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

FORM 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-11616

FRANKLIN WIRELESS CORP.
(Name of small business issuer in its charter)

California 95-3733534

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

9853 Pacific Heights Blvd., Suite N, San Diego, California 92121

(Address of Principal Executive Offices) (Zip Code)

Issuer's Telephone Number: (858) 623-0000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common
Stock, without par value

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

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

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 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 if there is no disclosure of delinquent filers in response to Item 405 of
Regulation S-B is not 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.

The issuer's revenues for its most recent fiscal year were \$302,069

State the aggregate market value of the voting and non-voting common equity held
by non-affiliates computed by reference to the price at which the common equity
was sold, or the average bid and asked price of such common equity, as a
specified date within the past 60 days: \$2,116,382 as of April 21, 2006.

State the number of shares outstanding of each of the issuer's class of common
stock, as of the latest practicable date:

TITLE OF EACH CLASS OF COMMON STOCK	OUTSTANDING AT April 15, 2006
----- Common Stock, without par value	----- 835,040,550

Transitional Small Business Disclosure Format (Check one) Yes ; No

FRANKLIN WIRELESS CORP.
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FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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INTRODUCTION AND NOTE ON FORWARD LOOKING STATEMENTS

Franklin Wireless Corp. (the "Company" or "Franklin" or "our" or "we") is a California corporation; its principal executive office is located at 9853 Pacific Heights Blvd. Suite N, San Diego, CA 92121.

You should keep in mind the following points as you read this Report on Form 10-KSB:

- o the terms "we," "us," "our" or the "Company" refer to Franklin Wireless Corp. and its subsidiary;
- o our fiscal year ends on June 30; references to fiscal 2005 and fiscal 2004 and similar constructions refer to the fiscal year ended on June 30 of the applicable year.

This Annual Report on Form 10-KSB contains statements which, to the extent they do not recite historical fact, constitute "forward looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward looking statements are used under the captions "Business," "Management's Discussion and Analysis or Plan of Operation", and elsewhere in this Annual Report on Form 10-KSB. You can identify these statements by the use of words like "may," "will," "could," "should," "project," "believe," "anticipate," "expect," "plan," "estimate," "forecast," "potential," "intend," "continue," and variations of these words or comparable words. Forward looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ substantially from the results that the forward looking statements suggest for various reasons, including those discussed under the caption "Risks Related to Our Business." These forward looking statements are made only as of the date of this Annual Report on Form 10-KSB. We do not undertake to update or revise the forward looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

BUSINESS OVERVIEW

At Franklin Wireless Corp., we design, build and market broadband high speed data communication products, such as 3rd Generation wireless module and modems. Franklin is dedicated to serving the global wireless community by becoming a leading developer/marketer of wireless communications devices and enabling technologies, as well as an applications provider catering to the dynamic needs of its customers, global wireless carriers. Franklin's wireless voice and data products include wireless USB modems, PC cards, embedded modules, and standalone broadband modems used for high-speed voice and data services. The basis for most of our products is Code Division Multiple Access (CDMA) technology. In addition, as a wireless technologies/applications provider, Franklin offers services designed to meet specific needs of each of its customers.

We are committed to developing a reputation for:

- o Developing next-generation wireless communications products at affordable prices and ensuring timely and reliable product delivery
- o Flexibility in providing wireless enabling technologies that satisfy the specific needs of each carrier and
- o Deploying client-specific, value-enhancing, wireless applications

In addition, we provide service for our technology to vertical application companies. Accordingly, the Company acts as a wireless solution provider and enabler. The Company is in the position of a solution provider to electronic consumer product companies, and is in the position of an enabler of new markets and products to technology providers.

Our products are marketed through Original Equipment Manufacturers ("OEMs") and distributors, as well as directly to operators and end users. Our customers are located primarily in the United States, Canada, South America, Asia, and parts of Europe, in a wide range of industries including cellular operators, government agencies, PC manufacturers, and application integrators. In summary, Franklin's products are marketed to cellular operators for end-users as well as to the handheld computer industry, automotive industry, telemetry and other vertical markets.

OUR STRUCTURE

Franklin Wireless, headquartered in San Diego, California, is comprised of two segments: a San Diego-based business unit, including corporate functions, and a Korea-based business unit mainly to support the manufacturing of products.

The San Diego office is principally composed of marketing, sales, operations, finance and administrative support. It is responsible for all customer-related activities, such as marketing communications, product planning, product management and customer support, along with sales and business development activities on a worldwide basis.

The Korea-based business unit is a wholly owned subsidiary, and is responsible for researching wireless subscriber terminal devices and supporting manufacturing of wireless broadband devices. This entity has been inactive since August 2003.

OUR PRODUCTS AND SERVICES

We offer two distinct product segments: our CDMA 1xEVDO Embedded Module and USB/PC card Modem Segment, and our Engineering Development and Supporting Segment.

Our CDMA Embedded Module and USB/PC Card Segment represents our greatest growth opportunity. In 2004, the market for embedded wireless modules grew at an unprecedented rate, especially in the GSM space. The extraordinary success of the GSM module companies has paved the way for an equally successful module venture based on the CDMA technology that has been widely adopted, and is expected to occupy more than 40% of the global wireless market share in 2006. However, CDMA technology is highly complex, and few companies possess the expertise required to develop CDMA products. Accordingly, only a few CDMA companies are capable of creating CDMA modules and seizing this opportunity.

