

hereby made a part of this Mortgage to the same extent and with the same force as if fully set forth herein.

SECTION 2. Application of Payments.

Unless applicable law provides otherwise, all payments received by Mortgagee from Mortgagor under the Note or this Mortgage shall be applied by Mortgagee in the following order of priority: (i) amounts payable to Mortgagee by Mortgagor under Section 6 hereof; (ii) late charges payable under the Note; (iii) interest payable on the Note; (iv) principal of the Note; (v) interest payable on advances made pursuant to Section 24 hereof; (vi) principal of advances made pursuant to Section 24 hereof; and (vii) any other sums secured by this Mortgage in such order as Mortgagee, at Mortgagee's option, may determine; provided, however, that Mortgagee may, at Mortgagee's option, apply any sums payable pursuant to Section 24 hereof prior to interest on and principal of the Note, but such application shall not otherwise affect the order of priority of application specified in this Section 2.

SECTION 3. Warranty of Title.

Mortgagor warrants that Mortgagor has good title to the Mortgaged Property and has the right to mortgage, give, grant, bargain, sell, alienate, enfeoff, convey, confirm, pledge, assign and hypothecate the same and that Mortgagor possesses an unencumbered fee estate in the Premises and the Improvements and that it owns the Mortgaged Property free and clear of all liens, encumbrances and charges whatsoever except for those exceptions shown in the title insurance policy insuring the lien of this Mortgage. Mortgagor shall forever warrant, defend and preserve such title and the validity and priority of the lien of this Mortgage and shall forever warrant and defend the same to Mortgagee against the claims of all persons whomsoever.

SECTION 4. Insurance.

(a) Mortgagor will keep or cause Tenant to provide the Mortgaged Property insured against loss or damage by fire, flood and such other hazards, risks and matters, including, without limitation, business interruption, rental loss, public liability, and boiler damage and liability, as Mortgagee may from time to time require in amounts required by Mortgagee, and shall pay the premiums for such insurance (collectively, the "**Insurance Premiums**") as the same become due and payable. All policies of insurance (collectively, the "**Policies**") shall be issued by insurers acceptable to Mortgagee and shall contain the standard mortgagee non-contribution clause naming Mortgagee as the person to which all payments made by such insurance company shall be paid. Mortgagor will assign and deliver the Policies to Mortgagee. Not later than thirty (30) days prior to the expiration date of each of the Policies, Mortgagor will deliver evidence satisfactory to Mortgagee of the renewal of each of the Policies. Each insurance policy required by this Mortgage shall include: (i) effective waivers (whether under the terms of any such policy or otherwise) by the insurer of all claims for insurance premiums against all mortgagees, loss payees and named additional insured other than the Mortgagor (provided that the

Mortgagee shall have the right to pay premiums and continue any insurance upon the insolvency of the Mortgagor or the foreclosure or other transfer of the Mortgaged Property) and of all rights of subrogation against any named or additional insured; (ii) except in the case of liability insurance and workers' compensation insurance, provide that any lawsuits shall be payable notwithstanding (x) any act, failure to act, negligence of or violation or breach of warranties, declaration or conditions contained in such policy by the Mortgagor or the Mortgagee or any other named or additional insured or loss payee, (y) any foreclosure or other proceeding or notice of sale relating to the insured properties, or (z) any change in the title to or ownership or possession of the insured properties; (iii) provide that if all or any part of such policy is canceled, terminated or expires, the insurer will forthwith give notice thereof to each named or additional insured and loss payee, and that no cancellation, termination, expiration or reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after receipt by each named or additional insured and loss payee of written notice thereof; (iv) not be subject to a deductible in excess of amounts as shall be reasonably satisfactory to Mortgagee; and (v) shall be non-assessable and contain such expiration dates as the Mortgagee may reasonably require.

(b) In the event of loss, Mortgagor shall give immediate written notice to the insurance carrier and to Mortgagee. Mortgagor hereby authorizes and empowers Mortgagee as attorney-in-fact for Mortgagor to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Mortgagee's expenses incurred in the collection of such proceeds (said insurance proceeds, after such deduction of expenses, being the "**Net Proceeds**"); provided, however, that nothing contained in this subsection (b) shall require Mortgagee to incur any expense or take any action hereunder. Mortgagor further authorizes Mortgagee, at Mortgagee's option, either (i) to hold the Net Proceeds for the account of Mortgagor to be used to reimburse Mortgagor for the cost of reconstruction or repair of the Mortgaged Property (hereinafter "**Restoration**"), or (ii) to apply the Net Proceeds to the payment of the sums secured by this Mortgage, whether or not then due, in such priority and proportions as Mortgagee in its discretion shall deem proper.

(c) If the Net Proceeds are applied to the payment of the sums secured by this Mortgage, any such application of proceeds to principal shall neither extend nor postpone the due dates of the monthly installments to be made pursuant to the Note, nor shall such application change the amounts of such installments. If the Mortgaged Property is sold pursuant to Section 23 hereof or if Mortgagee acquires title to the Mortgaged Property, Mortgagee shall have all of the right, title and interest of Mortgagor in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Mortgaged Property prior to such sale or acquisition.

(d) The excess, if any, of the Net Proceeds remaining after payment of the entire Debt as provided herein shall be paid to Mortgagor.

(e) Notwithstanding anything to the contrary contained herein or in any other provision of applicable law, the proceeds of insurance policies coming into the possession of Mortgagee shall not be deemed trust funds and Mortgagee shall be entitled to dispose of such funds as provided herein.

SECTION 5. Payment of Taxes, etc.

Mortgagor shall pay all taxes, assessments, water rates, frontage charges and sewer rents, now or hereafter levied or assessed or imposed against the Mortgaged Property or any part thereof (collectively, the "**Taxes**") and all ground rents, maintenance charges, other governmental impositions and other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Premises, now or hereafter levied or assessed or imposed against the Mortgaged Property or any part thereof (collectively, the "**Other Charges**") as same become due and payable. Mortgagor will deliver to Mortgagee, promptly upon Mortgagee's request, evidence satisfactory to Mortgagee that the Taxes and Other Charges have been so paid or are not then delinquent. Mortgagor shall not suffer and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against the Mortgaged Property, and shall promptly pay for all utility services provided to the Mortgaged Property. Mortgagor shall furnish to Mortgagee receipts for the payment of the Taxes, Other Charge and said utility services prior to the date the same shall become delinquent.

SECTION 6. Escrow Fund.

Mortgagor shall pay to Mortgagee, on the first day of each calendar month for the term of this Mortgage, an amount equal to (a) one-twelfth (1/12) of the amount which would be sufficient to pay the Taxes and the Other Charges which are payable, or estimated by Mortgagee to be payable, during the next ensuing twelve (12) months, and, at the option of Mortgagee, (b) one-twelfth (1/12) of the amount which would be sufficient to pay the Insurance Premiums due for the renewal of the coverage afforded by the Policies upon the expiration thereof, in each instance one month before such payments are due (said amounts in (a) and (b) above hereinafter collectively called the "**Escrow Fund**"). The Escrow Fund, together with the payments of interest or principal or both which are due pursuant to the provisions of the Note, shall be added together and shall be paid as an aggregate sum by Mortgagor to Mortgagee. Mortgagor hereby pledges to Mortgagee any and all monies now or hereafter deposited in the Escrow Fund as additional security for the payment of the Debt. Mortgagee will apply the Escrow Fund to payments of Taxes, Other Charges and Insurance Premiums required to be made by Mortgagor pursuant to Sections 4 and 5 hereof. If the amount of the Escrow Fund shall exceed the amounts due for Taxes and Insurance Premiums pursuant to Sections 4 and 5 hereof, Mortgagee shall, in its discretion, return any excess to Mortgagor or credit such excess against future payments to be made to the Escrow Fund. In allocating such excess, Mortgagee may deal with the person shown on the records of Mortgagee to be the owner of the Mortgaged Property. If the Escrow Fund is not sufficient to pay the items set forth in (a) and (b) above, Mortgagor shall promptly pay to

Mortgagee, upon demand, an amount which Mortgagee shall estimate as sufficient to make up the deficiency. Upon the occurrence of an Event of Default (hereinafter defined) Mortgagee may apply any sums then present in the Escrow Fund to the payment of the following items in any order in its sole discretion:

(a) Taxes and Other Charges;
(b) Insurance Premiums;
(c) Interest on the unpaid principal balance of the Note;
(d) Amortization of the unpaid principal balance of the Note;
(e) All other sums payable pursuant to the Note, this Mortgage, and the Other Security Documents, including without limitation advances made by Mortgagee pursuant to the terms of this Mortgage.

The Escrow Fund shall not constitute a trust fund and may be commingled with other monies held by Mortgagee. No earnings or interest on the Escrow Fund shall be payable to Mortgagor, unless otherwise required by law.

Notwithstanding anything to the contrary contained in this Section 6, Mortgagee shall waive the requirement of monthly deposits of Insurance Premiums on the date hereof but reserves the right at any time during the term of this Mortgage to require same.

SECTION 7. Condemnation.

(a) Mortgagor shall promptly notify Mortgagee of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Mortgaged Property or any part thereof, and Mortgagor shall appear in and prosecute any such action or proceeding unless otherwise directed by Mortgagee in writing. Mortgagor authorizes Mortgagee, at Mortgagee's option, as attorney-in-fact for Mortgagor, to commence, appear in and prosecute, in Mortgagee's or Mortgagor's name, any action or proceeding relating to any condemnation or other taking of the Mortgaged Property, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award, payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Mortgaged Property or any part thereof, or for conveyances in lieu of condemnation, are hereby assigned to and shall be paid to Mortgagee.

(b) Mortgagor authorizes Mortgagee to apply such awards, payments, proceeds or damages, after the deduction of Mortgagee's expenses incurred in the collection of such amounts, at Mortgagee's option, either (i) to restoration or repair of the Mortgaged Property, or (ii) to payment of the sums secured by this Mortgage, whether or not then due, in the order of application set forth in Section 2 hereof, with the balance, if any, to Mortgagor. Mortgagor agrees to execute such further evidence of assignment of any awards, proceeds, damages or claims arising in connection with such condemnation or taking as Mortgagee shall require.

(c) Notwithstanding any taking by any public or quasi-public authority through eminent domain or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), Mortgagor shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Mortgage, and the Debt shall not be reduced until any award or payment therefor shall have been actually received and applied by Mortgagee, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Mortgagee shall not be limited to the interest paid on the award by the condemning authority but shall be entitled to receive out of the award interest at the rate or rates provided herein and in the Note. Mortgagee may apply any such award or payment to the reduction or discharge of the Debt whether or not then due and payable. Any reduction of the Debt pursuant to the terms of this Section 7 shall not be deemed a prepayment of the Debt and no prepayment consideration, if any, shall be due. If the Mortgaged Property is sold, through foreclosure or otherwise, prior to the receipt by Mortgagee of such award or payment, Mortgagee shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive said award or payment, or a portion thereof sufficient to pay the Debt.

SECTION 8. Leases and Rents.

(a) Mortgagor hereby assigns to Mortgagee all Leases now existing or hereafter made of all or any part of the Mortgaged Property, all Rents payable under such Leases , and all security deposits made by tenants in connection with such Leases. Mortgagor hereby grants Mortgagee all of the rights and powers possessed by Mortgagor prior to such assignment, and Mortgagee is hereby granted the right to modify, extend or terminate the Leases and to execute new Leases, in Mortgagee's sole discretion. Mortgagee is hereby granted and assigned by Mortgagor the right to enter the Mortgaged Property for the purpose of enforcing its interest in the Leases and the Rents, this Mortgage constituting a present, absolute assignment of the Leases and the Rents. Nevertheless, subject to the terms of this Section 8, Mortgagee grants to Mortgagor a revocable license to operate and manage the Mortgaged Property and to collect the Rents. Mortgagor shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Debt, for use in the payment of such sums. Upon or at any time after an Event of Default, the license granted to Mortgagor herein may be revoked by Mortgagee, and Mortgagee may enter upon the Mortgaged Property, and collect, retain and apply the Rents toward payment of the Debt in such priority and proportions as Mortgagee in its discretion shall deem proper.

(b) All Leases shall be written on the standard form of lease to be approved by Mortgagee. Upon request, Mortgagor shall furnish Mortgagee with executed copies of all Leases. No changes may be made to the Mortgagee-approved standard lease without the prior written consent of Mortgagee. In addition, all renewals of Leases and all proposed Leases shall provide for rental rates comparable to existing local market rates

and shall be arms-length transactions. All proposed Leases shall be subject to the prior approval of the Mortgagee. All Leases shall provide that they are subordinate to this Mortgage and that the lessee agrees to attorn to Mortgagee. Mortgagor (i) shall observe and perform all the obligations imposed upon the lessor under the Leases and shall not do or permit to be done anything to impair the value of the Leases as security for the Debt; (ii) shall promptly send copies to Mortgagee of all notice of default which Mortgagor shall send or receive thereunder; (iii) shall enforce all of the terms, covenants and conditions contained in the Leases upon the part of the lessee thereunder to be observed or performed, short of termination thereof; (iv) shall not collect any of the Rents more than one (1) month in advance; (v) shall not execute any other assignment of lessor's interest in the Leases or the Rents; (vi) shall not alter, modify or change the terms of the Leases without the prior written consent of Mortgagee, or cancel or terminate the Leases or accept a surrender thereof or convey or transfer or suffer or permit a conveyance or transfer of the Premises or of any interest therein so as to effect a merger of the estates and rights of, or a termination or diminution of the obligations of, lessees thereunder; (vii) shall not alter, modify or change the terms of any guaranty of the Leases or cancel or terminate such guaranty without the prior written consent of Mortgagee; (viii) shall not consent to any assignment of or subletting under the Leases not in accordance with their terms, without the prior written consent of Mortgagee; and (ix) shall execute and deliver at the request of Mortgagee all such further assurances, confirmations and assignments in connection with the Mortgaged Property as Mortgagee shall from time to time require. Mortgagee shall have all of the rights against lessees of the Mortgaged Property provided under any applicable law of the Commonwealth of Massachusetts.

SECTION 9. Maintenance of Mortgaged Property.

Mortgagor represents that the Mortgaged Property is presently in compliance with and at all times Mortgagor will maintain and use the Mortgaged Property in compliance with all applicable, laws, ordinances (including zoning ordinances), rules, regulations, building codes, orders and decrees and other requirements of all governmental authorities and courts whatsoever having jurisdiction over or with respect to the Mortgaged Property or any portion thereof or the use and occupation thereof. Mortgagor shall cause the Mortgaged Property to be maintained in a good and safe condition and repair and in good operating order and will promptly make, from time to time, all structural and nonstructural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen repairs, renewals, replacements, additions and improvements in connection therewith that are necessary or appropriate to maintain such condition. The Improvements and the Equipment shall not be removed, demolished or altered (except for normal replacement of the Equipment) without the consent of Mortgagee. Mortgagor shall promptly repair, replace or rebuild any part of the Mortgaged Property which may be destroyed by any casualty, or become damaged, worn or dilapidated, or which may be affected by any proceeding of the character referred to in Section 7 hereof and shall complete and pay for any structure at any time in the process of construction or repair on the Premises. Mortgagor shall not initiate, join in, acquiesce in, or consent to any change in any private restrictive covenant, zoning law or other public or private restriction, limiting or defining the uses which may be

made of the Mortgaged Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Mortgaged Property is or shall become a nonconforming use, Mortgagor will not cause or permit such nonconforming use to be discontinued or abandoned without the express written consent of Mortgagee.

SECTION 10. Transfer or Encumbrance of the Mortgaged Property.

(a) Mortgagee will continue to rely on Mortgagor's ownership of the Mortgaged Property as a means of maintaining the value of the Mortgaged Property as security for repayment of the Debt. Mortgagor acknowledges that Mortgagee has a valid interest in maintaining the value of the Mortgaged Property so as to ensure that, should Mortgagor default in the repayment of the Debt, Mortgagee can recover the Debt by a sale of the Mortgaged Property. Mortgagor shall not, without the prior written consent of Mortgagee, sell, convey, alienate, mortgage, encumber, pledge or otherwise transfer the Mortgaged Property or any part thereof or permit the Mortgaged Property or any part thereof to be sold, conveyed, alienated, mortgaged, encumbered, pledged or otherwise transferred.

(b) A sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer within the meaning of this Section 10 shall be deemed to include (i) an installment sales agreement wherein Mortgagor agrees to sell the Mortgaged Property or any part thereof for a price to be paid in installments; (ii) an agreement by Mortgagor leasing all or a substantial part of the Mortgaged Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Mortgagor's right, title and interest in and to any Leases or any Rents; (iii) if Mortgagor, any Guarantor (hereinafter defined), or any general partner of Mortgagor or Guarantor is a corporation, the voluntary or involuntary sale, conveyance or transfer of such corporation's stock (or an interest in any entity directly or indirectly controlling such corporation by operation of law or otherwise) or the creation or issuance of new stock by which any of such corporation's stock shall be vested in a party or parties who are not now stockholders; (iv) if Mortgagor, any Guarantor or any general partner of Mortgagor or any Guarantor is a limited or general partnership or joint venture, the change, removal or resignation of a general partner or managing partner or the transfer of the partnership interest of any general partner or managing partner; and (v) if Mortgagor, any Guarantor or any member of Mortgagor or any Guarantor is a limited liability company, the change, removal or resignation of a member or manager or the transfer of an interest of any member or manager.

(c) Mortgagee reserves the right to condition the consent required hereunder upon a modification of the terms hereof and on assumption of this Mortgage by the proposed transferee, payment of a transfer fee, or such other conditions as Mortgagee shall determine in its sole discretion to be in the interest of Mortgagee. Mortgagee shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon

Mortgagor's sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property without Mortgagee's consent. This provision shall apply to every sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property regardless of whether voluntary or not, or whether or not Mortgagee has consented to any previous sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the Mortgaged Property.

(d) Notwithstanding anything to the contrary contained in this Section 10, Mortgagee's consent shall not be required for transfers of membership interests of among existing principals of WM Realty Management, LLC as of the date hereof and/or to immediate family members of such existing principals, provided that (i) Mortgagee is notified in writing of any such transfer prior to the effective date of such transfer, except in the event of a transfer by operation of law and (ii) Andrew A. Levy continues to control the operations and affairs of the Borrower and the Mortgaged Property and owns at least a 51% legal and beneficial interest in Mortgagor. The phrase "immediate family members" shall mean spouses, parents, children and grandchildren.

SECTION 11. Estoppel Certificates.

(a) After request by Mortgagee, Mortgagor, within ten (10) days, shall furnish Mortgagee with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the rate of interest of the Note, (iv) the date installments of interest and/or principal were last paid, (v) offsets or defenses to the payment of the Debt, if any, and (vi) that the Note and this Mortgage are valid, legal and binding obligations and have not been modified or if modified, giving the particulars of such modification.

(b) After request by Mortgagee, Mortgagor, within ten (10) days, will furnish Mortgagee with estoppel certificates from any lessees under the Leases as required by their respective Leases.

SECTION 12. Changes in the Laws Regarding Taxation.

If any law is enacted or adopted or amended after the date of this Mortgage which deducts the Debt from the value of the Mortgaged Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Mortgagee's interest in the Mortgaged Property, Mortgagor will pay such tax, with interest and penalties thereof, if any. In the event Mortgagee is advised by counsel chosen by it that the payment of such tax or interest and penalties by Mortgagor would be unlawful or taxable to Mortgagee or unenforceable or provide the basis for a defense of usury, then in any such event, Mortgagee shall have the option, by written notice of not less than ninety (90) days, to declare the Debt immediately due and payable.

SECTION 13. No Credits on Account of the Debt.

Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Mortgaged Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Mortgaged Property, or any part thereof, for real estate tax purposes by reason of this Mortgage or the Debt. In the event such claim, credit or deduction shall be required by law, Mortgagee shall have the option, by written notice of not less than ninety (90) days, to declare the Debt immediately due and payable.

SECTION 14. Documentary Stamps.

If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note or this Mortgage, or impose any other tax or charge on the same, Mortgagor will pay for the same, with interest and penalties thereon, if any.

SECTION 15. Usury Laws.

This Mortgage and the Note are subject to the express condition that at no time shall Mortgagor be obligated or required to pay interest on the Debt at a rate which could subject the holder of the Note to either civil or criminal liability as a result of the interest payable being in excess of the maximum interest rate which Mortgagor is permitted by applicable law to contract or agree to pay. If by the terms of either this Mortgage or the Note, Mortgagor is at any time required or obligated to pay interest on the Debt at a rate in excess of such maximum rate, the rate of interest under the same shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate and all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the principal balance of the Note.

SECTION 16. Books and Records.

