

**Memorandum of Understanding By &
Between USCL Corporation and Hunan Werko Electric Power
Meter Co., Ltd.**

Rev 4.1

Changsha, China

This is a memorandum of understanding by and between USCL Corporation (hereinafter referred to as "USCL"), a Nevada corporation with principal offices in Carmichael, California 95608 and Hunan Werko Electric Power Meter Co., Ltd. (hereinafter referred to as "Werko") dated 09 May 2006.

Whereas USCL is in the business of designing, manufacturing, and selling advanced utility power metering equipment, including electric power meters, data telecommunications communications equipment, and related energy management equipment

Whereas Werko is in the business of designing and manufacturing electric power meters and has significant process capability, engineering talent and an installed base of product in China

Whereas USCL desires Werko to commercialize the next generation USCL power meter branded as the EnergyCite meter pursuant to the USCL design specifications and to manufacture commercial quantities of same

Whereas Werko desires USCL to become its exclusive North American sales agent as well as sales agent in other territories which may from time to time be mutually agreed to

And whereas Werko desires to become an investor in USCL to insure its maximum penetration of the North American market and USCL desires Werko to make such investment as a matter of good faith and commitment to the North American market and USCL's success therein

The two parties mutually agree as follows:

- Werko shall invest \$4,000,000 USD at a price per share pursuant to the terms and conditions of the current USCL Private Placement Offering Memorandum (\$1.50 per share) or mutually agreed to by both parties. Such \$4,000,000 investment will provide Werko with not less than 40% of the outstanding shares as of this date. \$500,000 shall be wired to the account of USCL on or before 25 May 2006 Changsha, China time as an advance. The \$4,000,000 is an aggregate of \$3,000,000 cash to be transferred to USCL and \$1,000,000 invested in Engineering and production engineering NRI in China. The balance of the funds shall be advanced from time to time pursuant to a milestone schedule. The

milestone schedule shall be drafted by USCL and approved by Werko within 60 days hereof. In the event that Werko and USCL do not conclude the transaction with respect to 1) the agreed to and approved budget and milestone schedule, 2) the mutual agreement as to share price evaluation, 3) the accuracy of representations made in the firm's business plan, 4) or for any other reason, the \$500,000 shall be converted to common stock in USCL at the then current fair market value. USCL shall update the firm's business plan within 30 days of the date first indicated above and provide such updated business plan to Werko.

- Upon receipt of the aforementioned \$500,000, Werko shall be entitled to appoint a representative to the USCL Board of Directors.
- USCL shall email Werko various documentation from common domain sources including but not limited to the California Public Utility Commission is support of said Commissions' mandates to Southern California Edison for deployment of AMI. Such documents will be emailed to Werko by 23 May 2006 Changsha, China time.
- USCL Shall email its response to Southern California Edison's RFI of 12 2005 as well as the summary of action items resulting from the Kema, SCE, USCL teleconference of 30 March 30 2006 and the additional documents forwarded to SCE by USCL as a result thereof. Such documents will be emailed to Werko by 23 May 2006Changsha, China time.
- USCL shall provide its financial statements, books and records and such other related information to an accounting firm acceptable to Werko for purposes of auditing the USCL financial statements for fiscal year ending 2005, 2004, & 2003 if requested by Werko provided however that Werko pay all the reasonable and customary fees associated therewith. In the event that a final transaction is not consummated between the two parties, USCL shall have no liability to Werko with respect to monies paid by Werko for this purpose.
- USCL shall provide any books, records, and documents to an attorney engaged by Werko for the purposes of conducting corporate and industry due diligence and or valuation opinions. Werko shall pay all the reasonable and customary expenses associated therewith. In the event that a final transaction is not consummated between the two parties, USCL shall have no liability to Werko with respect to monies paid by Werko for this purpose.
- Werko shall undertake the design and commercialization of the USCL next generation electric kWh power meter, excluding communication modules, branded EnergyCite and shall commit to produce fully working prototypes no later than 15 October 2006 at its expense.
- USCL appoints Werko as its exclusive meter partner for purposes of designing and manufacturing meters sold under its EnergyCite brand.
- Werko appoints USCL as its exclusive sales agent and distributor for North America and other territories as mutually agreed to from time to time. USCL shall only present product designed and built by Werko in cooperation with USCL to Southern California Edison (SCE) in response to the ongoing State of California AMI initiative. USCL shall appoint Werko as its exclusive meter partner to the extent Werko performs in terms of delivery, quality and price. The spirit and intent of this MOU and future contract to build a long term mutually

exclusive enduring relationship based on mutual respect, trust and close cooperation.

- USCL shall cooperate fully with Werko with respect to the provision of all engineering requirements and specification documents consistent with Werko's request on a timely basis. USCL shall send Dr. Victor Kolesnichenko (Dr. Victor) to Werko's offices in China at a time agreed to by Werko and USCL to instruct and consult regarding various ANSI, meter design, mechanical, and manufacturing issues.
- Werko shall be the seller of the advanced meters and USCL shall be the buyer of the advanced meters, notwithstanding IP issues. The transfer price from seller to buyer shall be COGS plus not less than 30% gross profit. COGS is defined as cost of goods sold and includes but is not limited to materials, fixed & variable labor and allocated G&A based on GAAP (general accepted accounting procedures.) Werko shall be entitled to adjust its COGS quarterly and USCL shall be entitled to audit Werko's expenses at its sole expense.
- Werko shall submit an estimated budget for the \$1,000,000 proposed to be spent in China on NRI (Non Recurring Investment for R&D) and submit said budget to USCL for its approval within thirty days of the date above first written. USCL shall approve or ask for clarification within ten days of its receipt of said budget.
- In the event Wasion for any reason declines to complete the investment, all USCL owned IP transferred to Wasion for purposes of design and manufacture shall be returned to USCL. Under these conditions USCL shall offer Werko the use of said IP on a mutually agreed to royalty bases.
- Werko shall appoint Mr. Li Hao as business liaison and Mr. Zhang Xian as technical liaison.
- USCL shall appoint Tom D. Tamarkin as liaison for all USCL matters.
- This Memorandum of Understanding shall be superceded by a mutually agreed to contract within 120 days for the execution of this agreement. Should an extension be required, as a matter of good faith the two parties shall grant an additional 60 days extension provided however, that the two parties were working in good faith. USCL shall take the lead and have its corporate attorney do the initial drafts and at its sole expense, provided however, that these legal fees be included in the budget as approved by Werko and that any fees in excess of those provided in the budget resulting from back and forth changes will be paid by Werko.
- This memorandum is binding on the parties hereto.

It is understood by both Werko and USCL that this is a memorandum of understanding which of necessity by both parties be replaced with a commercial transactional agreement within a reasonable time period. It is the spirit and intent of both parties to closely cooperate to cause the design and commercialization of a superior next generation advanced power meter and related AMI system components and to launch the products in the United States and work to capture a significant percent of the U. S. market for advanced residential and small business and commercial power meters and related system components.

In consideration for the mutual exchanges of valuable assets between the parties as aforementioned the two parties agree to be bound by the terms and conditions outlined above.

USCL Corporation

Werko

A handwritten signature in blue ink, appearing to read "Tom Tamarkin". The signature is stylized with a large, sweeping initial "T" and a cursive "amarkin".

Tom Tamarkin
President & CEO

Liao Yizhou
General Manager