We believe that over the next four years, the CDMA embedded module market will represent approximately a \$40 billion opportunity. To support this rapidly expanding market, major wireless device manufacturers are planning to integrate embedded CDMA modules into their application products. The current GSM subscriber base also represents a substantial potential market opportunity for CDMA modules. Since the next-generation (3G) wireless technologies are based on the CDMA technology, GSM developers will soon be required to add CDMA capabilities to their devices.

In this rapidly growing market segment, the Company currently has two products: a dual-band (800/1900Mhz) embedded module/modem for the US and Latin America markets, and a single band (800Mhz) module/modem for the Latin America market. All of the present products are based on Qualcomm's MSM 5100/5500 technology. The Company plans to market its existing 1x EVDO embedded modem and USB/PCMCIA modem products to operators in the US and Latin America during 2006. In addition, the Company is in the process of developing a dual band USB modem, stand-alone wireless terminal and PCMCIA card based on Qualcomm's 1x EV-DO 6500 technology. Working with its Korean development partner CMOTech, Inc., the Company has initiated the development of a single band PC card and USB modem access device, as well as a stand-alone wireless modem based on Qualcomm's 5500 series and 6500 series chipset. Accordingly, our product lines have been expanded to address the US and Latin American markets.

In the next few years, we see great potential for our new line of CDMA 1x EV-DO based products. For the first time, 1x EV-DO will provide users with broadband speeds (up to 2.4Mbps) wirelessly in wide-area coverage. This third generation, or 3G, technology is just now being deployed commercially by major US wireless carriers committing to a nationwide 1x Ev-Do network deployment, as well as other wireless carriers planning to incorporate Qualcomm's CDMA 2000 1x EV-DO as their 3G data standard. 1x EV-DO is particularly advantageous in regions as an alternative to wired broadband (e.g., DSL and cable) and in regions where wired broadband access is simply unavailable despite the need and demand for such services. Franklin aims to work closely with carriers deploying 1x EV-DO in order to develop the 3G terminals that best meet their commercial needs in the US and Latin American market.

Franklin's Engineering Development and Supporting Segment collaborates with major carriers and wireless product manufacturers and provides them with solutions that meet their specific needs. This segment provided majority of our revenue in past years. However, Franklin believes that the ODM market is experiencing consolidation and rapid changes, making it less attractive to Franklin. Therefore, the management has elected to focus Franklin's resources on the module business segment. This shift in focus aligns our marketing resources and engineering capabilities behind our core product business units.

SALES AND MARKETING

We market our products through two channels: directly to operators and indirectly, through strategic partners. Most of our sales to wireless carriers and OEMs are sold directly by our sales force.

There are three steps to test and sell the data products with carriers: CDG1 (CDMA Development Group Stage 1), CDG 2 and CDG 3. The Company is currently testing the 1x EVDO USB modem with one of major carriers in the US and ten CDMA carriers in Latin America. Some units have been shipped to carriers in Latin America as samples. Current tests are all CDG 3 step as of April 15, 2006.

The carriers are interested in 1x EVDO single and dual band USB modem product for laptop computers or handheld devices equipped with USB but not equipped with PCMCIA slots. The Company's CDU-550 and CCU-550 are the first products to access the internet over CDMA 1xEVDO network with a USB modem. These products are designed for the users to browse the internet and send and receive e-mail anywhere and anytime in the CDMA 1xEVDO network. The Company has introduced a stand-alone modem for application companies, such as wireless security and telemetric companies, as well as the convergence product, EVDO Access Point which was combined with EVDO and WiFi solution. The EVDO access point product is designed for the small office or home using several PCs at the same time.

ASSEMBLY AND MANUFACTURING OPERATIONS

The Company's main facility is located in San Diego, California. Assembly of the Company's products has ordinarily been contracted out to overseas electronics manufacturing companies in South Korea. In May 2005, the Company entered into an agreement with C-Motech Co. Ltd. located in South Korea, for the manufacture of the products. Under the manufacturing and supply agreement, CMotech provides the Company with services including all licenses, component procurement, final assembly, testing, quality control, fulfillment and after-sale service.

EMPLOYEES

As of June 30, 2005, the Company had four full time employees and one part time employee. The Company's employees are not represented by any collective bargaining organization, and the Company has never experienced a work stoppage. The Company believes its relations with the employees to be amicable.

RISKS RELATED TO OUR BUSINESS

WE HAVE A HISTORY OF LOSSES. We have experienced significant operating losses and negative cash flows during our last two fiscal years. If our revenues and gross margins do not improve, we may incur additional significant net losses and negative cash flows from operations.

WE OPERATE IN AN INTENSIVELY COMPETITIVE FIELD. The wireless broadband data access market is highly competitive, and we may be unable to compete effectively. Our primary competitors are Sierra Wireless, Novatel Wireless and Option International. Many of our competitors or potential competitors have significantly greater financial, technical and marketing resources than we do. To survive and be competitive, we will need to continuously invest in research and development, sales and marketing, and customer support. Increased competition could result in price reduction and smaller customer orders. Our failure to compete effectively could seriously harm our business.