The Mortgagor (and Guarantors, if any) shall keep proper books, records and accounts with respect to the operation of the Mortgaged Property in accordance with generally accepted accounting principles and shall furnish to the Mortgagee (i) within ninety (90) days after the end of each fiscal year of Mortgagor and at any other time upon Mortgagee's request, financial statements for the operation of the Mortgaged Property reviewed by an independent certified public accountant satisfactory to Mortgagee, including a balance sheet, a statement of income and expenses of the Mortgaged Property and a statement of changes in financial position, each in reasonable detail and certified by Mortgagor (or a principal of Mortgagor if Mortgagor is not an individual) under penalty of perjury, to be true and complete; (ii) within thirty (30) days following the close of each calendar quarter, quarter-annual financial statements (including a certified rent roll) in form satisfactory to the Mortgagee, which shall disclose in reasonable detail all earnings and expenses with respect to the operation of the Mortgaged Property certified by

Mortgagor (or a principal of Mortgagor if Mortgagor is not an individual) under penalty of perjury, to be true and complete; (iii) together with the foregoing financial statements and at any other time upon Mortgagee's request, a rent schedule for the Mortgaged Property in form acceptable to Mortgagee, certified by Mortgagor (or a principal of Mortgagor if Mortgagor is not an individual) under penalty of perjury, to be true and complete, showing the name of each tenant, the space occupied, the Lease expiration date, the rent payable, the rent paid and any other information requested by Mortgagee; (iv) upon Mortgagee's request, financial statements for Mortgagor and Guarantor in the form set forth above; (v) upon Mortgagee's request, an accounting of all security deposits held in connection with any Lease of any part of the Mortgaged Property, including the name and identification number of the accounts in which such security deposits are held, name and address of the financial institutions in which such security deposits are held and the name of the person to contact at such financial institutions, along with any authority or release necessary for Mortgagee to obtain information regarding such accounts directly from such financial institutions; and (vi) such other financial information as Mortgagee may request.

SECTION 17. Performance of Other Agreements.

Mortgagor shall observe and perform each and every term to be observed or performed by Mortgagor pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Mortgaged Property.

SECTION 18. Further Acts, etc.

Mortgagor will, at the cost of Mortgagor, and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as Mortgagee shall, from time to time, require, for the better assuring, conveying, assigning, transferring, and confirming unto Mortgagee the property and rights hereby mortgaged, given, granted, bargained, sold, alienated, conveyed, confirmed, pledged, assigned and hypothecated or intended now or hereafter so to be, or which Mortgagor may be or may hereafter become bound to convey or assign to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage. Mortgagor, on demand, will execute and deliver and hereby authorizes Mortgagee to execute in the name of Mortgagor or without the signature of Mortgagor to the extent Mortgagee may lawfully do so, one or more financing statements, chattel mortgages or other instruments, to evidence more effectively the security interest of Mortgagee in the Mortgaged Property. Mortgagor grants to Mortgagee an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Mortgagee at law and in equity, including without limitation such rights and remedies available to Mortgagee pursuant to this Section 18.

SECTION 19. Recording of This Mortgage, etc.

Mortgagor forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, will cause this Mortgage, and any security instrument creating a lien or security interest or evidencing the lien hereof upon the Mortgaged Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien or security interest hereof upon, and the interest of Mortgagee in, the Mortgaged Property. Mortgagor will pay all filing, registration or recording fees, and all expenses incident to the preparation, execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property, and any instrument of further assurance, and all federal, state, county and municipal, taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property or any instrument of further assurance, except where prohibited by law so to do. Mortgagor shall hold harmless and indemnify Mortgagee, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Mortgage.

SECTION 20. Prepayment.

The Debt may not be prepaid in whole or in part except in accordance with the terms and conditions contained in the Note.

SECTION 21. Events of Default.

The Debt shall become immediately due and payable at the option of Mortgagee upon any one or more of the following events (each being an "**Event of Default**", and, collectively, "**Events of Default**"):

(a) if any portion of the Debt is not paid for a period of ten (10) days after the same is due and payable;

(b) if any of the Taxes or Other Charges are not paid when the same are due and payable;

(c) if the Policies are not kept in full force and effect, or if the Policies are not assigned and delivered to Mortgagee upon request;

(d) if Mortgagor violates or does not comply with any of the provisions of Sections 3, 7, 8, 9, 10, 11, 14, 19, 35 or 36;

(e) if any representation or warranty of Mortgagor, or of any person guaranteeing payment of the Debt or any portion thereof or performance by Mortgagor of any of the terms of this Mortgage (a "**Guarantor**"), made herein or in any such guaranty, or in any certificate, report, financial statement or other instrument or document

furnished to Mortgagee shall have been false or misleading in any material respect when made;

(f) if Mortgagor or any Guarantor shall make an assignment for the benefit of creditors or if Mortgagor shall generally not be paying its debts as they become due;

(g) if a receiver, liquidator or trustee of Mortgagor or of any Guarantor shall be appointed or if Mortgagor or any Guarantor shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Mortgagor or any Guarantor or if any proceeding for the dissolution or liquidation of Mortgagor or of any Guarantor shall be instituted; however, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Mortgagor or such Guarantor, upon the same not being discharged, stayed or dismissed within thirty (30) days; 60

(h) if Mortgagor shall be in default under any other mortgage or security agreement covering any part of the Mortgaged Property whether it be superior or junior in lien to this Mortgage;

(i) if the Mortgaged Property becomes subject to any mechanic's, materialman' or other lien other than a lien for local real estate taxes and assessments not then due and payable and such lien shall remain undischarged of record (by payment, bonding or otherwise) within thirty (30) days;

(j) if Mortgagor fails to cure promptly any violations of laws or ordinances affecting or which may be interpreted to affect the Mortgaged Property;

(k) if the financial condition of the Mortgagor shall undergo a materially adverse change;

(l) if any warrant, process, order of attachment, seizure, garnishment or other lien, levy, injunction or restraint shall be issued, filed or served against Mortgagor or the Mortgaged Property, and shall continue in effect for thirty (30) days without being vacated, discharged, stayed, bonded, satisfied or performed;

(m) if it shall be or become illegal for Mortgagor to pay any taxes or if the payment of such taxes by the Mortgagor would result in a violation of the usury laws of the Commonwealth of Massachusetts;

(n) if a judgment, order, decree and/or arbitration award for the payment of money or material injunctive relief shall be rendered against Mortgagor, and if it continues in effect for thirty (30) days from the entry thereof, without being vacated,

discharged, stayed, bonded, satisfied or performed or (if applicable) shall not be appealed with a stay of execution being secured pending such appeal;

(o) if any easement over, across or under or otherwise affecting the Mortgaged Property or any portion thereof shall be granted without the Mortgagee's prior written consent;

(p) if all or any portion of the Mortgaged Property shall be damaged or destroyed in such a manner, or to such an extent that the restoration, repair, replacement or rebuilding of the same, shall not be reasonably feasible;

(q) if Mortgagor fails to permit Mortgagee or its representatives to enter upon the Mortgaged Property and inspect same at all reasonable times; or

(r) if for more than fifteen (15) days after notice from Mortgagee, Mortgagor shall continue to be in default under any other term, covenant or condition of the Note, this Mortgage or the Other Security Documents, provided that such default is of such a nature that it cannot reasonably be cured within such fifteen (15) day period, Mortgagor shall not be deemed to be in default if Mortgagor shall have commenced to cure such default within such fifteen (15) day period and Mortgagor thereafter diligently and expeditiously proceeds to cure the same, provided further that such cure must be effected within sixty (60) days after Mortgagee gives such notice to Mortgagor.

SECTION 22. **Remedies of Mortgagee**.

Upon the occurrence of any Event of Default, (a) Mortgagor will pay, from the date of that Event of Default, interest on the unpaid principal balance of the Note at the rate of twenty-four (24%) percent per annum or at the maximum interest rate which Mortgagor may by law pay, whichever is lower (the "**Default Rate**"), and (b) Mortgagee shall have the right to at its option and without notice, exercise any or all of the following rights, which rights shall be cumulative and not exclusive and in addition to any other rights granted to Mortgagee under this Mortgage and without presentation, protest or further demand or notice of any kind, all of which are expressly waived by Mortgagee (to the extent permissible by law);

(a) declare all indebtedness secured hereby due and payable, anything in this Mortgage or in the Note to the contrary notwithstanding;

(b) foreclose the Mortgage in whole or in part;

(c) enter immediately upon and take possession of the Mortgaged Property without further consent or assignment by Mortgagor, without the commencement of any action to foreclose this Mortgage, with the right to lease the Mortgaged Property, or any part thereof, and to collect and receive all of the rents, issues and profits, and all other amounts past due or to become due to Mortgagor by reason of its ownership of the Mortgaged Property and to apply the same, after the

payment of all necessary charges and expenses in connection with the operation of the Mortgaged Property (including any managing agent's commission, at the option of Mortgagee), on account of interest, taxes, water and sewer charges, assessments and insurance premiums with respect to the Mortgaged Property, and any advance made by Mortgagee for improvements, alterations or repairs to the Mortgaged Property or on account of any other indebtedness hereby secured;

(d) sell and dispose of, together or in parcels, all and singular the Mortgaged Property, or any part or parts thereof, or any part remaining subject to this Mortgage in case of partial release hereof, and the benefit and equity of redemption of Mortgagor therein, at public auction upon the Mortgaged Property, or at such other place, if any, as may be designated by the Mortgagee, and to bid for and become the purchaser of the Mortgaged Premises at any such sale, and in Mortgagee's own name or as the attorney of Mortgagor (Mortgagee being for that purpose by this instrument duly authorized and appointed with full power of substitution and revocation) to make, execute, acknowledge and deliver to the purchaser or purchasers thereof a good and sufficient deed or deeds of the Mortgaged Property in fee simple and to receive the proceeds of such sale or sales, and from such proceeds to retain all sums hereby secured, whether then due or which may fall due thereafter, or the part thereof then remaining unpaid, and also including the interest then due on the same, including, without limitation, all expenses incident to such sale or sales, for making deeds hereunder, for fees of counsel and attorneys, all costs or expenses incurred in the exercise or defense of the rights and powers of Mortgagee hereunder, all expenses incurred in repairing or preserving the Mortgaged Property, all taxes, water and sewer rates, assessments and premiums for insurance, either theretofore paid by Mortgagee or then remaining unpaid, and any installments of principal and/or interest paid by Mortgagee under any senior and prior mortgage on the Mortgaged Property, rendering and paying the surplus of said proceeds of sale, if any there be over and above the amounts so to be retained as aforesaid, together with a true and particular account of such sale or sales, expenses and charges, to Mortgagor;

(e) exercise any and all rights and remedies of a secured party under the Massachusetts Uniform Commercial Code; and/or

(f) at its election, any and all other rights available to it at law or in equity and take such other actions as it deems necessary or available to protect its interest in the Mortgaged Property and obligations secured thereby.

SECTION 23. Sale of Mortgaged Property.

(a) If the Mortgaged Property consists of two or more distinct parcels and this Mortgage is foreclosed, whether pursuant to the power of sale herein granted to Mortgagee, or otherwise, the Mortgaged Property, or any interest therein, may, at the discretion of Mortgagee, be sold in one or more parcels or in several interests or portions and in any order or manner as the Mortgagee may elect and specify in the notice of sale.

(b) If the indebtedness secured by this Mortgage is also secured by one or more other mortgages on property consisting of more than one functionally separate and distinct

property and an Event of Default occurs under this Mortgage or under any such other mortgage which is cross-defaulted with this Mortgage, upon a foreclosure of this Mortgage and such other mortgages, whether pursuant to a power of sale or otherwise, the Mortgaged Property, or any interest therein, and the property encumbered by such other mortgages may, at the discretion of Mortgagee, be sold in the order designated by Mortgagee in the notice of sale.

SECTION 24. Right to Cure Defaults.

Upon the occurrence of any Event of Default, or if Mortgagor fails to make any payment or to do any act as herein provided, Mortgagee may, but without any obligation hereunder, make or do the same in such manner and to such extent as Mortgagee may deem necessary to protect the security hereof. Mortgagee is authorized to enter upon the Mortgaged Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Mortgaged Property or to foreclose this Mortgage or collect the Debt, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest, shall constitute a portion of the Debt and shall be due and payable to Mortgagee upon demand. All such costs and expenses incurred by Mortgagee in remedying such Event of Default or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the Default Rate, for the period after notice from Mortgagee that such cost or expense was incurred to the date of payment to Mortgagee. All such costs and expenses incurred by Mortgagee together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Debt and be secured by this Mortgage and the Other Security Documents and shall be immediately due and payable upon demand by Mortgagee therefor.

SECTION 25. Late Payment Charge.

If any monthly installment of principal, interest or escrow required under the Note or this Mortgage shall not be paid within ten (10) days after such payment is due, or any other payment required under the Note or this Mortgage shall become overdue for a period of ten (10) days, then to the extent permitted by law a late charge of five (5%) percent for each dollar so overdue shall become immediately due to Mortgagee for failure to make timely payment, and such late charge shall be secured by this Mortgage.

SECTION 26. Prepayment After Event of Default.

If following the occurrence of any Event of Default, Mortgagor shall tender payment of an amount sufficient to satisfy the Debt in whole or in part at any time prior to a foreclosure sale of the Mortgaged Property, and if at the time of such tender prepayment of the principal balance of the Note is not permitted by the Note, Mortgagor shall, in addition to the entire Debt, also pay to Mortgagee a sum equal to interest which would have accrued on the principal balance of the Note at the interest rate set forth in the Note from the date of such tender to the earlier of (i) the Maturity Date as defined in the Note, or (ii) the first day of the period during which prepayment of the principal balance of the Note would have been permitted together with a prepayment consideration equal to the prepayment consideration which would have been payable as of the first day of the

period during which prepayment would have been permitted. If at the time of such tender prepayment of the principal balance of the Note is permitted, such tender by Mortgagor shall be deemed to be a voluntary prepayment of the principal balance of the Note, and Mortgagor shall, in addition to the entire Debt, also pay to Mortgagee the applicable prepayment consideration specified in the Note and this Mortgage.

SECTION 27. Reasonable Use and Occupancy.

In addition to the rights which Mortgagee may have herein, upon the occurrence of any Event of Default, Mortgagee, at its option, may require Mortgagor to pay monthly in advance to Mortgagee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be occupied by Mortgagor or may require Mortgagor to vacate and surrender possession of the Mortgaged Property to Mortgagee or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise.

SECTION 28. Right of Entry.

Mortgagee and its agents shall have the right to enter and inspect the Mortgaged Property at all times.

SECTION 29. Appointment of Receiver.

Mortgagee, upon the occurrence of an Event of Default or in any action to foreclose this Mortgage or upon the actual or threatened waste to any part of the Mortgaged Property, shall be entitled to the appointment of a receiver without notice and without regard to the value of the Mortgaged Property as security for the Debt, or the solvency or insolvency of any person liable for the payment of the Debt.

SECTION 30. Security Agreement.

This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the UCC. The Mortgaged Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Mortgagor in the Mortgaged Property. Mortgagor, by executing and delivering this Mortgage, has granted and hereby grants to Mortgagee, as security for the Debt, a security interest in the Mortgaged Property to the full extent that the Mortgaged Property may be subject to the UCC (said portion of the Mortgaged Property so subject to the UCC being called in this Section 30 the "**Collateral**"). If an Event of Default shall occur, Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the UCC, including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Collateral. Upon request or demand of Mortgagee, Mortgagor shall at its expense assemble the Collateral and make it

available to Mortgagee at a convenient place acceptable to Mortgagee. Mortgagor shall pay to Mortgagee on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Mortgagee in protecting its interest in the Collateral and in enforcing its rights hereunder with respect to the Collateral. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Collateral sent to Mortgagor in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Mortgagor. The proceeds of any disposition of the Collateral, or any part thereof, may be applied by Mortgagee to the payment of the Debt in such priority and proportions as Mortgagee in its discretion shall deem proper.

Mortgagor hereby gives to Mortgagee a continuing lien on, security interest in and right of set-off against all moneys, securities and other property of Mortgagor and the proceeds thereof, now on deposit or now or hereafter delivered, remaining with or in transit in any manner to Mortgagee, its correspondents, participants or its agents from or for Mortgagor, whether for safekeeping, custody, pledge, transmission, collection or otherwise or coming into possession of Mortgagee in any way, and also, any balance of any individual deposit account and credits of Mortgagor with, and any and all claims of Mortgagor against Mortgagee, at any time existing, as collateral security for the payment of the Debt and all of the other obligations of Mortgagor under this Mortgage, including fees, contracted with or acquired by Mortgagee, whether joint, several, absolute, contingent, secured, matured or unmatured (for the purposes of this Section 30, collectively, the "**Liabilities**"), hereby authorizing Mortgagee at any time or times, without prior notice. to apply such balances, credits or claims, or any part thereof, to the Liabilities in such amounts as it may select, whether contingent, unmatured or otherwise, and whether any collateral security therefore is deemed adequate or not. The collateral security described herein shall be in addition to any collateral security described in any separate agreement executed in connection with this Mortgage.

SECTION 31. **Actions and Proceedings.**

Mortgagee has the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding, in the name and on behalf of Mortgagor, which Mortgagee, in its discretion, decides should be brought to protect is interest in the Mortgaged Property. Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other security instrument discharged in whole or in part by the Debt, and any such subrogation rights shall constitute additional security for the payment of the Debt.

SECTION 32. **Waiver of Counterclaim.**

Mortgagor hereby waives the right to assert a counterclaim in any action or proceeding brought against it by Mortgagee, and waives trial by jury in any action or proceeding brought by either party hereto against the other or in any counterclaim asserted by Mortgagee against Mortgagor, or in any matters whatsoever arising out of or in any way connected with this Mortgage, the Note, any of the Other Security Documents or the Debt.

SECTION 33. Marshalling and Other Matters.

Mortgagor hereby waives, to the extent permitted by law, the benefit of all appraisement, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Mortgaged Property or any part thereof or any interest therein. Further, Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of Mortgagor, and on behalf of each and every person acquiring any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage and on behalf of all persons to the extent permitted by applicable law.

SECTION 34. Recovery of Sums Required To Be Paid.

Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

SECTION 35. Hazardous Materials, ADA Compliance and ERISA Compliance.

(a) Mortgagor represents and warrants that, to the best of Mortgagor's knowledge, after due inquiry and investigation, (i) there are no "Hazardous Materials" (as such quoted term is hereinafter defined) on the Mortgaged Property, and (ii) no owner or occupant nor any prior owner or occupant of the Mortgaged Property has received any notice or advice from any governmental agency or any source whatsoever with respect to Hazardous Materials on, from or affecting the Mortgaged Property. Mortgagor covenants that the Mortgaged Property shall be kept free of Hazardous Materials, except in the ordinary course of business of the Tenant, and neither Mortgagor nor any occupant of the Mortgaged Property shall use, transport, store, dispose of or in any manner deal with Hazardous Materials, except in the ordinary course of business of the Tenant, on the Mortgaged Property. Mortgagor shall comply with, and ensure compliance by all occupants of the Mortgaged Property with, all applicable federal, state and local laws, ordinances, rules and regulations, and shall keep the Mortgaged Property free and clear of any liens imposed pursuant to such laws, ordinances, rules and regulations. In the event that Mortgagor receives any notice or advice from any governmental agency or any source whatsoever with respect to Hazardous Materials on, from or affecting the Mortgaged Property, Mortgagor shall immediately notify Mortgagee. Mortgagor shall conduct and complete all investigations, studies, sampling, and testing, and all remedial actions necessary to clean up and remove all Hazardous Materials from the Mortgaged Property in accordance with all applicable federal, state and local laws, ordinances, rules and regulations. The term "**Hazardous Materials**" as used in this Mortgage shall include, without limitation, asbestos, gasoline, petroleum products, explosives, radioactive materials, polychlorinated biphenyls or related or similar materials, or any other substance or material defined as a hazardous or toxic substance or material by any federal, state or local law, ordinance, rule or regulation. The

obligations and liabilities of Mortgagor under this Section 35 shall survive any entry of a judgment of foreclosure or the delivery of a deed in lieu of foreclosure of this Mortgage.

(b) Mortgagor represents that it has no notice of any violations of the Americans with Disabilities Act (the "**ADA Act**") with respect to the Mortgaged Property nor are there any pending or threatened claims by the Department of Justice or third parties related to the ADA Act with respect to the Mortgaged Property. Mortgagor will maintain the Mortgaged Property in compliance with the ADA Act and will ensure compliance by all tenants of the Mortgaged Property with the ADA Act.

(c) Mortgagor will not engage in any "prohibited transactions" (as such term is defined in Section 2003(a) of the Employee Retirement Income Security Act of 1974 ("**ERISA**") or in any transaction or activity prohibited by Section 406 of ERISA or incur any liability under Section 409 of ERISA; will satisfy the minimum funding requirements of Section 412 of the Internal Revenue Code and/or Section 302 of ERISA and will not act in any manner in connection with any employee benefit plan covered by Title IV of ERISA in a manner which could result in plan termination liability or withdrawal liability, and Mortgagor shall not fail to comply with ERISA in any manner such that Mortgagor could incur a liability which would materially affect Mortgagor's ability to meet any of Mortgagor's obligations arising in connection with this Mortgage or any other agreement to which Mortgagor is a party or by which Mortgagor is bound.

SECTION 36. **Indemnification**.