WE OPERATE IN A FIELD WITH RAPIDLY CHANGING TECHNOLOGY. If we are unable to predict and comply with evolving wireless standards, our ability to introduce and sell new products will be adversely affected. At the same time, if we fail to develop and introduce products on time, we may lose customers and potential product orders.

WE DEPEND ON THE DEMAND FOR WIRELESS NETWORK CAPACITY. The demand for our products is completely dependent on the demand for broadband wireless access to networks. If wireless operators do not deliver acceptable wireless service, our product sales may dramatically decline. Thus, if wireless operators experience financial or network difficulties, it will likely reduce demand for our products.

WE RELY ON A SINGLE SOURCE FOR THE MANUFACTURE OF OUR PRODUCTS. We rely on a single source to design, manufacture and supply our products, which exposes us to a number of risks and uncertainties outside our control. Due to our lack of working capital, we rely on CMotech to manufacture and deliver all our products. Any significant changes in CMotech, such as a change in ownership, operations or financial status may cause difficulties in our ability to deliver products to customers on a timely basis.

OUR PRODUCT DELIVERIES ARE SUBJECT TO LONG LEAD TIMES. Due to our financial difficulties, we are experiencing long-lead times to ship products to our customers, often in excess of 45 days. This could cause us to lose customers, who may be able to secure faster delivery times from our competitors, and require us to maintain higher levels of working capital.

ITEM 2. DESCRIPTION OF PROPERTY

The Company leases approximately 2,000 square feet office space in, San Diego, California, at a monthly rent of \$2,040. The lease expires on April 30, 2007. Our facility is covered by appropriate level of insurance and we believe it to be suitable for its respective use and adequate for our present needs.

ITEM 3. LEGAL PROCEEDINGS

During June 2005, the Company's landlord filed a suit against the Company alleging that the Company defaulted under the lease when the Company failed to pay rent. The action was settled, with the Company agreeing to pay \$9,308, to be paid in twelve equal monthly installments starting on December 6, 2005.

In addition, the Company is involved in certain legal proceedings and claims which arise in the normal course of business. Management does not believe that the outcome of these matters will have any material adverse effect on the Company's consolidated financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of the security holders during either of the two past fiscal years.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock is traded on the "pink sheets" under the trading symbol "FKLT". The following table sets forth the range of high and low bid quotation per share for the common stock as reported during the fiscal years ending June 30 2004 and 2005. The bid price reflects inter-dealer prices and does not include retail mark-up, markdown, or commission.

	HIGH	LOW
	----	---
June 30, 2004		

First Quarter.....	.090	.004
Second Quarter.....	.060	.028
Third Quarter.....	.049	.015
Fourth Quarter.....	.055	.015
June 30, 2005		

First Quarter.....	.035	.012
Second Quarter.....	.014	.007
Third Quarter.....	.010	.004
Fourth Quarter038	.002

The Company has never declared or paid any dividends on its Common Stock and does not expect to declare or pay any cash dividends in the foreseeable future.

As of June 30, 2005, the Company had approximately 750 shareholders of record. Since many of the shares of the Company's common stock are held by brokers and other institutions on behalf of stockholders, it is impossible to estimate the total number of beneficial holders represented by these record holders.

RECENT SALES OF UNREGISTERED SECURITIES

During the year ended June 30, 2005, the Company completed the following common stock transactions of previously unissued common shares:

- o In connection with the hiring of a Chief Executive Officer ("CEO") of the Company in March 2005, the Company issued 20,000,000 shares of common stock, valued at \$0.005 per share (or \$100,000) to the CEO. Also, the Company issued warrants to purchase 45,000,000 shares, at an exercise price of \$0.001 per share, subject to certain performance standards during the first year of employment. Of the warrants, 20,000,000 shares are subject to the CEO's ability to obtain contracts from customers for more than \$2,000,000 and 25,000,000 shares are subject to the CEO's ability to obtain external investments of more than \$500,000 during the first year of the CEO's employment. Subsequently, none of the performance was met and as a result, all of the warrants were forfeited.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

BUSINESS OVERVIEW

Franklin Wireless Corp. ("Franklin" or the "Company") designs, builds and markets broadband high speed data communication products, such as 3rd Generation wireless module and modems. In addition, we provide service for our technology to vertical application companies. The Company acts as a wireless solution provider and enabler. The Company is in the position of an enabler of new markets and products to technology providers. The Company is in the position of a solution provider to electronic consumer product companies.

The Company's products are marketed through Original Equipment Manufacturers ("OEMs") and distributors, as well as directly to operators and end users. Our customers are located primarily in the United States, Canada, South America, Asia, and parts of Europe, in a wide range of industries including cellular operators, government agencies, PC manufacturers, and application integrators. In summary, the Company's products are marketed to cellular operators for end-users as well as to the handheld computer industry, automotive industry, telemetry, and other vertical markets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts on those financial statements. Note 1 to the consolidated financial statements (included in this Annual Report on Form 10-KSB) describes the significant accounting policies and methods used in the preparation of the consolidated financial statements. On an ongoing basis, the Company evaluates its estimates including, but not limited to, those related to our allowance for doubtful accounts, and intangible assets. The Company bases its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different conditions or if our assumptions change.

The Company believes the following critical accounting policies affect our more significant judgments and estimates used in the preparation of its financial statements:

REVENUE RECOGNITION

The Company recognizes revenue when persuasive evidence of an arrangement exists, the price is fixed or determinable, collection is reasonably assured and delivery of products has occurred or services have been rendered. Accordingly, the Company recognizes revenues from product sales upon shipment of the product to the customers. The Company does not allow the right of return on product sales but provides a factory warranty for one year from the shipment which is covered by the Company's vendor. Allowance for doubtful accounts is estimated based on estimates of losses related to customer receivable balances. Estimates are developed by using standard quantitative measures based on historical losses, adjusting for current economic conditions and, in some cases, evaluating specific customer accounts for risk of loss. The establishment of reserves requires the use of judgments and assumptions regarding the potential for losses on receivable balances. Though the Company considers these balances adequate and proper, changes in economic conditions in specific markets in which the Company operates could have a material effect on reserve balances required.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flow, the Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

<PAGE>

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. The Company provides for depreciation using the straight-line method over the estimated useful lives as follows:

Computers and software	5 years
Machinery and equipment	5 years
Furniture and fixtures	5 years

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Gains or losses on the sale of property and equipment are reflected in the statements of operations.

LICENSES

Licenses are stated at cost and are amortized using the straight-line method over the license periods of five years.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company, in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for Impairment on Disposal of Long-lived Assets", reviews for impairment of long-lived assets and certain identifiable intangibles whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. As of June 30, 2004, the Company deemed that certain long-lived assets were impaired and wrote off \$478,904. As of June 30, 2005, the Company was not aware of any events or changes in circumstances that would indicate that the long-lived assets are impaired.

WARRANTIES

The Company does not allow the right of return on product sales but provides a factory warranty for one year from the shipment which is covered by the Company's vendor. These products are shipped directly from the vendor to the customers. As a result, the Company does not accrue any warranty expenses.

ADVERTISING AND MARKETING COSTS

The company expenses the costs of advertising and marketing as incurred. The Company incurred no advertising and marketing expenses during the years ending June 30, 2005 and 2004, respectively.

INCOME TAXES

The Company accounts for income taxes under the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is required when it is less likely than not that the Company will be able to realize all or a portion of its deferred tax assets.

RESULT OF OPERATIONS

The following table sets forth, for the fiscal years ended June 30, 2005 and 2004, selected consolidated statements of operations data expressed as a percentage of sales:

<PAGE>

	2005	2004
Net sales	100.0%	100.0%
Cost of goods sold	68.7%	93.6%
Gross profit	31.3%	6.4%
Selling, general and administrative expenses	237.7%	106.2%
Research and development	8.0%	3.9%
Loss from operations	-214.4%	-103.7%
Other expense, net	-1.5%	-32.4%
Net loss before income taxes	-215.9%	-136.1%
Provision for income taxes	0.3%	0.1%
Net loss	-216.2%	-136.2%

RESULTS OF OPERATIONS

YEAR ENDED JUNE 30, 2005 COMPARED TO YEAR ENDED JUNE 30, 2004

NET SALES - Net sales decreased by \$1,376,199, or 82.0%, from \$1,678,268 for the year ended June 30, 2004 to \$302,069 for the year ended June 30, 2005. The overall decrease can be attributed to the Company's business strategy that shifted itself from being a product engineering company to a product development/marketing company. During this period the Company focused its efforts and resources on the design of CDMA module and modem products, which resulted in a decrease in sales.

GROSS PROFIT - Gross profit increased in terms of net sales percentage as the percentage of gross profit was 31.3% for the year ended June 30, 2005, compared to 6.4% for the corresponding period of 2004. The gross profit percentage increase can be attributed to its shift from being a product engineering company to a product development/marketing company. During our first year as the developer of our own mobile phone products, we spent more than the expected cost to develop and manufacture the products, including numerous re-works, re-developments, and other product related activities, all of which contributed to the low gross profit margin for the fiscal year 2004. Selling, General, and Administrative - Selling, general, and administrative expenses decreased by \$1,063,471 or 59.7%, from \$1,781,630 for the year ended June 30, 2004 to \$718,159 for the year ended June 30, 2005. The decrease can be attributed to decreased sales/marketing efforts, reducing engineering expense, accounting charges and cost savings resulting from reduction of the general and administrative infrastructure.

RESEARCH AND DEVELOPMENT - Research and development expenses decreased by \$40,664 or 62.7%, from \$64,864 for the year ended June 30, 2004 to \$24,200 for the year ended June 30, 2005. The decrease was mainly attributable to the design of CDMA modules and modems, rather than full GSM phone design.

OTHER EXPENSE, NET - Other expenses decreased by \$540,011 or 99.2%, from \$544,525 for the year ended June 30, 2004 to \$4,514 for the year ended June 30, 2005. The decrease was due to losses on impairment of fixed assets and intangible assets of \$478,904 for the year ended June 30, 2004. There were no losses on impairment of fixed assets and intangible assets for the fiscal year ended June 30, 2005.

GOING CONCERN MATTERS

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. The Company incurred net losses of \$653,242 and had negative cash flows from operations of \$413,516 for the year ended June 30, 2005. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Recovery of the Company's assets is dependent upon future events, the outcome of which is indeterminable. The Company's attainment of profitable operations is dependent upon its obtaining adequate debt and equity financing and achieving a level of sales adequate to support the Company's cost structure. In addition,

realization of a major portion of the assets in the accompanying balance sheet is dependent upon the Company's ability to meet its financing requirements and the success of its plans to sell its products. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management plans to raise additional equity capital, continue to develop its products, and market the products.