Mortgagor shall protect, defend, indemnify and save harmless Mortgagee from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation reasonable attorneys' fees and expenses), imposed upon or incurred by or asserted against Mortgagee by reason of (a) ownership of this Mortgage, the Mortgaged Property or any interest therein or receipt of any Rents; (b) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Mortgaged Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) any use, nonuse or condition in, on or about the Mortgaged Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (d) any failure on the part of Mortgagor to perform or comply with any of the terms of this Mortgage; (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof; (f) the failure of any person to file timely with the Internal Revenue Service an accurate Form 1099-B, Statement for Recipients of Proceeds from Real Estate, Broker and Barter Exchange Transactions, which may be required in connection with this Mortgage, or to supply a copy thereof in a timely fashion to the recipient of the proceeds of the transaction in connection with which this Mortgage is made; (g) any claim for brokerage fees or other consideration from any broker in connection with the loan secured by this Mortgage; (h) the presence, disposal, escape, seepage, leakage, spillage, discharge, emission, release, or threatened release of any Hazardous Materials, from, or affecting the Mortgaged Property or any other property; (i) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials or any

breach of violation of the ADA Act; (j) any lawsuit brought or threatened, settlement reached, or government order relating to Hazardous Materials, the ADA Act or ERISA; or (k) any violation of laws, orders, regulations, requirements, or demands of government authorities, which are based upon or in any way related to ERISA, the ADA Act or such Hazardous Materials including, without limitation, the costs and expenses of any remedial action, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. Any amounts payable to Mortgagee by reason of the application of this Section 36 shall become immediately due and shall bear interest at the Default Rate from the date loss or damage is sustained by Mortgagee until paid. The obligations of Mortgagor under this Section 36 shall survive any termination, satisfaction, assignment, entry of judgment of foreclosure or delivery of a deed in lieu of foreclosure of this Mortgage.

SECTION 37. Notices.

Except for any notice required under applicable law to be given in another manner, (a) any notice to Mortgagor, the Mortgagor's successors or assigns provided for in this Mortgage or in the Note or in a proceeding to foreclose this Mortgage by power of sale shall be given in writing by mailing such notice by certified mail, return receipt requested, or by sending such notice by a recognized overnight courier with postage, freight and any other charges paid, with a receipt therefor, addressed to Mortgagor at Mortgagor's address stated herein or at such other address as Mortgagor may designate by notice to Mortgagee as provided herein with a courtesy copy of same given in the manner herein provided to Wolf, Block, Schorr & Solis-Cohen LLP, 250 Park Avenue, New York, New York 10177, Attn.: Richard Salomon, Esq. (provided, however, the failure to give any such courtesy copy shall not invalidate or otherwise affect the notice given to Mortgagor hereunder), and (b) any notice to Mortgagee shall be given in writing by mailing such notice certified mail, return receipt requested, or by sending such notice by a recognized overnight courier, with postage, freight and other charges paid, with a receipt therefor, addressed to Mortgagee at Mortgagee's address stated herein to the attention of Thomas K. Graf, Senior Vice President or to such other address as Mortgagee may designate by notice to Mortgagor as provided herein, with a copy of same given in the manner herein provided to Goldberg Weprin & Ustin LLP, 1501 Broadway, New York, New York 10036, Attn.: Steven R. Uffner, Esq. Except for any notice deemed under applicable law to have been given at a different time, any notice provided for in this Mortgage shall be deemed to have been given to Mortgagor or Mortgagee on the earlier of (a) the second day after such notice is mailed or deposited with a courier in a manner designated herein or (b) the day such notice is actually received.

SECTION 38. Authority.

(a) Mortgagor (and the undersigned representative of Mortgagor, if any) has full power, authority and legal right to execute this Mortgage, and to mortgage, give, grant, bargain, sell, alienate, enfeoff, convey, confirm, pledge, hypothecate and assign the Mortgaged Property pursuant to the terms hereof and to keep and observe all of the terms of this Mortgage on Mortgagor's part to be performed.

(b) Mortgagor represents and warrants that Mortgagor is not a "foreign person" within the meaning of 1445(f)(3) of the Internal Revenue Code of 1986, as amended and the related Treasury Department regulations, including temporary regulations.

SECTION 39. Consent to Jurisdiction.

Mortgagor, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily, with and upon the advice of competent counsel, (a) submits to personal jurisdiction in the Commonwealth of Massachusetts over any suit, action or proceeding by any person arising from or relating to the Note or this Mortgage, (b) agrees that any such action, suit or proceeding may be brought in any State or Federal Court of competent jurisdiction sitting in Worcester County, Massachusetts, (c) submits to the jurisdiction of such courts, and (d) to the fullest extent permitted by law, agrees that Mortgagor will not bring any action, suit or proceeding in any other forum (but nothing herein shall affect the right of the holder of the Note to bring any action, suit or proceeding in any other forum). Mortgagor further consents and agrees to service of any summons, complaint or other legal process in any such suit, action or proceeding by registered or certified U.S. Mail, postage prepaid, to Mortgagor at the address set forth on page 1 hereof, and consents and agrees that such service shall constitute in every respect valid and effective service (but nothing herein shall affect the validity or effectiveness of process served in any other manner permitted by law). This Mortgage shall be governed by the laws of the Commonwealth of Massachusetts.

SECTION 40. Participation.

Mortgagor acknowledges that Mortgagee may sell and assign participation interests in this Mortgage to one or more domestic or foreign banks, insurance companies, pension funds, trusts or other institutional lenders or other persons, parties or investors (including, but not limited to, grantor trusts, owner trusts, special purpose corporations, REMICs, real estate investment trusts or other similar or comparable investment vehicles as may be selected by Mortgagee in its sole and absolute discretion) on terms and conditions satisfactory to Mortgagee in its sole and absolute discretion. Mortgagor grants to Mortgagee, and shall cause each Guarantor and other person or party associated or connected with this Mortgage or the collateral therefor to grant to Mortgagee the right to distribute on a confidential basis financial and other information concerning Mortgagor, each such Guarantor and other person or party and the property encumbered by this Mortgage and any other pertinent information with respect to this Mortgage to any party who has purchased a participation interest in this Mortgage or who has expressed an interest in purchasing a participation interest in this Mortgage.

SECTION 41. Waiver of Notice.

Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by Mortgagee to Mortgagor and except with respect to matters for which Mortgagee is required by applicable law to give notice, and Mortgagor hereby expressly waives the right to receive any notice from Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by Mortgagee to Mortgagor.

SECTION 42. Remedies of Mortgagor.

In the event that a claim or adjudication is made that Mortgagee has acted unreasonably or unreasonably delayed acting in any case where by law or under the Note, this Mortgage or the Other Security Documents, it has an obligation to act reasonably or promptly, Mortgagee shall not be liable for any monetary damages, and Mortgagor's remedies shall be limited to injunctive relief or declaratory judgment.

SECTION 43. Sole Discretion of Mortgagee.

Wherever pursuant to this Mortgage, Mortgagee exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Mortgagee, the decision of Mortgagee to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of Mortgagee and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

SECTION 44. Non-Waiver.

The failure of Mortgagee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Mortgage. Mortgagor shall not be relieved of Mortgagor's obligations hereunder by reason of (a) the failure of Mortgagee to comply with any request of Mortgagor or any Guarantor to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof or of the Note or the Other Security Documents, (b) the release, regardless of consideration, of the whole or any part of the Mortgaged Property, or of any person liable for the Debt or any portion thereof, or (c) any agreement or stipulation by Mortgagee extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Mortgage or the Other Security Documents. Mortgagee may resort for the payment of the Debt to any other security held by Mortgagee in such order and manner as Mortgagee, in its discretion, may elect. Mortgagee may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Mortgagee thereafter to foreclose this Mortgage. The rights of Mortgagee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Mortgagee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

SECTION 45. Operating Account.

Mortgagor shall maintain an operating account with Mortgagee with sufficient funds available for Mortgagee's automatic monthly debits of principal, interest and escrows as required under the Note, or at such other banking institution as Mortgagor shall elect, permitting such automatic monthly debits.

SECTION 46. No Oral Change.

This Mortgage, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Mortgagor or Mortgagee, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

SECTION 47. **Liability.**

If Mortgagor consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several. This Mortgage shall be binding upon and inure to the benefit of Mortgagor and Mortgagee and their respective successors and assigns forever.

SECTION 48. **Inapplicable Provisions.**

If any term, covenant or condition of the Note or this Mortgage is held to be invalid, illegal or unenforceable in any respect, the Note and this Mortgage shall be construed without such provision.

SECTION 49. **Headings, etc.**

The headings and captions of various Sections of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

SECTION 50. **Duplicate Originals.**

This Mortgage may be executed in any number of duplicate originals and each such duplicate original shall be deemed to be an original.

SECTION 51. **Definitions.**

Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Mortgage may be used interchangeably in singular or plural form and the word "**Mortgagor**" shall mean "**each Mortgagor and any subsequent owner or owners of the Mortgaged Property or any part thereof or any interest therein**", the word "**Mortgagee**" shall mean "**Mortgagee and any subsequent holder of the Note** ", the word "person" shall include an individual, corporation, partnership, trust, unincorporated association, government, governmental authority, and any other entity, and the words "**Mortgaged Property** " shall include any portion of the Mortgaged Property and any interest therein. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

SECTION 52. **Exculpation.**

Notwithstanding any other provision of this Mortgage to the contrary, Mortgagee shall look solely to the Mortgaged Property, the Leases affecting the Mortgaged Property and any other collateral now or hereafter constituting security for the payment of the Debt or for the performance of any of the agreements, obligations, covenants or warranties contained herein, and in the Mortgage, the Note or in the Other Security Documents, and no other property or assets of Mortgagor or any of Mortgagor's partners, officers, directors, shareholders, members or principals, disclosed or undisclosed, shall be subject to levy, execution or other enforcement procedure for the satisfaction of the remedies of Mortgagee, or for any payment required to be made under this Mortgage, the Note or any of the Other Security Documents provided, however, that the foregoing provisions of this Section shall not (a) constitute a waiver of the Debt evidenced by the Note or secured by the Mortgage or any of the Other Security Documents, (b) limit the right of Mortgagee to name Mortgagor as a party defendant in any action or suit for foreclosure and sale under the Mortgage or any of the Other Security Documents, so long as no judgment in the nature of a personal monetary judgment shall be enforced against Mortgagor or any of Mortgagor's partners, officers, directors, shareholders, members or principals, disclosed or undisclosed, (c) affect in any way the validity of any guaranty of payment of the Mortgage, the Note or any of the Other Security Documents, or of all or any of the obligations evidenced by the Note or secured by the Mortgage or any of the Other Security Documents, (d) limit Mortgagor's liability for any costs, penalties, expenses or fees assessed against or paid by Mortgagor or Mortgagee as a result of any hazardous or toxic substance or Hazardous Materials which is now or may hereafter be present on or within the Mortgaged Property, including Mortgagor's failure to comply with all applicable federal, state and local laws and ordinances, rules and regulations relating to Hazardous Materials, or (e) in any way exonerate or exculpate Mortgagor or any of its partners, officers, directors, shareholders, members or principals from the payment of any liability, loss or damage suffered by Mortgagee by reason of (i) fraud or misrepresentation by Mortgagor or any principal, member or general partner of Borrower in connection with the execution and the delivery of the Note, the Mortgage or of the Other Security Documents, (ii) Mortgagor's misapplication or misappropriation of Rents received by Mortgagor after the occurrence of a default; (iii) Mortgagor's misappropriation of tenants' security deposits or Rents collected in advance; (iv) the misapplication or the misappropriation of insurance proceeds or condemnation awards; (v) Mortgagor's failure to pay Taxes, Other Charges (except to the extent that sums sufficient to pay such amounts have been deposited in escrow with the Lender pursuant to the terms of the Mortgage) or other charges that can create liens on the Mortgaged Property, which liens are superior to the Mortgage; (vi) the removal of Personal Property by or on behalf of Mortgagor and not replaced with Personal Property of the same utility and of the same or greater value; (vii) any act of intentional waste against the Mortgaged Property by Mortgagor, any principal, affiliate, member or general partner thereof or by any Indemnitor or Guarantor; and (viii) any fees or commissions paid by Mortgagor to any principal, affiliate, member or general partner of Mortgagor, Indemnitor or Guarantor in violation of the terms of the Note, Mortgage or Other Security Documents.

In the event that any person or persons or entity or entities shall have guaranteed all or part of the Debt, or any of the obligations of Mortgagor in connection therewith, by separate written guaranty, or executed a separate written indemnity in favor of Mortgagee, none of the foregoing limitations on Mortgagor's personal liability shall modify, diminish or discharge the personal

liability of any such guarantor or indemnitor as set forth in such guaranty or indemnity, as the case may be.

Notwithstanding anything to the contrary contained in this Section 52, the provisions of this Section 52 shall be void and of no further force and effect and there shall be no limit on the personal liability of Mortgagor, its partners, officers, directors, shareholders, members or principals, disclosed or undisclosed in the event of the commencement of a voluntary bankruptcy or involuntary bankruptcy not dismissed within sixty (60) days of the petition or insolvency proceeding by or against Mortgagor

SECTION 53. **Patriot Act Compliance.**

(i) Mortgagor will use its good faith and commercially reasonable efforts to comply with the Patriot Act (as defined below) and all applicable requirements of governmental authorities have jurisdiction of the Mortgagor and the Property, including those relating to money laundering and terrorism. Mortgagee shall have the right to audit Mortgagor's compliance with the Patriot Act and all applicable requirements of governmental authorities having jurisdiction over Mortgagor and the Mortgaged Property, including those relating to money laundering and terrorism. In the event that Mortgagor fails to comply with the Patriot Act or any such requirements of governmental authorities, then Mortgagee may, at its option, cause the Mortgagor to comply therewith and any and all reasonable costs and expenses incurred by the Mortgagor in connection therewith shall be secured by this Mortgage and the Other Security Documents and shall be immediately due and payable. For purposes hereof, the term "**Patriot Act**" means the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as the same may be amended from time to time, and corresponding provisions of future laws.

(ii) Neither Mortgagor nor any partner in Mortgagor or member of such partner nor any owner of a direct or indirect interest in the Mortgagor (a) is listed on any Government Lists (as defined below), (b) is a person who has been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC (as defined below) or in any enabling legislation or other Presidential Executive Orders in respect thereof, (c) has been previously indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any Patriot Act Offense (as defined below), or (d) is not currently under investigation by any governmental authority for alleged criminal activity. For purposes hereof, the term "**Patriot Act Offense**" means any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under (a) the criminal laws against terrorism; (b) the criminal laws against money laundering, (c) the Bank Secrecy Act, as amended, (d) the Money Laundering Control Act of 1986, as amended, or the (e) USA Patriot Act. "**Patriot Act Offense**" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense.

For purposes hereof, the term "**Government Lists**" means (i) the Specially Designated Nationals and Blocked Persons Lists maintained by Office of Foreign Assets Control ("**OFAC**"), (ii) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that Mortgagee notified Mortgagor in writing is now included in "**Governmental Lists**", or (iii) any similar lists maintained by the United States Department of State, the United States Department of Commerce or any other government authority or pursuant to any Executive Order of the President of the United States of America that Mortgagee notified Mortgagor in writing is not included in "**Governmental Lists**".

SECTION 54. **Construction**.

This Mortgage shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts and applicable laws of the United States of America.

SECTION 55. **Massachusetts Provisions**.

(a) The Mortgagee shall have the STATUTORY POWER OF SALE, and, with or without an entry as provided herein, may sell the Mortgaged Property or any part or parts of the same, either as a whole or in parts or parcels, together with any improvements that may be thereon, by public auction in accordance with the statutes of the Commonwealth of Massachusetts relating to the foreclosure of a mortgage by the exercise of a Power of Sale, and may convey the same by proper deed or deeds or bill or bills of sale to the purchaser or purchasers absolutely and in fee simple; and such sale shall forever bar the Mortgagor and all persons claiming under it from all right and interest in the Mortgaged Property, whether at law or in equity. The Mortgagor covenants with the Mortgagee that the Mortgagor, in case a sale shall be made under the power of sale, will upon request execute, acknowledge and deliver to the purchaser or purchasers a deed or deeds of release confirming such sale, and the Mortgagee is irrevocably appointed the Mortgagor's attorney to execute and deliver to said purchaser such a deed or deeds and a full transfer of all policies of insurance on the Mortgaged Property at the time of such sale. In the event that the Mortgagee in the exercise of the power of sale herein given elects to sell in parcels, such sales may be held from time to time and the power of sale shall not be exhausted until all of the Mortgaged Property shall have bee sold.

(b) The Mortgagee may exercise all of the rights and remedies of a secured party under the UCC with respect to that portion of the Mortgaged Property which is or may be treated as collateral under the UCC, including, without limitation, the Equipment, and the Mortgagee may deal with same as collateral under the UCC or as real property as provided in this Section, or in part one and part the other, to the extent permitted by law. Such rights shall include the following:

(i) The Mortgagee may enter upon the Mortgaged Property and may take possession of such collateral or render such collateral unusable by process of law. In such event the Mortgagor shall peacefully and quietly yield up and surrender such collateral and shall upon request from the Mortgagee assemble it and make it available to the Mortgagee at a place designated by the Mortgagee which is reasonably convenient to the Mortgagor and the Mortgagee.

(ii) The Mortgagee may dispose of all or any part of such collateral on the Mortgagor's premises or elsewhere without any liability to the Mortgagor for any damage whatsoever; provided, however, that every aspect of any such disposition by the Mortgagee, including the method, manner, time, place and terms, must be commercially reasonable. Notice given to the Mortgagor as least 14 days before an event shall constitute reasonable notification of such event under the UCC. Any proceeds of any disposition of any of such collateral may be applied by the Mortgagee to the payment of expenses in connection with the disposition of the collateral, including reasonably attorneys' fees, and then to the other obligations secured hereby.

(c) In case of any sale under this Mortgage, by virtue of judicial proceedings or otherwise, the Mortgaged Property may be sold in one parcel and as an entirety or in such parcels, manner or order as the Mortgagee in its sole discretion may elect. To the extent that any of the Mortgaged Property shall be deemed collateral subject to Article 9 of the Massachusetts Uniform Commercial Code (the "**UCC**"), this Mortgage shall also be deemed the grant of a security interest in such collateral, which may be foreclosed in accordance with applicable law. This instrument is a security agreement filed as a financing statement in order to perfect a fixture filing pursuant to the UCC. The secured party is the Mortgagee, having an address as set forth in the first paragraph of this Mortgage and the debtor is the Mortgagor, having an address as set forth in the first paragraph of this Mortgage. The principal place of business and chief executive offices of the Mortgagor are located at said address. The Mortgagor will not change the location of its principal place of business or chief executive offices unless the Mortgagor gives the Mortgagee not less than 30 days' prior written notice and delivers to the Mortgagee all such financing statements and/or amendments as the Mortgagee may reasonably request in order to maintain perfection of its security interest. The Mortgagor will not, without the prior written consent of the Mortgagee, change its name or keep (or permit to be kept) any of the Equipment at any location other than at the premises described on Exhibit A hereto. As to any of the Mortgaged Property which may now or herafter constitute fixtures, the real estate concerned is that described on Exhibit A hereto. The Mortgagor is the record owner of such real estate.

(d) To the extent the provisions of this Section 55 are inconsistent with any other provision of this Mortgage, the Mortgagor acknowledges that the provisions of this Section 55 shall control.

This Mortgage is also upon the STATUTORY CONDITION, for any breach of which, or for any breach of any other of the covenants, conditions, agreements and obligations of the Mortgagor herein contained, or upon the occurrence of any of the events specified as an Event of Default in this Mortgage, or if the whole of the principal sum of and the interest on any of the Note shall become due, the Mortgagee shall have the STATUTORY POWER OF SALE.

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IN WITNESS WHEREOF, Mortgagor has executed this Mortgage as of the day and year first above written.

WM REALTY MANAGEMENT, LLC

By: _____
Andrew A. Levy, Managing Member

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 4th day of October, 2006, before me, the undersigned Notary Public, personally appeared the above-named **Andrew A. Levy**, proved to me by satisfactory evidence of identification, being (check whichever applies): [] driver's license or other state or federal governmental document bearing a photographic image, [] oath or affirmation of a credible witness known to me who knows the above signatory, or [✓] my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him/her, as his/her free act and deed, voluntarily for its stated purpose.