LIQUIDITY AND CAPITAL RESOURCES

Our cash and cash equivalents decreased by \$169,506 to \$39,542 as of June 30, 2005 compared to \$209,048 as of June 30, 2004. The cash sources came primarily from issuance of equity securities, and to a lesser extent, collections of sales revenues. The Company has relied on sales of new shares to supplement the funding of operations for an extended period of time. The Company's working capital decreased by \$940,944 as we continued to invest in our development and business development efforts and fund the loss incurred in 2005 and 2004.

The Company believes that its current working capital deficit of \$718,531 and anticipated working capital to be generated by future operations will not be sufficient to support the Company's working capital requirements through least June 30, 2006.

OPERATING ACTIVITIES - Net cash used in operating activities amounted to \$413,516 in 2005 and \$1,675,222 in 2004. The decrease from the prior period relates mainly to lower amounts used in research and development service by stopping the service and focused in the research and development for the Company's own module and write-off of fixed assets and intangible assets of \$478,904 as they were deemed to be impaired as of June 30, 2004.

INVESTING ACTIVITIES - Net cash used in investing activities totaled \$4,000 in 2005, consisting of capital expenditures. Net cash used in investing activities in 2004 totaled \$1,829 consisting of capital expenditures.

FINANCING ACTIVITIES - Net cash provided by financing activities in 2005 totaled \$248,010, consisting of proceeds of \$218,010 from the issuance of Common Stock and additional borrowings from stockholders of \$30,000.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

Our principal future obligations and commitments as of June 30, 2005, include the following:

LEASES

The Company leases its administrative facilities under a non-cancelable operating lease that expires on April 30, 2007. In addition to the minimum annual rental commitments, the lease provides for periodic cost of living increases in the base rent and payment by the Company of common area costs. Rent expense related to the operating lease was \$37,103 and \$51,467 for the years ended June 30, 2005 and 2004, respectively.

The Company also leases certain test equipment and an automobile under an operating lease. Lease expenses related to these items were \$4,840 and \$22,053 during the years ended June 30, 2005 and 2004, respectively.

LITIGATION

During June 2005, the Company's landlord filed a suit against the Company alleging that the Company defaulted under the lease when the Company failed to pay rent. The action was settled, with the Company agreeing to pay \$9,308, to be paid in twelve equal monthly installments starting on December 6, 2005. This balance has been accrued in the current and long-term liabilities in the balance sheet as of June 30, 2005.

In addition, the Company is involved in certain legal proceedings and claims which arise in the normal course of business. Management does not believe that the outcome of these matters will have any material adverse effect on the Company's consolidated financial condition.

SUPPLY AND PURCHASE AGREEMENTS

In May 2005, the Company entered into a contract for low cost GSM phone and a worldwide distribution agreement with a design and manufacturing company. The agreement provides for a one-year term and may be extended on a year-to-year basis thereafter.

REPURCHASE OF SHARES

The Company has agreed to repurchase the shares held by Hanjin Jhun, its former Chief Executive Officer, for the price paid by Mr. Jhun, \$.005 per share. Mr. Jhun holds approximately 2,000,000 shares. The Company plans to repurchase the shares for cash during the fourth quarter of its 2006 fiscal year.

ITEM 7. FINANCIAL STATEMENTS

The financial statements and the supplementary financial information required by this Item and included in this report are listed in the Index to Consolidated Financial Statements beginning on page F-1.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 8A. CONTROLS AND PROCEDURES

As of the end of the fiscal year ended June 30, 2005, the Company carried out an evaluation, under the supervision and with the participation of members of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our company's disclosure controls and procedures pursuant to Rule 13a-15(b) of the U.S. Securities Exchange Act of 1934 (the "Exchange Act"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2005, our disclosure controls and procedures, related to internal control over financial reporting and the recording of certain equity transactions, were not effective in light of the material weaknesses described below.

1. Inadequate Financial Statement Preparation and Review Procedures - We do not have adequate procedures and controls to ensure that accurate financial statements can be prepared and reviewed on a timely basis, including insufficient
 - a. review and supervision within the accounting and finance departments;
 - b. underlying accurate data to ensure that balances are properly summarized and posted to the general ledger; and
 - c. technical accounting resources.
2. Inadequate Segregation of Duties - We do not have adequate procedures and controls in place to ensure proper segregation of duties within the accounting department. As a result, adjustments in the financial statements could occur and not be prevented or detected by our controls in a timely manner.
3. Inadequate Technical Accounting Expertise - We lacked the necessary depth of personnel with adequate technical accounting expertise to ensure the preparation of interim and annual financial statements in accordance with GAAP. This material weakness represented more than a remote likelihood that a material misstatement of our annual or interim financial statements for fiscal 2005 would not have been prevented or detected.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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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

EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below are the names, ages, titles and present and past positions of the executive officers of the Company.

NAME	AGE	POSITION
OC Kim	42	President, Acting Chief Financial Officer and a Director
Gary Nelson	64	Director
David Kim	52	Director
Taejin Kim	41	Director

Mr. OC Kim has been a director of the Company since September 2003 and is currently serving as the President and Acting Chief Financial Officer of the Company. Prior to joining the Company, Mr. Kim was the Chief Operating Officer of Axesstel Inc., a pioneering developer of CDMA Wireless Local Loop Products. Before joining Axesstel, he was the president of the US Sales office for Kolon Data Communications Co., Ltd., one of Korea's most prominent technology conglomerates. He began his career at Lucky Goldstar (LG) Electronics. He has more than 14 years of successful experience in sales, marketing and operations management in the telecommunications and information systems industries. He earned a B.A. from Sogang University in Korea.

Mr. Gary Nelson became a director of Franklin Wireless in April 2001. He is also the co-founder and current President of Churchill Mortgage Corporation, an income property mortgage banking firm based in Los Angeles, California, which is the loan correspondent for the general and real estate separate accounts of major life insurance companies and their pension fund sources. The Churchill portfolio consists of approximately \$4.5 billion in loans. In addition, Mr. Nelson is the Chairman of the Board of Directors for Churchill Mortgage of Arizona, Inc., and Churchill Real Estate, Inc. Prior experiences include computer marketing to the aerospace industry with Control Data Corporation and design engineering on the Apollo Project with North American Aviation.

He holds a B.S. in Mechanical Engineering from Kansas State University and an MBA from the University of Southern California.

Mr. David Kim has been a director since September 2003. He currently serves as Chairman of Westech Korea, a Korean venture capital firm.

Dr. Taejin Kim has been a director since September 2003. He currently serves as director of iPacific Partners Inc., a Korean venture capital company.

The Board of Directors has no committees, and has not adopted a Code of Ethics. Directors do not receive compensation for serving on the Board of Directors.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires officers and directors, and persons who own more than ten percent of our equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (the "Commission"). Officers, directors and greater than ten percent beneficial owners are required by Commission

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regulations to furnish the Company with copies of all forms they file pursuant to Section 16(a). Based solely on our review of the copies of such forms it received and written representations from reporting persons required to file reports under Section 16(a), to our knowledge all of the Section 16(a) filing requirements applicable to such persons with respect to fiscal 2005 were complied with, except that Mr. Jhun did not file a Form 4 in connection with his acquisition of Common Stock under his Employment Agreement. .

ITEM 10. EXECUTIVE COMPENSATION

The following table sets all compensation paid or accrued by the Company during the years ended June 30, 2004 and 2005 to its Chief Executive Officer, President and Chief Operating Officer, and Chief Technology Officer. (the "Named Executive Officers")

<TABLE>

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Name and Principal Position	Year	Annual Compensation		All Other Compensation	No. of Securities Underlying Options Granted
		Salary	Bonus		
<S>	<C>	<C>	<C>	<C>	<C>
Hajin Jhun, CEO*	2004	NA	-0-	-0-	-0-
	2005	\$6,000 (1)	-0-	-0-	-0-
OC Kim, President	2004	\$100,000(2)	-0-	-0-	-0-
	2005	\$100,000 (3)	-0-	-0-	-0-
Peter Won, VP of Engineering	2004	NA	-0-	-0-	-0-
	2005	\$90,000 (4)	-0-	-0-	-0-

</TABLE>

*Mr. Jhun resigned from all positions with the Company in March 2006.

- (1) \$50,000 per year contracted but agreed to receive \$2,000 per month until the Company is able to obtain future funding from other investors.
- (2) \$35,000 of this amount was deferred.
- (3) \$50,500 of this amount was deferred.
- (4) \$25,500 of this amount was deferred.

The Company had no outstanding employee stock options as of June 30, 2005 and 2004.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of June 30, 2005 by each director and executive officer of the Company, each person known to the Company to be the beneficial owner of more than 5% of the outstanding Common Stock, and all directors and executive officers of the Company as a group. Except as otherwise indicated below, each person has sole voting and investment power with respect to the shares owned, subject to applicable community property laws.

NAME AND ADDRESS	SHARES BENEFICIALLY OWNED	
	NUMBER	PERCENT
OC Kim 9853 Pacific Heights Blvd. Suite N San Diego, CA 92121	104,943,534	13.23%

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Gary Nelson 9853 Pacific Heights Blvd. Suite N San Diego, CA 92121	24,227,000	3.00%
Taejin Kim	67,968,889 (1)	8.57%
David Kim	88,805,746 (2)	11.29%
All directors and executive officers of the Company as a group (4 persons).....	285,945,169	36.08%

-
- (1) Consists of shares owned by iPacific Partners, of which Taejin Kim is an officer
- (2) Consists of shares owned by Westech Korea, of which David Kim is an officer.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

ITEM 13. EXHIBITS

No.	Description
---	-----
2.1	Amended and Restated Agreement and Plan of Merger, dated July 31, 2003, between Accetio, Inc. and Franklin Telecommunications Corp. (1)
3.1	Restated Articles of Incorporation of Franklin Wireless Corp.
3.2	Bylaws of Franklin Wireless Corp. (2)
10.1	Co-Development, Co-Ownership and Supply Agreement, dated January 5, 2005 between the Company and C-Motech Co., Ltd.
10.2	Lease, dated March 16, 2005, between the Company and MP Sorrento Mesa, LLC

-
- (1) Incorporated by reference from Report on Form 8-K, filed on September 26, 2003
- (2) Incorporated by reference from Amendment No. 2 to Registration Statement on Form S-3, filed on July 28, 2000

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table shows the fees paid or accrued for the audit and other services provided by Choi, Kim & Park, LLP for fiscal 2005 and 2004.