PAUL J. PROULX
Notary Public, State of New York
No. 02PR6110161
Qualified in Kings County
Commission Expires May 24, 2008

_____
Print Name of Notary Public: PAUL PROULX
My Commission Expires: 5/24/08

SCHEDULE A

METES AND BOUNDS DESCRIPTION OF PROPERTY

EXHIBIT "A"

PARCEL 1:

A certain tract of land situated in Westminster, Worcester County, Massachusetts and on the northeasterly side of Route 2, described as follows:

Beginning at the most northwesterly corner thereof at a stone wall said point being one hundred ninety-seven (197.0) feet northerly of a Massachusetts highway bound;

Thence N 44 44' E by the wall three hundred seventy (370.0) feet to an angle;

Thence N 61 14' E still by the wall crossing the Telephone Company right of way seven hundred eighty-five (785.0) feet to the corner of the walls:

Thence S 34 03' E by the wall and land now or formerly of one Arcangeli one thousand twelve and 10/100 (1.012.1) feet crossing the Telephone Company right of way to the corner of the walls;

Thence S 57 55' W by the wall three hundred forty-four and 31/100 (344.31) feet to the corner of the walls;

Thence S 29 29' E partly by the wall nine hundred thirty-three and 73/100 (933.73) feet to the corner of the walls;

Thence S 57 20' W by the wall and land now or formerly of one Laughton three hundred seventy-two (372.0) feet more or less to Route 2;

Thence N 35 40' W eight hundred five (805.0) feet more or less to a Massachusetts Highway Bound;

Thence by a curve to the left, radius nine thousand six hundred eighty (9,680.0) feet, three hundred thirty-eight and 84/100 (338.84) feet to a Massachusetts Highway Bound;

Thence S 82 17' W one hundred eighty-three and 14/100 (183.14) feet to a Massachusetts Highway Bound;

Thence northwesterly by a curve to the left, radius nine thousand eight hundred thirty-five (9,835.00) feet, one hundred ninety-eight (198.0) feet to a Massachusetts Highway Bound;

Thence N 51 34' E ten (10.0) feet to a Massachusetts Highway Bound;

Thence N 38 26' W three hundred (300.00) feet to a Massachusetts Highway Bound;

Thence 51 34' W ten (10.0) feet to a Massachusetts Highway Bound;

Thence N 38 26' W one hundred ninety-seven (197.0) feet to the place of beginning, said last eight (8) courses by Route 2.

Together with the appurtenant right of way forty (40.0) feet wide leading from Town Farm Road along the Route 2 line across land of said Laughton, described as follows:

Beginning at the intersection of Town Farm Road in Route 2;

Thence S 88 58' W three hundred seventy-three (373.0) feet more or less to a Massachusetts Highway Bound;

Thence N 45 8' W two hundred three (203.0) feet to an angle;

Thence 35 40' W one hundred fifty-two (152) feet to the most southeasterly corner of the above-described premises. Passway lies forty (40.0) feet wide northerly of this described line.

Said premises are shown on a plan entitled "Plan of Property for Robert A. Normandin, Westminster, Massachusetts Scale 1" equals 200', June 1973 prepared by Alan Davis, E.E., which plan is recorded in the Worcester Northern County Registry of Deeds in Plan Book 180, Plan 21."

PARCEL 2

The land in Worcester, Worcester County, Massachusetts and on the westerly side of Town Farm Road, described as follows:

Beginning at a point in the westerly line of Town Farm Road at the southeasterly corner of land of Joseph D. McEvoy;

Thence southerly by the westerly line of Town Farm Road twelve hundred (1,200) feet more or less to a point;

Thence 55 25' W crossing a Telephone Company right of way, two hundred ninety-one (291.0) feet more or less, to a bolt in a large stone at the edge of the brook;

Thence N 26 22' W crossing said brook three hundred thirty-five and 45/100 (335.45) feet to an angle;

Thence N 41 53' W two hundred twenty and 97/100 (220.97) feet to a pipe;

Thence S 57 49' W crossing said Telephone Company right of way one hundred ten and 29/100 (110.29) feet to a pipe;

Thence N 34 03' W by the wall and crossing the Telephone Company right of way, fifteen hundred thirty and 74/100 (1,530.74) feet to the corner of the walls;

Thence N 59 31' E seven hundred twenty-seven and 4/100 (727.04) feet to the corner of the walls;

Thence S 30 34' E by the wall three hundred eighty and 47/100 (380.47) feet more or less to land of Joseph D. McEvoy;

Thence S 1 31' E by the wall and said McEvoy land two hundred sixty-eight (268.0) feet to the corner of the walls;

Thence S 58 31' E one hundred two (102.0) feet to an angle;

Thence S 45 31' E one hundred (100.0) feet to an angle;

Thence S 36 31' E seventy-six (76.0) feet to a pipe;

Thence N 81 29' E ninety (90.0) feet more or less, to the west side of Town Farm Road to the place of beginning, said last five (5) courses being by land of said McEvoy.

Said premises are shown on a plan entitled "Plan of Property for Robert A. Normandin" dated June 1973 prepared by Alan C. Davis, C.E. recorded in the Worcester Northern District Registry of Deeds in Plan Book 180, Plan 21.

Being the same premises as described below:

BOUNDARY DESCRIPTION

Beginning at a Massachusetts Highway Bound on the northeasterly sideline of Massachusetts Highway Route 2, the same being a point on the southwesterly line of the property herein described:

Thence running N 67 degrees 11'12" E a distance of one hundred eighty three and 14/100 feet (183.14') to a point;

Thence running along a curve to the right with a radius of nine thousand, six hundred eighty and 00/100 feet (9,680') and an arc length of three hundred thirty eight and 84/100 feet (338.84'), to a point;

Thence turning and running S 51 degrees 15' 52" E a distance of eight hundred five and 00/100 feet (805.00') to a point the previous three courses running along said Route 2;

Thence turning and running N 43 degrees 29'19" E a distance of three hundred seventy three and 45/100 feet (373.45') to a point;

Thence turning and running N 43 degrees 20' 01" W a distance of four hundred ten and 55/100 feet (410.55') to a point;

Thence turning and running N 43 degrees 42'52" W a distance of three hundred fifty two and 99/100 feet (352.99') to a point;

Thence turning and running N 44 degrees 39'47" W a distance of one hundred sixty eight and 27/100 feet (168.27') to a point;

Thence turning and running N 43 degrees 32'01" E a distance of three hundred forty two and 95/100 feet (342.95') to a point;

Thence turning and running S 47 degrees 05'15" E a distance of one hundred thirty two and 91/100 feet (132.91) to a point;

Thence turning and running N 41 degrees 21'42" E a distance of one hundred ten and 29/100 feet (110.29) to a point;

Thence turning and running S 56 degrees 08'09" E a distance of two hundred twenty and 97/100 feet (220.97') to a point;

Thence turning and running S 40 degrees 26'57" E a distance of three hundred thirty five and 45/100 feet (335.45') to a point, the previous ten courses running along land now or formerly of Elizabeth Ann Nyman;

Thence turning and running N 41 degrees 38' 44" E a distance of two hundred ninety one and 02/100 feet (291.02) along land now or formerly of Michael and Judith Denzer to a point;

Thence turning and running N 29 degrees 33'07" W a distance of two hundred five and 15/100 feet (205.15') to a point;

Thence turning and running 40 degrees 35'11" W a distance of one hudred four and 07/100 feet (104.07') to a point;

Thence turning and running N 42 degrees 28'54" W a distance of one hundred twenty nine and 16/100 feet (129.16') to a point;

Thence turning and running N 35 degrees 39'06" W a distance of one hundred eighty eight and 65/100 feet (188.65') to a point;

Thence turning and running N 31 degrees 06'51" W a distance of two hundred fifty one and 14/100 feet (251.14') to a point;

Thence turning and running N 27 degrees 26'04" W a distance of sixty one and 15/100 feet (61.15') to a point;

Thence turning and running N. 22 degrees 54'11" W a distance of one hundred forty eight and 62/100 feet (148.62') to a point;

Thence turning and running N 26 degrees 52'49" W a distance of one hundred eleven and 39/100 feet (111.39') to a point, the previous eight courses running along the westerly sideline of Town Farm Road;

Thence turning and running S 66 degrees 40'26" W a distance of eighty nine and 96/100 feet (89.96') to a point;

Thence turning and running N 45 degrees 34'34" W a distance of thirty two and 83/100 feet (32.83') to a point;

Thence turning and running N 55 degrees 49'30" W a distance of one hundred thirty five and 24/100 feet (135.24') to a point;

Thence turning and running N 63 degrees 22'02" W a distance of one hundred seven and 27/100 feet (107.27') to a point;

Thence turning and running N 15 degrees 12'22" W a distance of one hundred ninety two and 38/100 feet (192.38') to a point;

Thence turning and running N 17 degree 50'41" W a distance of seventy seven and 59/100 feet (77.59') to a point;

Thence turning and running N 17 degrees 27'14" W a distance of thirty two and 14/100 feet (32.29') to a point, the previous seven courses running along land now or formerly of John and Donna Menger;

Thence turning and running N 52 degrees 28'25" W a distance of one hundred two and 96/100 feet (102.96') to a point;

Thence turning and running N 40 degrees 22'19" W a distance of two hundred sixty one and 03/100 feet (261.03') to a point, the previous two courses running along land now or formerly of Charles Smith, III;

Thence turning and running S 42 degrees 58'02" W a distance of ninety five and 70/100 feet (95.70') along land now or formerly of Diane Hubbard, to a point;

Thence turning and running S 45 degrees 45'11" W a distance of five hundred seventy nine and 39/100 feet (579.39') along land now or formerly of Von Alan and Carol Salmi, to a point;

Thence turning and running S 42 degrees 41'35" W a distance of sixty six and 93/100 feet (66.93') to a point;

Thence turning and running S 47 degrees 25'31" E a distance of three hundred eighty and 54/100 feet (380.54') to a point, the previous two courses running along land now or formerly of Von Alan and Carol Salmi and land now or formerly of Dorothy Hicks;

Thence turning and running S 44 degrees 18'02" W a distance of two hundred eighty four and 79/100 feet (284.79') to a point;

Thence turning and running S 43 degrees 45'40" W a distance of two hundred ninety seven and 48/100 feet (297.48') to a point, the previous two courses running along land now or formerly of John Trembley Trustee;

Thence turning and running S 43 degrees 11'23" W a distance of two hundred forty three and 10/100 feet (243.10') along land now or formerly of Keith Honkala, to point;

Thence turning and running S 28 degrees 07'12" W a distance of three hundred twenty six and 61/100 feet (326.61') along land now or formerly of Robert and Dorothy Sands, to a point on the northeasterly sideline of said Route 2;

Thence turning and running S 53 degrees 12'03" E a distance of one hundred ninety seven and 00/100 feet (197.00') to a point;

Thence turning and running N 36 degrees 47'57" E a distance of ten and 00/100 feet (10.00') to a point;

Thence turning and running N 53 degrees 12'03" E a distance of two hundred thirty eight and 95/100 feet (238.95') to a point;

Thence turning and running along a curve to the left with a radius of nine thousand eight hundred twenty five and 00/100 feet (9825.00') with an arc length of sixty one and 05/100 feet (61.05') to a point.

Thence turning and running S 36 degrees 47' 57" W a distance of ten and 00/100 feet (10.00) to a point;

Thence turning and running along a curve to the left with a radius of nine thousand eight hundred thirty five and 00/100 feet (9835.00') with an arc length of one hundred ninety eight and 00/100 feet (198.00') to the point of beginning. The previous six courses running along said Route 2.

Above locus is subject to and with the benefit of any and all easements, rights, restrictions and encumbrances of record in so far as the same are still in force and applicable.

The parcel herein described contains 2,662.834 square feet (61.1303 acres).

Said locus is shown as a plan entitled "Plan of Property for Robert A. Normandin, Westminster, Mass." dated June 1973 and revised August 1973 by Allen G. Davis, C.E., and recorded with Worcester Northern District Registry of Deeds in Plan Book 180, Page 21.

MORTGAGE NOTE

$3,200,000.00

New York, New York
Dated: October 4, 2006

MORTGAGE NOTE (hereinafter, the "**Note**") made this 4th day of October, 2006, by **WM Realty Management, LLC**, a Massachusetts limited liability company having an address at c/o Andrew Levy, 900 Third Avenue, 13th Floor, New York, New York 10022 (hereinafter, the "**Maker**") for the benefit of **Amalgamated Bank**, a New York banking corporation having offices at 11-15 Union Square, New York, New York 10003, or its successors or assigns (collectively, the "**Payee**").

FOR VALUE RECEIVED, Maker promises to pay to the order of Payee, at 11-15 Union Square, New York, New York 10003, or at such other place as Payee may designate to Maker in writing from time to time, the principal sum of THREE MILLION TWO HUNDRED THOUSAND AND 00/100 ($3,200,000.00) DOLLARS, together with interest thereon at the Interest Rate (as hereinafter defined), calculated in the manner hereinafter set forth from and including the date of this Note to the date this Note is paid in full, as follows:

> Interest only commencing on the date hereof and ending on the last day of the month of this Note. Commencing on the 1st day of December, 2006 and on the first day of each consecutive month thereafter throughout the term of this Note, constant monthly payments of Twenty Thousand Nine Hundred Fifty-Four and 94/100 ($20,954.94) Dollars, representing interest at the Interest Rate (as hereinafter defined) and principal (which payment has been established by using a thirty (30) year amortization schedule). On the Maturity Date (as hereinafter defined), the entire unpaid Debt (as hereinafter defined) shall immediately become due and payable. Each monthly payment shall be applied first to interest at the Interest Rate with the balance to principal.

For the purposes of this Note, these terms shall be defined as follows:

1. The term "**Interest Rate**" as used in this Note shall be six and three quarters of one (6.75%) percent.

2. The term "**Principal Balance**" shall mean the outstanding principal balance of this Note from time to time.

3. The term "**Maturity Date**" as used in this Note shall mean the earlier of (i) November 1, 2016 or (ii) such sooner date, by acceleration or otherwise, as may be applicable pursuant to the terms hereof, at which time the entire Debt shall become due and payable.

4. The term "**Debt**" shall mean all principal, interest and other sums of any nature whatsoever, which may or shall become due to Payee in accordance with the provisions of this Note, the Mortgage or Other Security Documents.

5. The term "**Mortgage**" shall mean that certain Mortgage Security Agreement and Fixture Filing dated the date hereof in the principal amount of $3,200,000.00, affecting premises located at 48 Town Farm Road, Westminster, Massachusetts.

6. The term "**Other Security Documents**" shall mean any of the documents other than this Note or the Mortgage, now or hereafter executed by the Maker or others, and by or in favor of Payee, which wholly or partially secure or guarantee payment of this Note, or which otherwise pertain to the Debt.

7. The term "**Loan Year**" shall be from November 1 to November 30 for each year during the term of this Note except the first Loan Year shall be from the date hereof through November 30, 2006.

Interest payable under this Note shall be calculated on a 360-day year and payable on a 365-day year, except that during a leap year interest shall be payable on a 366-day year.

Maker agrees that Payee is hereby authorized to automatically debit Maker's operating account for monthly installments of principal, interest and escrows due under this Note and the Mortgage. Maker shall at all times maintain an operating account with Payee or such other banking institution as Maker shall elect, permitting such automatic monthly debits.

It is hereby expressly agreed that the entire Debt shall become immediately due and payable at the option of Payee on the happening of any default (after any applicable grace or cure periods) or event by which under the terms of this Note, the Mortgage or the Other Security Documents, the Debt may or shall become due and payable, and that all of the terms, covenants and provisions contained in this Note, the Mortgage or the Other Security Documents which are to be kept and performed by the Maker are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. The Payee may exercise this option to accelerate during any default by the Maker regardless of any prior forbearance.

If any monthly installment of principal, interest or escrow required hereunder, under the Mortgage or under any other Security Document shall not be paid within ten (10) days after such payment is due, or any other payment required hereunder or under the Mortgage or under any other Security Document shall become overdue for a period of ten (10) days, then to the extent permitted by law, the Maker shall pay to the Payee a late charge of five (5%) percent for each dollar so overdue.

Subject to the following provisions, Maker shall have the right to prepay the Principal Balance in whole only, along with interest, additional interest, and any other sums due under the Note, the Mortgage or the Other Security Documents upon thirty (30) days prior irrevocable written notice to Payee and upon the payment of a prepayment premium in an amount equal to:

(i) Five (5%) percent of the amount prepaid if prepayment is made during the First or Second Loan Year;

(ii) Four (4%) percent of the amount prepaid if prepayment is made during the Third or Fourth Loan Year;

(iii) Three (3%) percent of the amount prepaid if prepayment is made during the Fifth or Sixth Loan Year;

(iv) Two (2%) percent of the amount prepaid if prepayment is made during the Seventh or Eighth Loan Year; and

(v) One (1%) percent of the amount prepaid if prepayment is made during the Ninth or Tenth Loan Year.

The prepayment premium shall also be paid in the event of an acceleration of the Debt resulting from any default or event by which, under the terms hereunder or under the Mortgage or under the Other Security Documents the Debt may or shall become due and payable.

Notwithstanding the foregoing, no prepayment consideration, if any, shall be due for any reduction in the Debt due to the application by Lender of (x) insurance proceeds in accordance with Section 4 of the Mortgage, (y) condemnation proceeds in accordance with Section 7 of the Mortgage, or (z) if Mortgagee exercise its rights in accordance with Sections 12 or 13 of the Mortgage.

Maker acknowledges that this Note and Maker's obligations under this Note are and shall at all times continue to be absolute and unconditional in all respects. This Note sets forth the entire agreement and understanding of Payee and Maker. Maker hereby waives presentment and demand for payment, notice of dishonor, protest or notice of protest of this Note.

This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns. If any payment under this Note is not made when due, Maker agrees to pay all costs of collection when incurred, including reasonable attorneys' fees, which costs shall be added to the amount due under this Note and shall be receivable therewith.

The indebtedness herein evidenced by this Note is secured by the Mortgage and the Other Security Documents.

The terms of this Note shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

Maker does hereby agree that upon the occurrence of an Event of Default (as such capitalized term is defined in the Mortgage), or upon the failure of Maker to pay the Debt in full on the Maturity Date, Payee shall be entitled to receive and Maker shall pay interest on the entire

Debt at the rate of twenty-four (24%) percent per annum or at the maximum rate of interest which Maker may by law pay, whichever is lower (the "**Default Rate**"), to be computed from the occurrence of the Event of Default until the actual receipt and collection of the Debt. This charge shall be added to the Debt, and shall be deemed secured by the Mortgage. This clause, however, shall not be construed as an agreement or privilege to extend the date of the payment of the Debt, nor as a waiver of any other right or remedy accruing to Payee by reason of the occurrence of any Event of Default.

This Note is subject to the express condition that at no time shall Maker be obligated or required to pay interest on the Principal Balance at a rate which could subject Payee to either civil or criminal liability as a result of being in excess of the maximum rate which Maker is permitted by law to contract or agree to pay. If, by the terms of this Note, Maker is at any time required or obligated to pay interest on the Principal Balance at a rate in excess of such maximum rate, the rate of interest under this Note shall be deemed to be immediately reduced to such maximum rate, and interest payable hereunder shall be computed at such maximum rate and the portion of all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the Principal Balance.

No delay on the part of Payee in exercising any right or remedy under this Note, the Mortgage or the Other Security Documents or failure to exercise the same shall operate as a waiver in whole or in part of any such right or remedy. No notice to or demand on Maker shall be deemed to be a waiver of the obligation of Maker or of the right of Payee to take further action without further notice or demand as provided in this Note, the Mortgage and the Other Security Documents.

Maker (and the undersigned representative of Maker, if any) represents that Maker has full power, authority and legal right to execute and deliver this Note and that the Debt hereunder constitutes a valid and binding obligation of Maker.

All notices to be given under this Note shall be given in the same manner as provided in the Mortgage.

This Note, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Maker or Payee, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Maker hereby irrevocably and unconditionally waives, and Payee, by its acceptance of this Note, irrevocably and unconditionally waives, any and all right to trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to this Note, the Mortgage or the Other Security Documents.

Maker, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily, with and upon the advice of competent counsel, (a) submits to personal jurisdiction in the Commonwealth of Massachusetts over any suit, action or proceeding by any person arising

from or relating to this Note or the Mortgage, (b) agrees that any such action, suit or proceeding may be brought in any State or Federal Court of competent jurisdiction sitting in Worcester County, Massachusetts, (c) submits to the jurisdiction of such courts, and (d) to the fullest extent permitted by law, agrees that Maker will not bring any action, suit or proceeding in any other forum (but nothing herein shall affect the right of the holder of this Note to bring any action, suit or proceeding in any other forum). Maker further consents and agrees to service of any summons, complaint or other legal process in any such suit, action or proceeding by registered or certified U.S. Mail, postage prepaid, to Maker at the address set forth on page 1 hereof unless the address is changed by notice from Payee to Maker, and Maker further consents and agrees that such service shall constitute in every respect valid and effective service (but nothing herein shall affect the validity or effectiveness of process served in any other manner permitted by law).

IN WITNESS WHEREOF, Maker has duly executed this Note the day and year first above written.

WM REALTY MANAGEMENT, LLC

By: _____
Andrew A. Levy, Managing Member

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 4th day of October in the year 2006, before me, a Notary Public in and for said State, personally appeared Andrew A. Levy, before me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

PAUL J. PROULX
Notary Public, State of New York
No. 02PR6110161
Qualified in Kings County
Commission Expires May 24, 2008

_____
Notary Public

LIMITED GUARANTY AGREEMENT

LIMITED GUARANTY AGREEMENT (the "**Guaranty**") dated as of the 4th day of October, 2006, made by **ANDREW A. LEVY**, having an address at 46 Baldwin Farms North, Greenwich, Connecticut 06831 (hereinafter referred to as the "**undersigned**" or "**Guarantor**"), for the benefit of **AMALGAMATED BANK** having offices at 11-15 Union Square, New York, New York 10003 (hereinafter referred to as "**Lender**").

WITNESSETH:

WHEREAS, WM REALTY MANAGEMENT, LLC having an address at c/o Andrew Levy, 900 Third Avenue, 13th Floor, New York, New York 10022 (hereinafter referred to as "Borrower"), has applied to Lender for a loan in the principal sum of Three Million Two Hundred Thousand and 00/100 ($3,200,000.00) Dollars (hereinafter referred to as the "**Loan**"), which loan will be evidenced by the Note (described in Exhibit A hereto) and secured by the Mortgage (described in Exhibit A hereto);

WHEREAS, Lender is willing to make the Loan to Borrower only if the undersigned executes and delivers this Guaranty and guarantees payment to Lender of the Guaranteed Obligations (as herein defined) in the manner hereinafter provided;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to induce Lender to make the Loan to Borrower, the undersigned hereby covenants and agrees with Lender as follows:

1. The undersigned hereby guarantees, absolutely and unconditionally, to Lender the full, prompt and complete performance and payment of any liability, loss or damages suffered by the Lender due to (i) fraud or misrepresentation by Borrower or any principal, member or general partner of Borrower in connection with the execution and the delivery of the Note, the Mortgage or of the Other Security Documents, (ii) Borrower's misapplication or misappropriation of Rents received by Borrower after the occurrence of a default; (iii) Borrower's misappropriation of tenants' security deposits or Rents collected in advance; (iv) the misapplication or the misappropriation of insurance proceeds or condemnation awards; (v) Borrower's failure to pay Taxes, Other Charges (except to the extent that sums sufficient to pay such amounts have been deposited in escrow with the Lender pursuant to the terms of the Mortgage) or other charges that can create liens on the Mortgaged Property, which liens are superior to the Mortgage; (vi) the removal of Personal Property by or on behalf of Borrower and not replaced with Personal Property of the same utility and of the same or greater value; (vii) any act of intentional waste against the Mortgaged Property by Borrower, any principal, affiliate, member or general partner thereof or by any Indemnitor or Guarantor; and (viii) any fees or commissions paid by Borrower to any principal, affiliate, member or general partner of Borrower, Indemnitor or Guarantor in violation of the terms of the Note, Mortgage or Other Security Documents (the foregoing being hereinafter referred to collectively as the "Guaranteed Obligations"). Notwithstanding anything to the contrary contained in this Guaranty, in the event of the commencement of a voluntary bankruptcy or involuntary bankruptcy not dismissed within sixty (60) days of the petition or insolvency proceeding by or against Borrower, the term Guaranteed Obligations shall be deemed to include all principal, interest, additional interest and any other sums of any nature whatsoever which may or shall become due and payable pursuant to the provisions of

Other than a voluntary bankruptcy commenced by Lender

AAL

to the provisions of the Note and/or the Mortgage. All capitalized terms used in this Paragraph 1 shall have the meanings ascribed to them in the Mortgage unless otherwise defined herein.

2. The undersigned agrees that, with or without notice or demand, the undersigned will reimburse Lender for all costs and expenses (including, without limitation, reasonable attorney's fees) incurred by Lender in connection with any action or proceeding brought by Lender to enforce the obligations of the undersigned under this Guaranty.

3. All moneys available to Lender for application in payment or reduction of the Guaranteed Obligations may be applied by Lender in such manner and in such amounts and at such time or times and in such order, priority and proportions as Lender may elect.

4. The undersigned hereby consents that from time to time, before or after any default by Borrower, with or without further notice to or assent from the undersigned, any security at any time held by or available to Lender for any obligation of Borrower, or any security at any time held by or available to Lender for any obligation of any other person or party secondarily or otherwise liable for all or any portion of the Guaranteed Obligations, may be exchanged, surrendered or released and any obligation of Borrower, or of any such other person or party, may be changed, altered, renewed, extended, continued, surrendered, compromised, waived or released in whole or in part, or any default with respect thereto waived, and Lender may fail to set off and may release, in whole or in part, any balance of any deposit account or credit on its books in favor of Borrower, or of any such other person or party, and may extend further credit in any manner whatsoever to Borrower, and generally deal with Borrower or any such security or other person or party as Lender may see fit; and the undersigned shall remain bound under this Guaranty notwithstanding any such exchange, surrender, release, change, alteration, renewal, extension, continuance, compromise, waiver, inaction, extension of further credit or other dealing.

5. The undersigned hereby waives (a) notice of acceptance of this Guaranty and of the making of the Loan or any advance thereof by Lender to Borrower; (b) presentment and demand for payment of the Guaranteed Obligations or any portion thereof; (c) protest and notice of dishonor or default to the undersigned or to any other person or party with respect to the Guaranteed Obligations or any portion thereof; (d) all other notices to which the undersigned might otherwise be entitled; and (e) any demand for payment under this Guaranty.

6. This is a Guaranty of payment and not of collection and the undersigned further waives any right to require that any action be brought against Borrower or any other person or party or to require that resort be had to any security or to any balance of any deposit account or credit on the books of Lender in favor of Borrower or any other person or party.

7. Each reference herein to Lender shall be deemed to include its successors and assigns, in whose favor the provisions of this Guaranty shall also inure. Each reference herein to the undersigned shall be deemed to include the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned, all of whom shall be bound by the provisions of this Guaranty, provided, however, that the undersigned shall in no event or under any circumstance have the right without obtaining the prior written consent of Lender to assign or transfer the obligations and liabilities of the undersigned under this Guaranty, in whole or in part, to any other person, party

or entity.

8. The term "undersigned" and "Guarantor" as used herein shall, if this Guaranty is signed by more than one party, mean the "undersigned and each of them" and "Guarantor and each of them" and each undertaking herein contained shall be their joint and several undertaking, provided, however, that in the next succeeding paragraph hereof the term "undersigned" and "Guarantor" shall mean the "undersigned or any of them"and "Guarantor and each of them". If any party hereto shall be a limited liability company, the agreements and obligations on the part of the undersigned herein contained shall remain in force and application notwithstanding any changes in the individuals composing the limited liability company and the term "undersigned" and "Guarantor" shall include any altered or successive limited liability company or companies, but the predecessor limited liability company and its members shall not thereby be released from any obligations or liability hereunder.

9. No delay on the part of Lender in exercising any right or remedy under this Guaranty or failure to exercise the same shall operate as a waiver in whole or in part of any such right or remedy. No notice to or demand on the undersigned shall be deemed to be a waiver of the obligation of the undersigned or of the right of Lender to take further action without notice or demand as provided in this Guaranty.

10. This Guaranty may be modified, amended, changed or terminated only by an agreement in writing signed by Lender and the undersigned. No waiver of any term, covenant or provision of this Guaranty shall be effective unless given in writing by Lender and if so given by Lender shall be effective only in the specific instance in which given.

11. The undersigned acknowledges that this Guaranty and the obligations of the undersigned under this Guaranty are and shall at all times continue to be absolute and unconditional in all respects, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to this Guaranty and the obligations of the undersigned under this Guaranty or the obligations of any other person or party (including, without limitation, Borrower) relating to this Guaranty or otherwise with respect to the Loan. This Guaranty sets forth the entire agreement and understanding of Lender and the undersigned, and the undersigned absolutely, unconditionally and irrevocably waive any and all right to assert any defense, setoff, counterclaim or crossclaim of any nature whatsoever with respect to this Guaranty or the obligations of the undersigned under this Guaranty or the obligations of any other person or party (including, without limitation, Borrower) relating to this Guaranty or otherwise with respect to the Loan, or in any action or proceeding brought by Lender to collect the Guaranteed Obligations, or any portion thereof, or to enforce the obligations of the undersigned under this Guaranty. The undersigned acknowledges that no oral or other agreements, understandings, representations or warranties exist with respect to this Guaranty or with respect to the obligations of the undersigned under this Guaranty, except those specifically set forth in this Guaranty.

12. The undersigned hereby irrevocably and unconditionally waives, and Lender by its acceptance of this Guaranty irrevocably and unconditionally waives, any and all right to trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to this Guaranty.

13. Notwithstanding any payments made by the undersigned pursuant to the provisions of this Guaranty, the undersigned shall have no right of subrogation in and to the Note or the Mortgage or any other security held by or available to Lender for the Guaranteed Obligations or the payment thereof until the Guaranteed Obligations have been paid in full to Lender and all preference periods have lapsed. The undersigned agrees that if any payment made by the Borrower or the Guarantor to Lender or any portion of the Guaranteed Obligations is rescinded, recovered from or repaid by Lender, in whole or in part, in any bankruptcy, insolvency or similar proceeding instituted by or against the Borrower or Guarantor, this Guaranty shall continue to be fully applicable to such Guaranteed Obligations to the same extent as though the payment so recovered or repaid had never originally been made on such Guaranteed Obligations regardless of, and, without giving effect to, any discharge or release of the Guarantor's obligations hereunder granted by Lender after the date hereof.

14. Any notice, request or demand given or made under this Guaranty shall be in writing and shall be hand delivered or sent by Federal Express or other reputable courier service or by postage prepaid registered or certified mail, return receipt requested, and shall be deemed given (i) when received at the following addresses if hand delivered or if sent by Federal Express or other reputable courier service, and (ii) three (3) business days after being postmarked and addressed to the parties hereto at the addresses set forth at the head of this Guaranty of Payment. Each party to this Guaranty may designate a change of address by notice given to the other party fifteen (15) days prior to the date such change of address is to become effective.

15. This Guaranty is, and shall be deemed to be, a contract entered into under and pursuant to the laws of the State of Massachusetts and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of Massachusetts. No defense given or allowed by the laws of any other state or country shall be interposed in any action or proceeding hereon unless such defense is also given or allowed by the laws of the State of Massachusetts.

16. The undersigned agrees to submit to personal jurisdiction in the State of Massachusetts in any action or proceeding arising out of this Guaranty and, in furtherance of such agreement, the undersigned hereby agrees and consents that without limiting other methods of obtaining jurisdiction, personal jurisdiction over the undersigned in any such action or proceeding may be obtained within or without the jurisdiction of any court located in Massachusetts and that any process or notice of motion or other application to any such court in connection with any such action or proceeding may be served upon the undersigned by registered or certified mail to or by personal service at the last known address of the undersigned, whether such address be within or without the jurisdiction of any such court.

17. Each Guarantor hereby represents and warrants:

a. that this Guaranty constitutes the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, subject to any applicable bankruptcy, insolvency or other similar law now or hereinafter in effect;

subject to any applicable bankruptcy, insolvency or other similar law now or hereinafter in effect;

b. Neither this Guaranty nor any of the documents executed in connection with the Loan to which the Guarantor is a party will violate any provision of law, rule, or regulation or any order of any court or other governmental agency to which the Guarantor is subject, the organizational documents of Guarantor, if any, any provision of any agreement or instrument to which the Guarantor is a party or by which the Guarantor or any of the Guarantor's properties or assets are bound, or be in conflict with, result in a breach of, or constitute a default under (with or without notice or lapse of time), any such agreement or instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any properties or assets of the Guarantor;

c. No action or approval by or of and no filing or registration with any governmental or public body or authority, any subdivision thereof, nor the consent of any other person or entity, nor any other legal formality is required in connection with the entering into, performance or enforcement of this Guaranty, except such as have been obtained or taken and with respect to which a copy or other satisfactory evidence thereof has been furnished to Lender.

d. The financial statements and tax returns of the undersigned delivered to Lender are true, complete and accurate.

e. The undersigned shall not terminate or dissolve or suspend Guarantor's usual business activities, except in connection with retirement or illness, or convey, sell, lease, transfer or otherwise dispose all or a substantial part of the Guarantor's assets during the term of this Guaranty.

18. No exculpatory provisions contained in the Note or the Mortgage or in any other document or instrument executed and delivered in connection therewith or otherwise with respect to the Loan shall in any event or under any circumstance be deemed or construed to modify, qualify, or affect in any manner whatsoever the personal recourse obligations and liabilities of the undersigned under this Guaranty.

19. The obligations and liabilities of the undersigned under this Guaranty are in addition to the obligations and liabilities of the undersigned under the Other Guaranties (as hereinafter defined). The discharge of the obligations and liabilities of the undersigned under any one or more of the Other Guaranties by the undersigned or by reason of operation of law or otherwise shall in no event or under any circumstance constitute or be deemed to constitute a discharge, in whole or in part, of the obligations and liabilities of the undersigned under this Guaranty. Conversely, the discharge of the obligations and liabilities of the undersigned under this Guaranty by Lender or by reason of operation of law or otherwise shall in no event or under any circumstance constitute or be deemed to constitute a discharge, in whole or in part, of the obligations and liabilities of the

undersigned under any of the Other Guaranties. The term "Other Guaranties" as used herein shall mean any other guaranty of payment, guaranty of performance, completion guaranty, indemnification agreement or other guaranty or instrument of personal recourse obligation or undertaking of any nature whatsoever (other than this Guaranty) now or hereafter executed and delivered by the undersigned to Lender in connection with the Loan.

20. This Guaranty may be executed in one or more counterparts by some or all of the parties hereto, each of which counterparts shall be an original and all of which together shall constitute a single agreement of guaranty. The failure of any party listed below to execute this Guaranty, or any counterpart hereof, shall not release any other party from his obligations hereunder.

IN WITNESS WHEREOF, the undersigned has duly executed this Guaranty the day and year first above set forth.

Andrew A. Levy

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 4th day of October, 2006, before me, a Notary Public in and for said State, personally appeared Andrew A. Levy, before me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

PAUL J. PROULX
Notary Public, State of New York
No. 02PR6110161
Qualified in Kings County
Commission Expires May 24, 2008

Notary Public

EXHIBIT A

Note: The term "**Note**" as used in this Guaranty shall mean that certain Mortgage Note in the principal sum of $3,200,000.00 of even date herewith, given by Borrower to Lender, and all the notes restated therein.

Mortgage: The term "**Mortgage**" as used in this Guaranty shall mean that certain Mortgage Security Agreement and Fixture Filing securing the Note, of even date herewith, between Borrower and Lender constituting a first lien on the fee estate of Borrower in certain premises located 48 Town Farm Road, Westminster, Massachusetts, as such premises are more particularly described therein, and intended to be duly recorded in the Worcester County Registry of Deeds.

Exhibit 10.14

AMENDMENT

This Amendment, dated as of the 31st day of May, 2007, to the preferred stock purchase agreement (the "Purchase Agreement") and the registration rights agreement (the "Registration Rights Agreement"), both dated February 24, 2006, between Techprecision Corporation, then known as Lounsberry Holdings II, Inc. (the "Company"), and Barron Partners LP ("Barron"), and shall, among other things, confirm the agreement of the parties as to the computation of the adjustment in conversion price of the Series A Preferred Stock and the Warrants issued pursuant to the Purchase Agreement.

(a) The liquidated damages payable by the Company pursuant to the Registration Rights Agreement as a result of the failure of the registration statement to be declared effective is set at 33,212 shares of Series A Preferred Stock. If the currently pending registration statement is not declared effective by October 15, 2007, liquidated damages shall accrue at the rate of 531 shares of Series A Preferred Stock for each day after October 15, 2007, that the registration statement is not effective.

(b) The parties agree that the adjustment in the conversion price of the Series A Preferred Stock and the exercise price of the Warrants based on the Company's EBITDA for the fiscal year ended March 31, 2007 will reflect a 10% reduction from the respective conversion or exercise prices in effect prior to this adjustment and that such adjustment is consistent with the provisions of the certificate of designation for the Series A Preferred Stock and the Warrants. There shall be no further reductions in the conversion price or exercise price based on the Company's EBITDA per share or any other measure of financial performance.

(c) Barron agrees that, to the extent that the SEC's interpretation of Rule 415 limits the number of shares of common stock that may be included in a secondary "at the market" offering, Barron will request that all shares of common stock issuable upon exercise of warrants be registered before it requests registration of any shares of Common Stock issuable upon conversion of the Series A Preferred Stock. The initial offering will be at a fixed price until there is a market for the stock.

(d) Notwithstanding the provisions of paragraph (c), if either (i) commencing not later than February 24, 2008, Barron is not able to sell the shares of Common Stock issuable upon conversion of the Series A Preferred Stock pursuant to Rule 144(k) of the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act of 1933, as amended, or any subsequent similar rule, or (ii) the Company fails to be in compliance with its filing requirements under the Securities Exchange Act of 1934, as amended, then Barron may elect to include in any covered registration statement a percentage of shares issuable upon conversion of the Series A Preferred Stock as follows: 25% of the total number of shares included in the registration statement in the first covered registration statement, 50% in the second covered registration statement and 75% in each covered registration statement filed thereafter. A covered registration statement shall mean a registration statement filed after any event specified in clause (d)(i) or (d)(ii) occurs.

(e) If the Company is able to file a registration statement (other then the pending registration statement) prior to February 24, 2008, and if, at the date of such filing, Barron would be able to sell the shares of Common Stock issuable upon conversion of the Series A Preferred Stock pursuant to Rule 144(k) not later than February 24, 2008, based on the rules and regulations and interpretations by the Commission at the time of such filing, then the condition set forth in clause (i) of Paragraph (d) shall be deemed not to have occurred.

(f) This Amendment shall be binding upon any Person, as defined in the Purchase Agreement, that acquires the Series A Preferred Stock and Warrants from Barron or any transferee of Barron, and, as a condition to effecting any such transfer, the transferee shall have agreed to that any sale of the underlying securities will be made in a manner consistent with the provisions of paragraphs (c), (d), (e) and (f) of this Amendment.

(g) Except as amended by this Amendment, the Purchase Agreement and the Registration Rights Agreement shall remain in full force and effect.

TECHPRECISION CORPORATION

By: /s/ James G. Reindl

James G. Reindl, CEO

BARRON PARTNERS LP
By: Barron Capital Advisors, LLC, its General Partners

/s/ Andrew Barron Worden

Andrew Barron Worden, President

Exhibit 10.16

ELECTRIC BOAT CORPORATION
A GENERAL DYNAMICS COMPANY
75 Eastern Point Road, Groton, Connecticut 06340-4989

CHANGES OR SUGGESTIONS
OFFERING COST ECONOMY
ARE SOLICITED

SUPPLIER NO: 774359 PO NUMBER:PPS160-042 SUPPLEMENT:001 ISSUE DATE: 11/20/06

KEN MEYERS
RANOR INC
PO BOX 458
BELLA DRIVE
WESTMINSTER MA 01473

PURCHASE ORDER NUMBER: PPS160-042 SUPP: 001

AUTHORIZED BY: W. SKINNER
TITLE:

********** PURCHASE ORDER ACKNOWLEDGEMENT **********

ACKNOWLEDGING YOUR RECEIPT AND ACCEPTANCE OF THIS ORDER

PLEASE SIGN AND RETURN THIS FORM TO:
within (10) working days after
receipt of order.

W. SKINNER

ELECTRIC BOAT CORPORATION
PO BOX 1047
GROTON CT. 06340

AUTHORIZING SIGNATURE [signature] TITLE Sales Engineer DATE 2-23-07

ELECTRIC BOAT CORPORATION
A GENERAL DYNAMICS COMPANY
75 Eastern Point Road, Groton, Connecticut 06340-4989

CHANGES OR SUGGESTIONS OFFERING COST ECONOMY ARE SOLICITED

PO NUMBER:PPS160-042

KEN MYERS
RANOR INC
PO BOX 458
BELLA DRIVE
NESTMINSTER MA 01473

PO DATE: 11/09/06
AUTHORIZATION: B. GERBUTAVI
TITLE: MGR.PURCH.
PRINT DATE: 11/09/06

ADDRESS COMMUNICATIONS TO: E. TYNAN
PHONE: (860)433-7154
FAX: (860) 433-5033

RFQ NUMBER: S1210030

FOB: ORG COLLECT
METHOD OF SHIPMENT: TRUCK TERMS OF PAYMENT: NET 30

CONDITIONS OF PURCHASE FORMING PART OF THIS ORDER ARE:
EB/NNS-NSSN (REV 1/99) AND EB S.C. 17-235 RE: Y2K WARRANTY
(Refer to http://www.gdeb.com under Suppliers, P.O. Information).
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

xxxx PRODUCT PO xxxx

SELLERS CONTRACT DELIVERY COMMITMENT:
The Sellers contract delivery date is the date by which the material must be received at the shipping destination specified in this Purchase Order.

INSPECTION:
Material and/or services delivered under this order are subject to EB Corp. inspection at destination.

Government Source Insp:	REQUIRED	WESTMINSTER, MA
EB Source Inspection:	REQUIRED	WESTMINSTER, MA
Cognizant QA Dept:	320	

FIRM FIXED PRICE OF ORDER

$ xxxxxxxx297,500.00

SELLER NOTES:

THIS PURCHASE ORDER AWARD IS FOR ONE (1) BOW DOME SHIPPING HANDLING FIXTURE.