	FY 2005	FY 2004
	-----	-----
Audit Fees	\$25,000	\$25,000
Audit-Related Fees	--	--
Tax Fees	--	--
All Other Fees	--	--
	-----	-----
Total Fees	\$25,000	\$25,000
	=====	=====

The fees set forth on the foregoing table were paid during the 2006 fiscal year, but relate to the audits of the fiscal years set forth. Audit services of Choi, Kim & Park, LLP for fiscal 2005 and 2004 consisted of the examination of the consolidated financial statements of the Company. All of the services described above were approved in advance by the Board of Directors.

SIGNATURES

In accordance with Section 13 of 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Franklin Wireless Corp.

By: /s/ OC Kim

OC Kim, President

Dated: May 19, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
-----	-----	-----
(1) Principal Executive, Financial and Accounting Officer		
/s/ OC KIM ----- OC Kim	President Acting Chief Financial Officer and a Director	May 19, 2006
(3) Directors		
/s/ GARY NELSON ----- Gary Nelson	Chairman of the Board of Directors	May 19, 2006
/s/ DAVID KIM ----- David Kim	Director	May 19, 2006
/s/ TAE JIN KIM ----- Tae Jin Kim	Director	May 19, 2006

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FRANKLIN WIRELESS CORP.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Franklin Wireless Corp.
San Diego, California

We have audited the accompanying consolidated balance sheets of Franklin Wireless Corp. and subsidiary as of June 30, 2005 and 2004 and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the years ended June 30, 2005 and June 30, 2004. 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 provided a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Franklin Wireless Corp. and subsidiary as of June 30, 2005 and 2004, and the results of their operations and their cash flows for the years ended June 30, 2005 and June 30, 2004 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has incurred operating losses in fiscal 2005 and 2004, negative cash flows from operations, and has limited cash and other resources to fund future operations. Management's plans concerning these matters are also discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Choi, Kim & Park, LLP
San Diego, California
March 30, 2006

FRANKLIN WIRELESS CORP.
Consolidated Balance Sheets

	June 30,	
	2005	2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 39,542	\$ 209,048
Accounts receivable	--	100,000
Total current assets	39,542	309,048
Property and equipment, net	14,921	17,120
Intangible asset, net	97,917	142,917
Other assets	2,107	5,318
Total assets	\$ 154,487	\$ 474,403
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 17,926	\$ 46,635
Accrued liabilities	150,147	40,000
Notes payable to stockholders, current portion	590,000	--
Total current liabilities	758,073	86,635
Notes payable to stockholders, long-term portion	--	560,000
Other long-term liabilities	3,878	--
Total liabilities	761,951	646,635
Stockholders' deficit:		
Common Stock, no par value, authorized 900,000,000 shares and Preferred Stock, no par value, authorized 10,000,000 shares; Common Stock issued and outstanding - 793,040,050 and 773,040,050 for 2005 and 2004, respectively and no Preferred Stock issued for 2005 and 2004	--	--
Additional paid-in capital	3,784,393	3,566,383
Stock subscription receivable	(17,395)	(17,395)
Accumulated deficit	(4,374,462)	(3,721,220)
Total stockholders' deficit	(607,464)	(172,232)
Total liabilities and stockholders' deficit	\$ 154,487	\$ 474,403

See accompanying notes to consolidated financial statements.

FRANKLIN WIRELESS CORP.
Consolidated Statements of Operations

Fiscal Years ended June 30,

	2005	2004
Net sales	\$ 302,069	\$ 1,678,268
Cost of goods sold	207,638	1,571,517
Gross profit	94,431	106,751
Operating expenses:		
Selling, general and administrative	718,159	1,781,630
Research and development	24,200	64,864
Total operating expenses	742,359	1,846,494
Loss from operations	(647,928)	(1,739,743)
Other income (expense):		
Interest expense	--	(55,352)
Interest income	571	13,122
Loss on impairment of fixed assets	--	(332,053)
Loss on impairment of intangible assets	--	(146,851)
Other expenses, net	(5,085)	(23,391)
Total other expense, net	(4,514)	(544,525)
Net loss before income taxes	(652,442)	(2,284,268)
Provision for income taxes	800	800
Net loss	\$ (653,242)	\$ (2,285,068)
Basic Loss per share	\$ (0.0008)	\$ (0.0045)
Diluted loss per share	\$ (0.0008)	\$ (0.0045)
Weighted average common shares outstanding - basic	778,040,050	510,242,611
Weighted average common shares outstanding - diluted	778,040,050	510,242,611

See accompanying notes to consolidated financial statements.