AWARD IS BASED ON EB RFQ S1210030/ARIBA EVENT NO. EB-I547-081006.

PRESERVATION, PACKING AND PACKAGING REQUIREMENTS:
The use of masonite as a protective, sealing or packaging material is expressly prohibited. In addition, the use of plywood, cardboard or other similar materials that splinter, flake or crumble is prohibited as protective covering for openings on fittings, valves and components. CRES or aluminum sheet, .050 thickness or greater, or suitable plastic, is the only acceptable material for capping, sealing or protecting openings and machined surfaces unless otherwise approved by Electric Boat Corporation.

THE USE OF STYROFOAM PACKING IS PROHIBITED.
Except as noted above, the supplier's normal commercial preservation, packaging and packing shall be sufficient if it:

(1) Ensures acceptance by common carrier at lowest rate, and
(2) Affords protection against damage during shipment.

PACKING AND SHIPPING INSTRUCTIONS:
The minimum packaging and packing requirements of the referenced military or federal specifications or standards apply unless otherwise specified on this purchase order. All material supplied under this order must be identified. Mark each package container and packing list with our purchase order number, item number, and part number when designated on the order. If the sellers identification number is different from the number by which it was ordered, your packing list must cross-reference the numbers. Identical parts may be packaged separately and the package identified unless otherwise specified in the procurement specification. Your packing list must include identification for each item, group of items, or subassembly contained in each package, box or crate including loose or disassembled parts not identified as line items on this order.

Unless otherwise specified in the body of this order, if transportation is chargeable to buyer, material must be shipped collect via one of the freight carriers specified in S/C 17-75-2 which is currently in your possession.

Do not insure or declare value on any shipment except parcel post. Do not ship items(s) parcel post if value of individual shipment exceeds $200.00.

PO NUMBER:PPS160-042

SHIP-TO LOCATIONS:
Vendor is to ship each line to the location specified at the PO item level. The full ship-to addresses are noted as follows:

QP=
Electric Boat Corporation
Quonset Point Facility
Bldg 16
North Kingstown, RI 02852

MY=
Electric Boat Corporation
75 Eastern Point Road
South Yard Dist Area
Groton, CT 06340

KR=
Electric Boat Corporation
350 Atomic Project Road
Ballston Spa, NY 12020

NN=
Newport News Shipbuilding
39th Street & Warwick Blvd.
Newport News, VA 23607

OT= other (see seller notes for address)

OVERSHIPMENTS:
Electric Boat Corporation does not allow for overshipments. Overshipments will not be accepted unless the supplier has received formal authorization from the buyer. We will not process any item for payment unless this procedure has been followed.

INVOICE INSTRUCTIONS

Invoices must include PO number, item number, and part number when designated on the order.

MAIL ALL INVOICES IN DUPLICATE TO:

ELECTRIC BOAT CORPORATION
D613 ACCOUNTS PAYABLE
P.O. BOX 949
GROTON CT 06340-0949

STATE SALES AND USE TAX:
See part number for taxable status. Our resale certificate 0564955-001 (X2251 for RI) is on file with you.

MERCURY CONTAMINATION PROHIBITED:
Functional mercury and mercury contamination prohibited notwithstanding any other provisions of this order or specifications referenced herein, material furnished by seller under this order shall not contain functional mercury unless specific written approval has been obtained from Electric Boat Corporation.

PRIORITY RATING:
This order is certified for National Defense use under DPAS. The priority rating is noted at the line item level. If a priority rating is indicated; you are required to follow the provisions under the Defense Priorities and Allocation System (DPAS), and all other applicable regulations and orders of the Bureau of Domestic Commerce (BDC) in obtaining products, material, and services needed to fill this order.

PO NUMBER:PPS160-042

EARLY SHIPMENT CONTROL
Do not deliver material/equipment itemized on this order more than two weeks earlier than the contract delivery date(s) unless the item references;
BEST EFFORT (Indicator): YES at the line item level.
Unauthorized delivery more than two weeks prior to the contract delivery date(s), will result in the possible return of the material to your facility at your expense.

STRUCTURED SUPPLIER EXPEDITING:
This purchase order is subject to a Structured Expediting Program. The buyer will furnish each seller a monthly printout listing all open purchase orders. This monthly form will advise the seller of recent fluctuations within Electric Boats material needs schedule. It is the sellers responsiblity to support with material availability advising buyer where problems may exist. The seller will mark up the tab as necessary, sign acknowledging information transfer, and return to the buyer within five (5) working days of receipt.

** ASBESTOS WARNING **
ASBESTOS IS A HUMAN CARCINOGEN WHICH PRESENTS A HAZARD TO PERSONNEL HANDLING OR OTHERWISE WORKING WITH IT. ANY ASBESTOS OR ASBESTOS CONTAINING MATERIAL SUPPLIED ON THIS ORDER MUST BE ANNOTATED ON THE PACKING LIST AND MUST BE IDENTIFIED ACCORDINGLY WITH APPROPRIATE OSHA APPROVED LABELS OR TAGS TO INFORM ALL PERSONNEL WHO HANDLE OR WORK WITH THE MATERIAL OF THE POTENTIAL ASBESTOS HAZARD.

PO NUMBER:PPS160-042

THE ITEMS LISTED ON THIS PURCHASE ORDER WILL BE SHIPPED VIA A GOVERNMENT BILL OF LADING FROM YOUR PLANT TO THE GOVERNMENT'S STORAGE FACILITY TO THE FOLLOWING ADDRESS.

CHEATHAM ANNEX FLEET INDUSTRIAL SUPPLY CENTER NORFOLK
108 SANDA AVE
WILLIAMSBURG VA 23187-8792

ATTENTION: WOODY SANDERS (757) 877-7150

PRIOR TO SHIPMENT OF MATERIAL, THE SELLER SHALL SUBMIT A COMPLETED DD250 FORM TO THE GOVERNMENT REPRESENTATIVE. THE GOVERNMENT REPRESENTATIVE SHALL SIGN THE DD250 FORM INDICATING INSPECTION AND ACCEPTANCE AT SOURCE. THE BUYER WILL FURNISH THE GOVERNMENT PRIME CONTRACT NUMBER FOR YOUR USE IN COMPLETION OF THE DD250 FORM.

THE DD250 FORM MUST BE INCLUDED WITH THE MATERIAL AT TIME OF SHIPMENT.

IN ADDITION TO NORMAL DISTRIBUTION, A COPY OF THIS FORM SHALL BE SENT TO:

ELECTRIC BOAT CORPORATION
EASTERN POINT ROAD
GROTON, CT 06340
ATTN: THE ELECTRIC BOAT CORPORATION BUYER
LISTED ON THE PURCHASE ORDER

EB STANDARD CLAUSE 12-4 CERTIFICATIONS OF CONFORMANCE

1 COPY CERTIFICATION OF CONFORMANCE THAT MATERIAL BEING FURNISHED IS IN ACCORDANCE WITH THE PURCHASE ORDER AND ALL INVOKED SPECIFICATIONS, DRAWINGS, AND REQUIREMENTS CONTAINED IN THIS PURCHASE ORDER. VERIFICATION OF CERTIFICATION OF CONFORMANCE DOCUMENTS SHALL BE SIGNED AND DATED BY THE SELLER'S AUTHORIZED REPRESENTATIVE. THE CERTIFICATION MUST BE FORWARDED WITH A COMPLETE OR PARTIAL SHIPMENT UNDER THIS ORDER. MATERIAL WILL BE REJECTED IF THE CERTIFICATION IS NOT RECEIVED. THE CERTIFICATION OF CONFORMANCE SHALL INCLUDE THE FOLLOWING STATEMENT (OR SIMILAR):

"MATERIALS SUPPLIED ARE IN FULL COMPLIANCE WITH THE REQUIREMENTS OF THE PURCHASE ORDER, INCLUDING INVOKED SPECIFICATIONS AND DRANINGS."

CERTIFICATION SHALL BE ATTACHED TO THE PACKING LIST. WHERE MORE THAN ONE CONTAINER OR PACKAGE IS INCLUDED IN THE SHIPMENT, THE CERTIFICATION SHALL BE ATTACHED SECURELY TO OR PLACED IN ONE CONTAINER OR PACKAGE AND CLEARLY IDENTIFIED ON THE OUTSIDE.

CERTIFICATION OF CONFORMANCE SHALL INCLUDE A LIST OF ANY VIR'S

PO NUMBER: PPS160-042

SUBMITTED AGAINST THE ITEM(S) BEING CERTIFIED. THE LISTING
SHALL BE PROVIDED SUBSTANTIALLY AS FOLLOWS:

VIR NO	DATE CLOSED	DISPOSITION
VN999-999	9/9/99	CONDITIONALLY APPROVED

PO NUMBER:PPS160-042

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

S/C 37-22 (1) - GSI MATERIAL REQUIRING GOVERNMENT ACCEPTANCE AT SOURCE

GOVERNMENT INSPECTION IS REQUIRED PRIOR TO SHIPMENT. DURING PERFORMANCE ON THIS ORDER, YOUR QUALITY CONTROL OR INSPECTION SYSTEM AND MANUFACTURING PROCESSES ARE SUBJECT TO REVIEW AND ANALYSIS BY AUTHORIZED GOVERNMENT REPRESENTATIVES. APPROPRIATE PLANNING FOR GOVERNMENT INSPECTION MUST BE ACCOMPLISHED.

ON RECEIPT OF THIS ORDER, PROMPTLY FURNISH A COPY TO THE GOVERNMENT REPRESENTATIVE WHO NORMALLY SERVICES YOUR PLANT OR, IF NONE, TO THE NEAREST ARMY, NAVY, AIR FORCE OR DEFENSE SUPPLY AGENCY INSPECTION OFFICE. IN THE EVENT THE REPRESENTATIVE OR OFFICE CANNOT BE LOCATED, OUR BUYER SHOULD BE NOTIFIED IMMEDIATELY.

SPECIAL INSTRUCTIONS WILL BE FORWARDED BY SEPARATE CORRESPONDENCE FROM THE SUPERVISOR OF SHIPBUILDING, CONVERSION AND REPAIR, USN, GROTON, CT, TO THE APPROPRIATE CONTRACT ADMINISTRATION SERVICES COMPONENT FOR THEIR USE CONCERNING THIS ORDER.

MATERIAL SHIPPED WITHOUT DOCUMENTATION OF THE REQUIRED GOVERNMENT SOURCE INSPECTION IS SUBJECT TO RETURN TO YOUR PLANT AT YOUR EXPENSE.

DD250 REQUIREMENTS:

THE ITEMS LISTED ON THIS PURCHASE ORDER WILL BE SHIPPED VIA A GOVERNMENT BILL OF LADING FROM YOUR PLANT TO THE GOVERNMENT'S STORAGE FACILITY (TO BE SPECIFIED AT A LATER DATE).

PRIOR TO SHIPMENT OF MATERIAL, THE SELLER SHALL SUBMIT A COMPLETED DD250 FORM TO THE GOVERNMENT REPRESENTATIVE. THE GOVERNMENT REPRESENTATIVE SHALL SIGN THE DD250 FORM INDICATING INSPECTION AND ACCEPTANCE AT SOURCE. THE BUYER WILL FURNISH THE GOVERNMENT PRIME CONTRACT NUMBER FOR YOUR USE IN COMPLETION OF THE DD250 FORM.

THE DD250 FORM MUST BE INCLUDED WITH THE MATERIAL AT TIME OF SHIPMENT.

IN ADDITION TO NORMAL DISTRIBUTION, A COPY OF THIS FORM SHALL BE SENT TO:

ELECTRIC BOAT CORPORATION
EASTERN POINT ROAD
GROTON, CT 06340
ATTN: THE ELECTRIC BOAT CORPORATION BUYER
LISTED ON THE PURCHASE ORDER

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

S/C 53-7 (11) - PRESERVATION, PACKING & PACKAGING REQUIREMENTS

THE USE OF MASONITE AS A PROTECTIVE, SEALING OR PACKAGING MATERIAL IS EXPRESSLY PROHIBITED. IN ADDITION, THE USE OF PLYWOOD, CARDBOARD OR OTHER SIMILAR MATERIALS THAT WILL SPLINTER, FLAKE OR CRUMBLE IS PROHIBITED AS PROTECTIVE COVERING FOR OPENINGS ON FITTINGS, VALVES AND COMPONENTS. CRES OR ALUMINUM SHEET, .050 THICKNESS OR GREATER, OR SUITABLE PLASTIC, IS THE ONLY ACCEPTABLE MATERIAL FOR CAPPING, SEALING OR PROTECTING OPENINGS AND MACHINED SURFACES UNLESS OTHERWISE APPROVED BY THE BUYER. THE USE OF STYROFOAM PACKING AND YELLOW PLASTIC WRAPPING MATERIAL IS PROHIBITED.

EXCEPT AS NOTED ABOVE, THE SUPPLIERS' NORMAL COMMERCIAL PRESERVATION, PACKAGING AND PACKING SHALL BE SUFFICIENT IF IT:

(1) ENSURES ACCEPTANCE BY COMMON CARRIER AT LOWEST RATE, AND

(2) AFFORDS PROTECTION AGAINST DAMAGE DURING SHIPMENT.

EB ORIGINATED ORDERS ONLY:

NOTE: PACKAGING AND TRANSPORTATION INSTRUCTIONS FOR SHEET, PIPE AND TUBE SHIPPED TO QUONSET POINT, RI

NOTWITHSTANDING OTHER INSTRUCTIONS CONTAINED HEREIN, MATERIAL ON THIS ORDER IS TO BE PACKAGED TO FACILITATE FORKLIFT HANDLING. MAXIMUM LIFT WEIGHT IS NOT TO EXCEED TWO (2) TONS (4000 LBS.).

TRANSPORTATION IS TO BE MADE VIA FLATBED TRAILER ONLY. DELIVERIES MADE IN OPEN TOP OR CLOSED BOX TRAILERS MAY BE REFUSED.

EXEMPTION FROM THE FOREGOING INSTRUCTIONS MAY BE REQUESTED ON A CASE BASIS BY CONTACTING THE MANAGER OF MATERIAL CONTROL OR HIS DESIGNATE AT LEAST 24 HOURS PRIOR TO THE ANTICIPATED DELIVERY. TELEPHONE: AREA CODE (401) 268-2367, 268-2473 OR 268-2647.

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S/C 60-29 (19) - QUALITY CONTROL REQUIREMENTS ELECTRIC BOAT CORPORATION SPECIFICATION 2678

TITLE: QUALITY CONTROL REQUIREMENTS ELECTRIC BOAT CORPORATION SPECIFICATION 2678

ALL MATERIAL DELIVERED UNDER THIS ORDER MUST BE PRODUCED IN ACCORDANCE WITH AND MEET THE REQUIREMENTS OF ELECTRIC BOAT CORPORATION SPECIFICATION 2678H.

NOTE: WHEREVER REFERENCE IS MADE TO NAVSEA 0900-070-6010, ALL REQUIREMENTS APPLICABLE TO BUYER SUPPLIERS ARE CONTAINED IN ELECTRIC BOAT SPECIFICATION 2678H. SUPPLIERS SHOULD NOT ATTEMPT TO OBTAIN A COPY OF NAVSEA 0900-070-

6010.

ALL REPAIR WELDING OF BASE MATERIALS SHALL BE ACCOMPLISHED IN ACCORDANCE WITH EB-4186 REVISION D.

****

S/C 60-58 (6) - VENDOR INSPECTION SYSTEM

THIS STANDARD CLAUSE IS IN THREE (3) PARTS. PART I IS APPLICABLE TO MANUFACTURERS. PART II IS APPLICABLE ONLY TO DISTRIBUTORS. PART III IS AN OPTION AVAILABLE TO PART I OR PART II SUPPLIERS. THE SELLER IS RESPONSIBLE TO ENSURE THAT THE INSPECTION SYSTEM EMPLOYED COMPLIES TO PART I, II, OR III, AS APPROPRIATE.

PART I, VENDOR INSPECTION SYSTEM: MIL-I-45208A AM 1

ALL MATERIAL DELIVERED ON THIS ORDER MUST BE PRODUCED WITHIN AN INSPECTION SYSTEM THAT COMPLIES WITH MIL-I-45208A AM 1. A QUALITY CONTROL PROGRAM MEETING MIL-Q-9858A AM 2 WILL BE CONSIDERED COMPLIANT WITH MIL-I-45208A AM 1. THE QUALITY CONTROL SYSTEM/PROGRAM IS SUBJECT TO REVIEW BY THE GOVERNMENT AND/OR THE BUYER.

PART II, QUALITY PROGRAM REQUIREMENTS FOR DISTRIBUTORS

THE FOLLOWING GUIDELINES REFLECT THE REQUIREMENTS INVOKED BY BUYER'S QUALITY PROCUREMENT PROGRAM AS APPLIED TO A DISTRIBUTOR. ADDITIONALLY, THE DISTRIBUTOR IS TO USE THESE GUIDELINES TO ASSURE THAT SUBTIER SUPPLIERS ARE FULFILLING THE REQUIREMENTS OF MIL-I-45208A AM 1.

1. THE MATERIALS AND SERVICES PRODUCED UNDER THE SCOPE OF THE PURCHASE ORDER MUST CONFORM TO THE REQUIREMENTS CONTAINED IN THESE GUIDELINES AND ANY APPENDICES INVOKED BY THE PURCHASE ORDER.

2. THE LIMITED REQUIRENENTS OF THESE GUIDELINES SHALL BE CONSIDERED APPLICABLE TO YOU AS A DISTRIBUTOR. THE MORE STRINGENT REQUIREMENTS INVOKED BY MIL-I-45208A AM 1 SHALL BE CONSIDERED APPLICABLE TO THE ACTUAL MANUFACTURER OR MATERIAL PROCESSOR. MIL-I-45208A AM 1 SHALL BE INVOKED ON YOUR PURCHASE ORDERS TO SUBTIER MANUFACTURERS OR MATERIAL PROCESSORS FOR MATERIALS SUPPLIED TO THE BUYER.

3. ALL COMMUNICATIONS RELATED TO THESE GUIDELINES SHALL BE DIRECTED TO THE PURCHASING DEPARTMENT OF THE BUYER.

4. YOUR QUALITY SYSTEM IS SUBJECT TO "ON-SITE" EVALUATIONS BY

THE BUYER'S PERSONNEL. THIS EVALUATION WILL CONSIST OF AN ANALYSIS OF YOUR QUALITY PLANS, QUALITY MANUAL, AND PROCEDURES, ACTUAL PRACTICES, AND A SURVEY OF YOUR FACILITIES. EVALUATION MAY ALSO INCLUDE VERIFICATION OF THE IMPLEMENTATION AND EFFECTIVENESS OF CORRECTIVE AND PREVENTIVE ACTIONS.

5. ALTHOUGH YOU HAVE THE PRIMARY RESPONSIBILITY FOR ASSURING PRODUCT QUALITY AND MAINTAINING ADEQUATE CONTROL OF YOUR SUPPLIERS, YOUR SUPPLIERS' QUALITY SYSTEMS ARE ALSO SUBJECT TO "ON-SITE" SURVEY BY THE BUYER'S PERSONNEL. NORMALLY SUCH SURVEYS WILL BE CONDUCTED IN THE PRESENCE OF YOUR REPRESENTATIVE.

6. YOU SHALL IMPLEMENT AND MAINTAIN A QUALITY SYSTEM CAPABLE OF ASSURING THAT ALL FURNISHED ITEMS, MATERIAL, SUPPLIES AND SERVICES CONFORM TO ALL PURCHASE ORDER REQUIREMENTS. IF YOU MAKE USE OF MEASURING OR TEST EQUIPMENT DURING YOUR PRODUCT VERIFICATION PROGRAM, YOU SHALL PROVIDE FOR A MEANS OF CALIBRATION EQUIVALENT TO MIL-STD-45662 FOR ALL SUCH EQUIPMENT, AT ESTABLISHED INTERVALS AGAINST CERTIFIED STANDARDS TRACEABLE TO NATIONAL STANDARDS.

7. YOUR QUALITY SYSTEM SHALL BE DOCUMENTED AND SHALL BE AVAILABLE FOR REVIEW BY THE BUYER. THE QUALITY SYSTEM SHALL CONSIST OF COMPILATION OF YOUR PROCEDURES AND WORK INSTRUCTIONS, WHICH IMPLEMENT THE REQUIREMENTS OF THESE GUIDELINES. YOU SHALL RETAIN SUCH DOCUMENTATION AS RECORDS OF YOUR QUALITY SYSTEM AS REQUIRED ELSEWHERE IN THIS PURCHASE ORDER.

8. YOU MAY BE REQUIRED TO SUPPLY STATEMENTS OF CORRECTIVE ACTION AND PREVENTIVE ACTION RELATED TO NONCONFORMING MATERIALS OR QUALITY SYSTEM DEFICIENCIES. IN SUCH CASES, YOUR STATEMENTS ARE SUBJECT TO EVALUATION AND VERIFICATION BY THE BUYER.

9. THE PURCHASE ORDER MAY REQUIRE YOU TO FURNISH OBJECTIVE QUALITY EVIDENCE TO SUBSTANTIATE ITEM OR MATERIAL QUALITY. THIS OBJECTIVE QUALITY EVIDENCE MAY CONSIST OF MILL TEST RECORDS, INSPECTION AND/OR TEST RECORDS. SAID OBJECTIVE QUALITY EVIDENCE MAY BE REVIEWED AT YOUR FACILITY OR CERTAIN SELECTED DATA ITEMS MAY BE REQUIRED TO BE FORWARDED TO THE BUYER BY OTHER PROVISIONS OF THE PURCHASE ORDER. WHEN THE MATERIAL IS SHIPPED FROM YOUR FACILITY, YOU SHALL REVIEW FOR ADEQUACY AND OBJECTIVE QUALITY EVIDENCE OBTAINED FROM YOUR SUPPLIERS, BEFORE IT IS FORWARDED TO THE BUYER. WHEN MATERIAL IS DROP SHIPPED FROM YOUR SUPPLIER, YOU SHALL MAINTAIN SURVEILLANCE OVER THE OBJECTIVE QUALITY EVIDENCE TO THE BUYER.

10. YOU SHALL ENSURE THAT ALL MATERIALS PROCURED FROM YOUR SUPPLIERS MEET THE REQUIREMENTS OF THIS PURCHASE ORDER.

THE METHODS USED BY YOU TO FULFILL THIS RESPONSIBILITY SHALL BE DOCUMENTED AS PART OF YOUR QUALITY SYSTEM.

11. YOU SHALL PREPARE PROCEDURES FOR THE IDENTIFICATION AND CONTROL OF NONCONFORMING MATERIALS. SUCH MATERIALS SHALL BE DIVERTED FROM NORMAL MATERIAL MOVEMENT CHANNELS. ALL NON-CONFORMING AND DISCREPANT MATERIAL SHALL BE ADEQUATELY IDENTIFIED AND EVERY PRECAUTION TAKEN TO PRECLUDE ITS USE UNTIL DISPOSTION.

12. ALL MATERIAL SUPPLIED UNDER THIS ORDER IS SUBJECT TO INSPECTION UPON RECEIPT AT THE BUYER'S FACILITIES (OR AT PLACES OTHERWISE DESIGNATED) BY THE BUYER OR OUR AGENT AND BY THE GOVERMENT WHEN SO SPECIFIED. WHEN REJECTION OF ITEMS OR MATERIAL ON THIS ORDER OCCURS, EITHER AS A RESULT OF 100% INSPECTION OR STATISTICAL SAMPLING INSPECTION, INSPECTION MAY BE DISCONTINUED AND THE MATERIAL RETURNED TO YOU FOR CORRECTIVE ACTION. YOU ARE CAUTIONED IN SUCH CASES, NOT ONLY TO CORRECT CITED DISCREP-ANCIES, BUT TO PERFORM SUCH ADDITIONAL INSPECTION AND TESTS AS MAY BE REQUIRED TO PRECLUDE FUTURE REJECTIONS FOR OTHER CAUSES.

13. YOU SHALL MAINTAIN OR HAVE MAINTAINED BY SUB-SUPPLIERS ALL TEST AND INSPECTION RECORDS, INCLUDING ALL REPORTS OF NON-CONFORMANCES, APPLICABLE TO MATERIAL SUPPLIED TO THE BUYER. THESE RECORDS SHALL INCLUDE VERIFICATION THAT ALL REQUIRED INSPECTIONS AND TESTS HAVE BEEN ACCOMPLISH-ED WITH THE SATISFACTORY RESULTS BY A QUALIFIED INDIVIDUAL. THESE RECORDS SHALL BE KEPT FOR A PERIOD OF SEVEN YEARS AFTER COMPLETION OF THIS PURCHSE ORDER AND SHALL BE MADE AVAILABLE TO THE BUYER WITHIN 36 HOURS UPON REQUEST.

AT THE OPTION OF THE SUPPLIER OR DISTRIBUTOR, ISO 9001:1994 OR ISO 9002:1994 QUALITY SYSTEM MODELS OR ISO 9001:2000 QUALITY MANAGEMENT SYSTEM MAY BE UTILIZED IN LIEU OF MIL-I-45208A AM1,OR NIL-Q-9858A AM2, SUBJECT TO THE FOLLOWING ADDITIONAL REQUIREMENTS.

1) ADD TO 1994 QUALITY SYSTEM, PARAGRAPH 4.2.1, OR 2000 QUALITY MANAGEMENT SYSTEM, PARAGRAPH 4.1:

THE SUPPLIER SHALL PROVIDE AND MAINTAIN AN INSPECTION AND QUALITY SYSTEM THAT ENSURES THAT THE PRODUCT MEETS THE CONTRACT REQUIREMENTS AND THAT IS ACCEPTABLE TO CUSTOMER AND GOVERNMENT. THE SUPPLIER SHALL NOTIFY THE CUSTOMER IN WRITING OF ANY CHANGE, OTHER THAN EDITORIAL, TO THE QUALITY MANUAL.

2) ADD TO 1994 QUALITY PLANNING, PARAGRAPH 4.2.3 OR 2000 PLANNING

OF
PRODUCT REALIZATION, PARAGRAPH 7.1:

WHERE NOT OTHERWISE CONTRACTUALLY INVOKED, ALL SPECIFIED LIMITS FOR MACHINING SERVICES AND FOR DIMENSIONAL CONTROL OF DELIVERABLE PARTS AND ASSEMBLIES SHALL BE INTERPRETED AS ABSOLUTE LIMITS AS DEFINED BY ASTM E29, STANDARD PRACTICE FOR USING SIGNIFICANT DIGITS IN TEST DATA
TO DETERMINE COMPLIANCE WITH SPECIFICATIONS. UNLESS OTHERWISE SPECIFIED IN THE CONTRACT, FOR ALL OTHER OBSERVED, MEASURED OR CALCULATED PRODUCT CHARACTERISTICS (E.G. FOR MATERIAL SUPPLIERS, MATERIAL DISTRIBUTORS, SERVICES OTHER THAN MACHINING) SPECIFIED LIMITS SHALL BE INTERPRETED USING ROUND-OFF METHOD AS DEFINED BY ASTM E29.

3) ADD TO 1994 STATISTICAL TECHNIQUES, PARAGRAPH 4.20.2 OR 2000 MEASUREMENT, ANALYSIS, AND IMPROVEMENT GENERAL, PARAGRAPH 8.1: STATISTICAL TECHNIQUES OR SAMPLING INSPECTION PROCEDURES USED FOR PRODUCT ACCEPTANCE SHALL BE SUBJECT TO APPROVAL BY THE CUSTOMER.

4) ADD TO 1994 CONTROL OF QUALITY RECORDS, PARAGRAPH 4.16 OR 2000 MONITORING AND MEASUREMENT OF PRODUCT, PARAGRAGH 8.2.4:

WHEN SIGNATURES ARE REQUIRED BY CONTRACT AND WILL BE PROVIDED ELECTRONICALLY, PROTECTION FROM UNAUTHORIZED CHANGES OF RECORDED DATA
SHALL BE PROVIDED.

5) ADDITIONALLY, IF GOVERNMENT SOURCE INSPECTION IS REQUIRED ELSEWHERE IN THIS ORDER AND THE SUPPLIER UTILIZES AN ISO 9001 OR 9002 QUALITY SYSTEM, THE FOLLOWING MODIFICATIONS TO THE ISO STANDARDS APPLY:

A) WHEN, UNDER AUTHORIZATION OF THE GOVERNMENT REPRESENTATIVE, COPIES OF THE PURCHASING DOCUMENT ARE TO BE FURNISHED DIRECTLY BY THE SUBCONTRACTOR OR SUPPLIER TO THE GOVERNMENT REPRESENTATIVE AT HIS FACILITY RATHER THAN THROUGH GOVERNMENT CHANNELS, THE SUPPLIER SHALL
ADD TO HIS PURCHASING DOCUMENT A STATEMENT SUBSTANTIALLY AS FOLLOWS:

"ON RECEIPT OF THIS ORDER, PROMPTLY FURNISH A COPY TO THE GOVERNMENT
REPRESENTATIVE WHO NORMALLY SERVICES YOUR PLANT. IN THE EVENT THE REPRESENTATIVE OR OFFICE CANNOT BE LOCATED, OUR PURCHASING AGENT SHOULD BE NOTIFIED IMMEDIATELY."

ALL DOCUMENTS AND REFERENCED DATA FOR PURCHASES APPLYING TO A GOVERNMENT CONTRACT SHALL BE AVAILABLE FOR REVIEW BY THE GOVERNMENT REPRESENTATIVE TO DETERMINE COMPLIANCE WITH THE REQUIREMENTS FOR

CONTROL OF SUCH PURCHASES. COPIES OF PURCHASING DOCUMENTS REQUIRED

FOR GOVERNMENT INSPECTION PURPOSES SHALL BE FURNISHED IN ACCORDANCE WITH THE INSTRUCTIONS OF THE GOVERNMENT REPRESENTATIVE.

B) ADD TO 1994 INSPECTION AND TESTING, PARAGRAPH 4.10.1 OR 2000 MONITORING AND MEASUREMENT OF PRODUCT, PARAGRAPH 8.2.4:

WHEN REQUIRED, THE SUPPLIER'S MEASURING AND TESTING EQUIPMENT SHALL BE MADE AVAILABLE FOR USE BY THE GOVERNMENT REPRESENTATIVE TO DETERMINE CONFORMANCE OF PRODUCT WITH CONTRACT REQUIREMENTS. IN ADDITION, IF CONDITIONS WARRANT, SUPPLIER'S PERSONNEL SHALL BE MADE AVAILABLE FOR OPERATION OF SUCH DEVICES AND FOR VERIFICATION OF THEIR ACCURACY AND CONDITION.

C) ADD TO 1994 RECEIVING INSPECTION AND TESTING, PARAGRAPH 4.10.2.1 OR 2000 VERIFICATION OF PURCHASED PRODUCT, PARAGRAPH 7.4.3:

THE SUPPLIER SHALL MAKE AVAILABLE TO THE GOVERNMENT REPRESENTATIVE REPORTS OF ANY NONCONFORMANCE FOUND ON GOVERNMENT SOURCE INSPECTED SUPPLIES AND SHALL (WHEN REQUESTED) REQUIRE THE SUPPLIER TO COORDINATE WITH HIS GOVERNMENT REPRESENTATIVE ON CORRECTIVE ACTION.

GENERAL DYNAMICS Electric Boat	CONTINUATION SHEET PAGE 1 OF 6	REQUEST FOR QUOTATION (NOT AN ORDER)

PO/RFQ NO. S1210030

CERTIFICATION AND REPRESENTATIONS

Offeror must complete the following certifications as are applicable as shown below

I. NO EXCEPTIONS

A. ☒ Offeror certifies that his quotation is in strict conformance with the Technical Requirements of the Request for Quotation and no exceptions are taken.

☐ Exceptions are taken and are specified in the attached letter.

B. ☒ Offeror certifies that he takes no exception to the Contractual Requirements as specified in this Request for Quotation and in the Conditions of Purchase applicable to the resulting purchase order.

☐ Exceptions are taken and are specified in the attached letter.

II. PRICING BASIS

Check answer that is applicable:

☒ Pricing is on an individual line item basis and Offeror will accept an order for any or all of the items at the prices quoted.

☐ Pricing is on a total order basis and Offeror will only accept an order for all the items quoted.

☐ Pricing is on an individual item basis but Offeror will extend an additional discount of % if all the items in the quotation are ordered.

☐ Other _____

III. EQUAL EMPLOYMENT OPPORTUNITY

(If Offeror's bid in excess of $10,000, the following provisions apply)

1. Representations

a. Previous Contracts and Compliance Reports (Offeror must check appropriate entries) (FAR 52.222-22 (4/84)).

The Bidder or Offeror represents that it ☒ has, ☐ has not, participated in a previous contract or subcontract subject either to the Equal Opportunity clause herein or the clause originally contained in Section 310 of Executive Order No. 10925, or the clause contained in Section 201 of Executive Order No. 11114; that it ☒ has, ☐ has not, filed all required compliance reports; and that representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained prior to subcontract awards. (The above representation needed not be submitted in connection with Offeror's contracts or subcontracts which are exempt from the clause).

b. Affirmative Action Compliance (FAR 52.222-25 (4/84))

The Bidder, or Offeror, represents that (1) it ☒ has developed and has on file, ☐ has not developed and does not have on file, at each establishment, Affirmative Action Programs required by the Rules and Regulations of the Secretary of Labor, 41 CFR 60-1 and 60-2, or (2) he ☐ has not previously had contracts subject to the written Affirmative Action Programs required of the Rules and Regulations of the Secretary of Labor.

III. EQUAL EMPLOYMENT OPPORTUNITY (Continued)

c. Certification of Nonsegregated Facilities (FAR 52.222–21 (4/84) Modified)

(a) "Segregated facilities," as used in this certification means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin because of habit, local custom, or otherwise.

(b) By the submission of this bid or acceptance of this Purchase Order, the Offeror or Seller certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The Offeror or Seller agrees that a breach of this certification is a violation of the Equal Opportunity clause in the Purchase Order/proposed Purchase Order.

(c) The Offeror or Seller further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will –

(1) Obtain identical certifications from proposed subcontractors before the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity clauses;

(2) Retain the certifications in its files; and

(3) Forward the following notice to the proposed subcontractors (except if the proposed subcontractors have submitted identical certifications for specific time periods):

NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES.

A Certification of Nonsegregated Facilities must be submitted before the award of a subcontract exceeding $10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually).

NOTE: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.

2. Pre-Award Compliance Review (FAR 52.222–24 (4/84) partial)

If Offeror's bid is for $1,000,000 or more, Offeror is advised that an award in the amount of $1,000,000 or more will not be made under this solicitation unless the Bidder or Offeror is found, on the basis of a compliance review, to be able to comply with the provisions of the Equal Opportunity clause of this solicitation.

IV. CLEAN AIR AND WATER CERTIFICATION (FAR 52.223–1 (4/84))

Applicable if: (a) the bid or offer exceeds 100,000; (b) the Buyer has determined that orders under an indefinite quantity Purchase Order in any year will exceed $100,000; or (c) a facility to be used has been the subject of a conviction under the applicable portion of the Air Act (42 U.S.C. 7413 (c) (1)) or the Water Act (33 U.S.C. 1319(c)) and is listed by the Environmental Protection Agency (EPA) as a violating facility; and is not otherwise exempt.

The Bidder or Offeror certifies that –

(a) Any facility to be used in the performance of this proposed order is ☐ is not ☒ listed on the Environmental Protection Agency (EPA) List of Violating Facilities;

(b) It will immediately notify the Buyer, before award, of the receipt of any communication from the Administrator, or a designee, of the EPA, indicating that any facility that it proposes to use for the performance of the contract is under consideration to be listed on the EPA List of Violating Facilities; and

(c) It will include a certification substantially the same as this certification, including this paragraph (c), in every nonexempt subcontract.

V. GOVERNMENT APPROVED PROPERTY CONTROL SYSTEM
(Applicable if Electric Boat Corporation or U.S. Government property is to be furnished to the Seller).

Offeror or Seller certifies that it has ☒, does not have ☐, a Government approved system for control of Government property within its plant. (If Offeror has a Government approved system, it should forward a copy of the approval letter from the Government Agency with its quotation.)

VI. USE OF GOVERNMENT OWNED FACILITIES (Applicable to all RFQ's)
Offeror certifies that:

U.S. Government-owned facilities or equipment will ☐ will not ☒ be used in the accomplishment of the tasks covered by this Request for Quotation, and detailed information regarding the facilities and/or equipment involved is included in this bid or offer.

VII. AUDIT

An audit may be required to verify the information given in your pricing proposal. Please check the applicable blocks.

☒ Offeror agrees to allow an audit by the Electric Boat Corporation Subcontract Audit Department.

☐ Other and Explanation _____

VIII. SUBCONTRACTS (Applicable to RFQ's if Seller's quotation exceeds $500,000)

1. Are there any lower-tier subcontracts in excess of $500,000? Yes ☐ No ☒ (If yes, list below.)

2. Are there any large business lower-tier subcontracts in excess of $500,000? Yes ☐ No ☒

If yes, give names of prospective subcontractors and flow down the Small Business and Small Disadvantaged Business Subcontracting Plan requirements.

NAME OF PROSPECTIVE SUBCONTRACTOR	MATERIAL	ESTIMATED AMOUNT	COMPETITIVE BIDS Yes	No
			☐	☐
			☐	☐

IX. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT, AND OTHER RESPONSIBILITY MATTERS (FAR 52.209-5 (5/89))

(Applicable if Seller's offer or bid exceeds or is expected to exceed $25,000.)

(a)(1) The Offeror certifies, to the best of its knowledge and belief, that –

(i) The Offeror and/or any of its Principals –

(A) Are ☐ are not ☒ presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

(B) Have ☐ have not ☒ within a three-year period preceding this offer, been convicted of or had a civil judgement rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; and

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(C) Are ☐ are not ☒ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subdivision (a)(1)(i)(B) of this provision.

(ii) The Offeror has ☐ has not ☒ within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.

(2) "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

THIS CERTIFICATION CONCERNS A MATTER WITHIN THE JURISDICTION OF AN AGENCY OF THE UNITED STATES AND THE MAKING OF A FALSE, FICTITIOUS, OR FRAUDULENT CERTIFICATION MAY RENDER THE MAKER SUBJECT TO PROSECUTION UNDER SECTION 1001, TITLE 18, UNITED STATES CODE.

(b) The Offeror shall provide immediate written notice to the Buyer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(c) A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Offeror's responsibility. Failure of the Offeror to furnish a certification or provide such additional information as requested by Buyer may render the Offeror nonresponsible.

(d) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

(e) The certification in paragraph (a) of this provision is a material representation of fact upon which Buyer will rely if and when making an award. If it is later determined that the Offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Buyer, the Buyer may terminate the contract resulting from this solicitation for default.

X. SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED BUSINESS REPRESENTATION:

The supplier, by checking the applicable box, certifies and represents that it:

(a) (X) is, ( ) is not a small business concern as defined in FAR 52.219-1,

(b) ( ) is, ( ) is not a small disadvantaged business concern as defined in DFARS 252.219-7000,

(c) ( ) is, ( ) is not a women-owned small business concern as defined in FAR 52.219-1.

NOTICE: In accordance with FAR 52.219-9(e)(4), there are "penalties and remedies for misrepresentations of business status as a small, small disadvantaged or women-owned small business for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the Contractor's subcontracting plan."

XI. CERTIFICATE OF INDEPENDENT PRICE DETERMINATION (FAR 52.203–2 (4/85))

(a) The Bidder or Offeror certifies that --

(1) The prices in this bid or offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other Bidder or Offeror or Competitor relating to (i) those prices, (ii) the intention to submit a bid or offer, or (iii) the methods or factors used to calculate the prices offered;

(2) The prices in this bid or offer have not been and will not be knowingly disclosed by the Bidder or Offeror, directly or indirectly, to any other Bidder or Offeror or Competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and

(3) No attempt has been made or will be made by the Bidder or Offeror to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.

(b) Each signature on the offer and this certification is considered to be a certification by the signatory that the signatory –

(1) Is the person in the Bidder's or Offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above; or

(2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above_____

(insert full name of person(s) in the Offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the Offeror's organization):

(ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above; and

(iii) As an agent, has not personally participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above.

(c) If the Bidder or Offeror deletes or modifies subparagraph (a)(2) above, the Bidder or Offeror must furnish with its bid or offer a signed statement setting forth in detail the circumstances of the disclosure.

XII. CONTINGENT FEE REPRESENTATION AND AGREEMENT (FAR 52.203–4 (4/84))

(a) *Representation.* The Bidder or Offeror represents that, except for full-time bona fide employees working solely for the Offeror, the Bidder or Offeror – (Note: The Offeror must check the appropriate boxes. For interpretation of the representation, including the term "bona fide employee," see Subpart 3.4 of the Federal Acquisition Regulation.)

(1) has ☐ has not ☒ employed or retained any person or company to solicit or obtain this contract; and

(2) has ☐ has not ☒ paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

(b) *Agreement.* The Bidder or Offeror agrees to provide information relating to the above Representation as requested by the Buyer and, when subparagraph (a)(1) or (a)(2) is answered affirmatively, to promptly submit to the Buyer –

(1) A completed Standard Form 119, Statement of Contingent or Other Fees, (SF 119); or

(2) A signed statement indicating that the SF 119 was previously submitted to the Buyer including the date and applicable solicitation or contract number, and representing that the prior SF 119 applies to this offer or quotation.

XIII. REQUIREMENT FOR CERTIFICATE OF PROCUREMENT INTEGRITY (FAR 52.203–8 (11/90))

(This certification is to be executed by the officer or employee responsible for this bid or offer if the aggregate value of this bid or offer, including all options, exceeds $100,000.)

(a) Definitions. The definitions at FAR 3.104-4 are hereby incorporated in this provision.

(b) Certifications. As required in paragraph (c) of this provision, the officer or employee responsible for this offer shall execute the following certification:

CERTIFICATE OF PROCUREMENT INTEGRITY

(1) I, (Ken Myers), am the officer or employee responsible for the preparation of this offer and hereby certify that, to the best of my knowledge and belief, with the exception of any information described in this certificate, I have no information concerning a violation or possible violation of subsection 27(a), (b), (d), or (f) of the Office of Federal Procurement Policy Act, as amended* (41 U.S.C. 423), (hereinafter referred to as "the Act"), as implemented in the FAR, occurring during the conduct of this procurement (solicitation number).

(2) As required by subsection 27(e)(1)(B) of the Act, I further certify that, to the best of my knowledge and belief, each officer, employee, agent, representative, and consultant of (Name of Offeror) RANOR INC. who has participated personally and substantially in the preparation or submission of this offer has certified that he or she is familiar with, and will comply with, the requirements of subsection 27(a) of the Act, as implemented in the FAR, and will report immediately to me any information concerning a violation or possible violation of subsections 27(a), (b), (d), or (f) of the Act, as implemented in the FAR, pertaining to this procurement.

(3) Violations or possible violations: (Continue on plain bond paper if necessary and label Certificate of Procurement Integrity (Continuation Sheet), ENTER NONE IF NONE EXIST) NONE

(4) I agree that, if awarded a contract under this solicitation, the certifications required by subsection 27(e)(1)(B) of the Act shall be maintained in accordance with paragraph (f) of this provision.
(Signature of the officer or employee responsible for the offer and date) Ken Myers
(Typed name of the officer or employee responsible for the offer)

*Subsections 27(a), (b), and (d) are effective on December 1, 1990. Subsection 27(f) is effective on June 1, 1991. THIS CERTIFICATION CONCERNS A MATTER WITHIN THE JURISDICTION OF AN AGENCY OF THE UNITED STATES AND THE MAKING OF A FALSE, FICTITIOUS, OR FRAUDULENT CERTIFICATION MAY RENDER THE MAKER SUBJECT TO PROSECUTION UNDER TITLE 18, UNITED STATES CODE, SECTION 1001.

Provisions contained in FAR 52.203–8 (11/90) paragraphs (c) through (g) are incorporated by reference herein if this is a procurement using sealed bidding procedures exceeding $100,000.

Provisions contained in FAR 52.203–8 (11/90) ALT I (9/90) are incorporated by reference herein if this is a procurement using other than sealed bidding procedures exceeding $100,000.

Certifications made in this form are material representations of fact upon which reliance will be placed in awarding a contract.

By signing below, the individual executing this certificate also certifies that he/she is duly authorized to sign this document on behalf of the company and that to the best of his/her knowledge, the information given above is current, accurate, and complete as of the date of the submittal of the attached quotation.

SIGNATURE: Ken Myers	TITLE: Sales Engineer	FIRM: RANOR INC.	
DATE: 11-6-06	BIDDER'S QUOTE NO.	RFQ NO. 51210030	TELEPHONE NO: Area 978-874-0591
Vendor Note: Include Descriptive Literature in duplicate and published price list with your quotation (if applicable)			

84–01 – 0751 (D330) Rev 11/99

GT SOLAR™ INCORPORATED
(formerly GT Equipment Technologies, Inc.)

243 Daniel Webster Highway
Merrimack, New Hampshire 03054
Phone: (603) 883-5200

DUPLICATE

PURCHASE ORDER

730637	000
	1/22/07
	1

BILL TO:
GT SOLAR Incorporated
243 Daniel Webster Highway

Merrimack, NH 03054
U.S.A.

TO:
RANOR, INC.
NORMAN BANVILLE
1 BELLA DRIVE

WESTMINSTER ,MA 01473
TEL.: 1-800-225-9552
FAX: 1-978-874-2748

SHIP TO:
GT SOLAR Incorporated
243 Daniel Webster Highway

Merrimack, NH 03054
U.S.A.

PROJECT No.:
DSS INVENTORY

12345	NET 30	CONTACT GT EQUIPMEN	X	NO

REL NORMAN BANVILLE

01	01	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 04/02/07
01	02	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 04/05/07
01	03	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 04/10/07
01	04	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 04/13/07
01	05	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 04/17/07
01	06	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 04/20/07
01	07	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 04/24/07
01	08	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 04/27/07
01	09	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 05/01/07
01	10	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 05/04/07
01	11	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 05/08/07
01	12	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 05/11/07
01	13	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 05/15/07
01	14	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 05/18/07
01	15	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 05/22/07
01	16	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 05/25/07
01	17	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 05/31/07
01	18	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 06/05/07
01	19	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 06/07/07
01	20	1	EA	510016	K	BASE,CHAMBER,DSS SYSTE 06/11/07

AUTHORIZED SIGNATURE

GT SOLAR™ INCORPORATED
(formerly GT Equipment Technologies, Inc.)

243 Daniel Webster Highway
Merrimack, New Hampshire 03054
Phone: (603) 883-5200

DUPLICATE

PURCHASE ORDER

730637	000
	1/22/07
	2

BILL TO:
GT SOLAR Incorporated
243 Daniel Webster Highway

Merrimack, NH 03054
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RANOR, INC.
NORMAN BANVILLE
1 BELLA DRIVE

WESTMINSTER ,MA 01473
TEL.: 1-800-225-9552
FAX: 1-978-874-2748

SHIP TO:
GT SOLAR Incorporated
243 Daniel Webster Highway

Merrimack, NH 03054
U.S.A.

PROJECT No.:
DSS INVENTORY

12345	NET 30	CONTACT GT EQUIPMEN	X		NO

REL NORMAN BANVILLE

01	21	1	EA	510018	K	BASE,CHAMBER,DSS SYSTE 06/18/07
01	22	1	EA	510018	K	BASE,CHAMBER,DSS SYSTE 06/15/07
01	23	1	EA	510018	K	BASE,CHAMBER,DSS SYSTE 06/19/07
01	24	1	EA	510018	K	BASE,CHAMBER,DSS SYSTE 06/21/07
01	25	1	EA	510018	K	BASE,CHAMBER,DSS SYSTE 06/25/07
01	26	1	EA	510018	K	BASE,CHAMBER,DSS SYSTE 06/27/07
01	27	1	EA	510018	K	BASE,CHAMBER,DSS SYSTE 06/29/07
01	28	1	EA	510018	K	BASE,CHAMBER,DSS SYSTE 07/03/07
02	01	1	EA	510028	R	CHAMBER FAB 04/02/07
02	02	1	EA	510028	R	CHAMBER FAB 04/05/07
02	03	1	EA	510028	R	CHAMBER FAB 04/10/07
02	04	1	EA	510028	R	CHAMBER FAB 04/13/07
02	05	1	EA	510028	R	CHAMBER FAB 04/17/07
02	06	1	EA	510028	R	CHAMBER FAB 04/20/07
02	07	1	EA	510028	R	CHAMBER FAB 04/24/07
02	08	1	EA	510028	R	CHAMBER FAB 04/27/07
02	09	1	EA	510028	R	CHAMBER FAB 05/01/07
02	10	1	EA	510028	R	CHAMBER FAB 05/04/07
02	11	1	EA	510028	R	CHAMBER FAB 05/08/07
02	12	1	EA	510028	R	CHAMBER FAB 05/11/07

AUTHORIZED SIGNATURE

GT SOLAR™ INCORPORATED
(formerly GT Equipment Technologies, Inc.)

243 Daniel Webster Highway
Merrimack, New Hampshire 03054
Phone: (603) 883-5200

DUPLICATE

PURCHASE ORDER

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	1/22/07
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BILL TO:
GT SOLAR Incorporated
243 Daniel Webster Highway

Merrimack, NH 03054
U.S.A.

TO:
RANOR, INC.
NORMAN BANVILLE
1 BELLA DRIVE

WESTMINSTER MA 01473
TEL: 1-800-225-8552
FAX: 1-978-874-2748

SHIP TO:
GT SOLAR Incorporated
243 Daniel Webster Highway

Merrimack, NH 03054
U.S.A.

PROJECT No.:
DSS INVENTORY

12345	NET 30	CONTACT GT EQUIPMEN	X NO

REL NORMAN BANVILLE

02	13	1	EA	510028	R	CHAMBER FAB	06/15/07
02	14	1	EA	510028	R	CHAMBER FAB	06/19/07
02	15	1	EA	510028	R	CHAMBER FAB	06/22/07
02	16	1	EA	510028	R	CHAMBER FAB	06/25/07
02	17	1	EA	510028	R	CHAMBER FAB	06/31/07
02	18	1	EA	510028	R	CHAMBER FAB	06/05/07
02	19	1	EA	510028	R	CHAMBER FAB	06/07/07
02	20	1	EA	510028	R	CHAMBER FAB	06/11/07
02	21	1	EA	510028	R	CHAMBER FAB	06/13/07
02	22	1	EA	510028	R	CHAMBER FAB	06/15/07
02	23	1	EA	510028	R	CHAMBER FAB	06/19/07
02	24	1	EA	510028	R	CHAMBER FAB	06/21/07
02	25	1	EA	510028	R	CHAMBER FAB	06/25/07
02	26	1	EA	510028	R	CHAMBER FAB	06/27/07
02	27	1	EA	510028	R	CHAMBER FAB	06/29/07
02	28	1	EA	510028	R	CHAMBER FAB	07/03/07

PO Note 01: FIRST PIECE INSPECTION REPORT REQUIRED.
PO Note 02: CALL BOS FARMER @ X 316 FOR TECH QUESTIONS
PO Note 03: PARTS AND PAPERWORK TO REFLECT GTI PART
PO Note 04: NUMBER

AUTHORIZED SIGNATURE

GT SOLAR™ INCORPORATED
(formerly GT Equipment Technologies, Inc.)

243 Daniel Webster Highway
Merrimack, New Hampshire 03054
Phone: (603) 883-5200

DUPLICATE

PURCHASE ORDER

730837	000
	1/22/07
	4

BILL TO:
GT SOLAR Incorporated
243 Daniel Webster Highway

Merrimack, NH 03054
U.S.A.

TO:
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NORMAN BANVILLE
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WESTMINSTER ,MA 01473
TEL.: 1-800-225-9552
FAX: 1-978-874-2748

SHIP TO:
GT SOLAR Incorporated
243 Daniel Webster Highway

Merrimack, NH 03054
U.S.A.

PROJECT No.:
DES INVENTORY

12345		NET 30	CONTACT GT EQUIPMEN	X		NO	

REL	NORMAN BANVILLE

PO Note 05:	Contact GTI to authorize shipment on line
PO Note 06:	items exceeding $10,000.00.
PO Note 07:	
PO Note 08:	Payment Terms are Net 30 Days based on
PO Note 09:	actual or scheduled delivery, whichever is
PO Note 10:	later, unless other wise agreed to by GTI.
PO Note 11:	Please acknowledge Price and Delivery of
PO Note 12:	Order.
PO Note 13:	
PO Note 14:	MATERIAL TO SUPPORT THIS PRODUCTION RELEASE
PO Note 15:	ORDER WILL COME FROM 726968 FOR 30 SETS OF
PO Note 16:	PARTS AND 730119 FOR 26 SETS OF PARTS.
PO Note 17:	
PO Note 18:	PAYMENT SCHEDULE SHALL BE PER LISTED BELOW
PO Note 19:	
PO Note 20:	40% APPROX SIX WEEKS IN ADVANCE OF DELIVERY
PO Note 21:	40% AT TIME OF DELIVERY
PO Note 22:	20% NET 30 DAYS AFTER DELIVERY
PO Note 23:	
PO Note 24:	THE 40% ADVANCE WILL BE PAID AS SHOWN BELOW

AUTHORIZED SIGNATURE

GT SOLAR™ INCORPORATED
(formerly GT Equipment Technologies, Inc.)

243 Daniel Webster Highway
Merrimack, New Hampshire 03054
Phone: (603) 883-5200

DUPLICATE

PURCHASE ORDER

	730637
	000
	1/22/07
	5

BILL TO:
GT SOLAR Incorporated
243 Daniel Webster Highway

Merrimack, NH 03054
U.S.A.

TO:
RANOR, INC.
NORMAN BANVILLE
1 BELLA DRIVE

WESTMINSTER ,MA 01473
TEL.: 1-800-225-9552
FAX: 1-978-874-2748

SHIP TO:
GT SOLAR Incorporated
243 Daniel Webster Highway

Merrimack, NH 03054
U.S.A.

PROJECT No.:
DSS INVENTORY

12345		NET 30	CONTACT GT EQUIPMEN	X	NO

REL NORMAN BANVILLE

PO Note 25:	2/12/2007
PO Note 26:	2/26/2007
PO Note 27:	03/12/2007
PO Note 28:	03/26/2007
PO Note 29:	04/09/2007
PO Note 30:	04/23/2007
PO Note 31:	
PO Note 32:	AT DELIVERY
PO Note 33:	NET 30 DAYS
PO Note 34:	
PO Note 35:	ALL PAYMNETS WILL BE MADE UPON SUBMITTAL OF
PO Note 36:	AN INVOICE.
PO Note 37:	
PO Note 38:	CANCELLATION CAHRGES SHALL BE LIMITED TO WIP
PO Note 39:	VALUE PLUS ANY NON RETURNABLE RAW MATERIAL.

GRAND TOTAL:

AUTHORIZED SIGNATURE

communications
ESSCO

48 Old Powder Mill Road, Concord, MA 01742-4697
Tel. (978) 369-7200 FAX (978) 369-7641

PURCHASE ORDER

10-25-06		1
03-29-06	017902F	0

RANOR, INC
P.O. BOX 847291
BOSTON MA 02284-7291

L-3 COMMUNICATIONS / ESSCO
OLD POWDER MILL ROAD
CONCORD MA 01742

PREPAID .00 % 0 NET 30
BEST WAY ORIGIN

042-281-486

TERMS AND CONDITIONS PRINTED ON TH BACK OF THIS ORDER APPLY IN THEI ENTIRETY.

RQ-14 ERN 107 & 108

ITEM	SPEC NUMBER / DRAWING NUMBER / REVISION / ITEM NUMBER	DESCRIPTION / SECURITY CLASSIFICATION / ITEM TYPE			UNIT PRICE	EXTENDED AMOUNT
0001		ENGINEERING SERVICES	Y	N	1.0000	
	REQUISITION NBR:137605	REQUESTED BY: MKS				
		EA 01-0030-0055 359838 J7071-C01-201				
	10-30-06 10-30-06	14,560 14,560				14,560.00
		***THIS ORDER IS A DO-AT PRIORITY RATED CONTRACT ****PER DPS REG 1 AND/OR DMS REG 1 IN COMPLIANCE ***WITH FEDERAL DPAS REGUALTIONS".				
0002		NODE PROCESSING	Y	N	45043.0000	
	REQUISITION NBR:137605	REQUESTED BY: MKS				
		ST 01-0030-0055 359838 J7071-C01-201				
	10-30-06 10-30-06	2 2				90,086.00
0003		LONG/SHORT TRUSS	Y	N	69754.0000	
	REQUISITION NBR:137605	REQUESTED BY: MKS				
		ST 01-0030-0055 359838 J7071-C01-201				
	10-30-06 10-30-06	2 2				139,508.00

PLEASE SIGN THE ATTACHED ACKNOWLEDGEMENT AND RETURN IMMEDIATELY.

ORIGINAL PURCHASE ORDER

PURCHASE ORDER

communications
ESSCO

48 Old Powder Mill Road, Concord, MA 01742-4697
Tel. (978) 369-7200 FAX (978) 369-7641

		10-25-06	2
03-29-06		017902F	0

RANOR, INC
P.O. BOX 847291
BOSTON MA 02284-7291

L-3 COMMUNICATIONS / ESSCO
OLD POWDER MILL ROAD
CONCORD MA 01742

PREPAID .00 % 0 NET 30

BEST WAY ORIGIN

042-281-486

TERMS AND CONDITIONS PRINTED ON TH BACK OF THIS ORDER APPLY IN THEI ENTIRETY.

RQ-14 ERN 107 & 108

ITEM	QUANTITY / MANUFACTURER PART NUMBER / DESCRIPTION	UNIT PRICE	EXTENDED AMOUNT
	ORDER TOTAL		244,154.00

3. ESSCO/BEST QUALITY SYSTEM

33. CERTIFICATE OF COMPLIANCE.

"NO CHANGES TO THIS PURCHASE ORDER ARE ALLOWED WITHOUT WRITTEN AUTHORIZATION OF L-3 ESSCO'S PURCHASING DEPARTMENT & BUYER WHOSE NAME APPEARS ON THE FACE OF THIS ORDER".

BUYER: DICK JUEL

APPROVAL

PLEASE SIGN THE ATTACHED ACKNOWLEDGEMENT AND RETURN IMMEDIATELY.

ORIGINAL PURCHASE ORDER

communications

ESSCO

STANDARD PURCHASE ORDER TERMS AND CONDITIONS

1. **ACCEPTANCE.** THIS ORDER CONSTITUTES BUYER'S OFFER TO SELLER AND SHALL BECOME A BINDING CONTRACT UPON THE TERMS AND CONDITIONS SET FORTH HEREIN UPON ACCEPTANCE EITHER BY ACKNOWLEDGEMENT BY SELLER OR COMMENCEMENT OF PERFORMANCE. IN THE EVENT THAT THIS ORDER DOES NOT STATE PRICE OR DELIVERY, BUYER WILL NOT BE BOUND TO ANY PRICES OR DELIVERY TO WHICH IT HAS NOT SPECIFICALLY AGREED IN WRITING. ANY TERMS OR CONDITIONS PROPOSED BY SELLER INCONSISTENT WITH OR IN ADDITION TO THE TERMS AND CONDITIONS OF PURCHASE HEREIN CONTAINED SHALL BE VOID AND OF NO EFFECT UNLESS SPECIFICALLY AGREED TO BY BUYER. MODIFICATIONS HEREOF OR ADDENDA THERETO, TO BE EFFECTIVE MUST BE MADE IN WRITING. [illegible] THESE TERMS AND CONDITIONS, TOGETHER WITH SUCH MODIFICATIONS AND WITH SUCH DATA [illegible] AND DELIVERY AS ARE ACCEPTED IN WRITING BY BUYER, CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES.

2. **PACKING AND SHIPMENT.** [illegible]

3. **WARRANTIES.** [illegible]

4. **INSPECTION.** [illegible]

5. **DELIVERY.** [illegible]

6. **STATEMENT OF ACCOUNT.** [illegible]

7. **SPECIAL TOOLS.** [illegible]

8. **BUYER'S PROPERTY.** [illegible]

9. **INSURANCE.** [illegible]

10. **CHANGES.** [illegible]

11. **ADVERTISING.** [illegible]

12. **PATENT INDEMNITY.** [illegible]

13. **DATA.** [illegible]

14. **TERMINATION.** [illegible]

15. (a) Assignment and Subcontracting. [illegible]

(b) Subcontracts. [illegible]

16. TITLE. [illegible]

17. APPLICABLE LAWS.

(a) [illegible]

(b) [illegible]

18. **FAIR LABOR STANDARDS ACT.** [illegible]

19. **EXAMINATION OF RECORDS.** [illegible]

20. **GOVERNMENT FURNISHED PROPERTY.** [illegible]

21. **USE OF TOOLING AND DATA FOR U.S. GOVERNMENT.** [illegible]

22. **SUBCONTRACT SURVEILLANCE.** [illegible]

23. **FAR/DFAR CLAUSES.** [illegible]

24. **ANTI-KICKBACK PROCEDURES.** [illegible]

25. **DISPUTES.** [illegible]

26. **REMEDIES.** [illegible]

27. **TAXES.** [illegible]

28. **INDEMNITY AGAINST CLAIMS.** [illegible]

29. **EQUAL EMPLOYMENT OPPORTUNITY.** [illegible]

30. **Y2K COMPLIANCE.** [illegible]

Exhibit 21.1

List of Subsidiaries

Ranor, Inc., a Delaware corporation and 100% owned subsidiary

Exhibit 31.1

CERTIFICATION

I, James G. Reindl, certify that:

1. I have reviewed this Annual Report on Form 10-KSB for the year ended March 31, 2007, of Techprecision Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: June 28, 2007

/s/ James G. Reindl

James G. Reindl
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Mary Desmond, certify that:

1. I have reviewed this Annual Report on Form 10-KSB for the year ended March 31, 2007, of Techprecision Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: June 28, 2007

/s/ Mary Desmond

Mary Desmond
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 10-KSB of Techprecision Corporation (the "Company") for the year ended March 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James G. Reindl, the Chief Executive Officer, and I, Mary Desmond, the Chief Financial Officer, of the Company, do hereby certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 28, 2007

/s/ James G. Reindl

James G. Reindl
Chief Executive Officer

/s/ Mary Desmond

Mary Desmond
Chief Financial Officer