FRANKLIN WIRELESS CORP.
Consolidated Statements of Stockholders' Equity (Deficit)

	Common Stocks					Total
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Stock Subscription	Stockholders' Equity (Deficit)
Balance, June 30, 2003	149,395,606	--	\$ 430,000	\$(1,436,152)	\$ --	\$(1,006,152)
Issuance of Common stock	623,644,444	--	3,136,383	--	--	3,136,383
Stock subscription receivables	--	--	--	--	(17,395)	(17,395)
Net loss	--	--	--	(2,285,068)	--	(2,285,068)
Balance, June 30, 2004	773,040,050	--	3,566,383	(3,721,220)	(17,395)	(172,232)
Issuance of Common stock	20,000,000	--	218,010	--	--	218,010
Net loss	--	--	--	(653,242)	--	(653,242)
Balance, June 30, 2005	793,040,050	--	\$ 3,784,393	\$(4,374,462)	\$ (17,395)	\$ (607,464)

See accompanying notes to consolidated financial statements

FRANKLIN WIRELESS CORP.
Consolidated Statements of Cash Flows

Fiscal Years Ended June 30,

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (653,242)	\$(2,285,068)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on impairment of fixed assets	--	332,053
Intangible assets impairment charge	--	146,851
Depreciation and amortization	6,199	43,494
Amortization of intangible assets	45,000	82,083
Increase (decrease) in cash due to change in:		
Accounts receivable	100,000	(25,156)
Intangible assets	--	(67,171)
Other assets	3,211	41,592
Accounts payable	(28,709)	23,513
Accrued liabilities	110,147	32,587
Other long-term liabilities	3,878	--
Net cash used in operating activities	(413,516)	(1,675,222)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(4,000)	(1,829)
Net cash used in investing activities	(4,000)	(1,829)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Line of credit	--	(298,000)
Borrowings from stockholders	30,000	10,000
Proceeds from issuance of common stock	218,010	1,736,768
Increase in stock subscriptions receivable	--	(17,395)
Net cash provided by financing activities	248,010	1,431,373
Net decrease in cash	(169,506)	(245,678)
Cash and cash equivalents, beginning of year	209,048	454,726
Cash and cash equivalents, end of year	\$ 39,542	\$ 209,048
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ --	\$ 5,352
Incomes taxes	\$ 800	\$ 800

See accompanying notes to consolidated financial statements.

FRANKLIN WIRELESS CORP.
Notes to Consolidated Financial Statements
June 30, 2005 and 2004

NOTE 1 - NATURE OF OPERATIONS

Franklin Wireless Corp. ("Franklin" or the "Company") designs, builds, and markets broadband high speed data communication products such as 3G wireless module and modem. In addition, service for its technology is provided to vertical application companies. The Company offers Wireless Solution Provider/Enabler. The Company is in position of an enabler of new markets and products to technology provider. The Company is in position of a solution provider to electronic consumer product companies.

The Company's products are marketed through Original Equipment Manufacturers ("OEMs") and distributors, as well as directly to operators and end users. The Company's customers are located primarily in the United States, Canada, South America, Asia, and parts of Europe in a wide range of industries including cellular operators, government, PC maker, and application integrator. In summary, the Company's products are marketed to cellular operators for end-users as well as computer/handheld computing industry, automotive industry, telemetry, other vertical markets.

NOTE 2 - GOING CONCERN MATTERS

The accompanying consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), which contemplate continuation of the Company as a going concern. The Company incurred a net loss of \$653,242 and had negative cash flows from operations of \$413,516 for the year ended June 30, 2005. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Recovery of the Company's assets is dependent upon future events, the outcome of which is indeterminable. The Company's attainment of profitable operations is dependent upon its obtaining adequate debt and equity financing and achieving a level of sales adequate to support the Company's cost structure. In addition, realization of a major portion of the assets in the accompanying balance sheet is dependent upon the Company's ability to meet its financing requirements and the success of its plans to sell its products. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management plans to raise additional equity capital, continue to develop its products, and market the products.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Franklin and its wholly owned subsidiary, ARG. All inter-company balances and transactions have been eliminated. The Company's subsidiary, ARG, was not in operation during the fiscal years 2005 and 2004.

SEGMENT REPORTING

The Company has two reportable segments as defined by SFAS No. 131, Disclosure About Segments of an Enterprise and Related Information. The Company's subsidiary located in South Korea, ARG, was not active during the fiscal years 2005 and 2004. Furthermore, all of its subsidiary's assets were written off during the fiscal year 2004 as the operation was shut-down during the period. As a result, the Company's consolidated financial statements only include \$550,000 of debt from ARG financial statements. All of the Company's investments in subsidiary and inter-company balances have been eliminated.

ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

REVENUE RECOGNITION

The Company recognizes revenue when persuasive evidence of an arrangement exists, the price is fixed or determinable, collection is reasonably assured and delivery of products has occurred or services have been rendered. Accordingly, the Company recognizes revenues from product sales upon shipment of the product to the customers. The Company does not allow the right of return on product sales but provides a factory warranty for one year from the shipment which is covered by the Company's vendor. Allowance for doubtful accounts is estimated based on estimates of losses related to customer receivable balances. Estimates are developed by using standard quantitative measures based on historical losses, adjusting for current economic conditions and, in some cases, evaluating specific customer accounts for risk of loss. The establishment of reserves requires the use of judgment and assumptions regarding the potential for losses on receivable balances. Though the Company considers these balances adequate and proper, changes in economic conditions in specific markets in which the Company operates could have a material effect on reserve balances required.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. The Company provides for depreciation using the straight-line method over the estimated useful lives as follows:

Computers and software	5 years
Machinery and equipment	5 years
Furniture and fixtures	5 years

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Gains or losses on the sale of property and equipment are reflected in the statements of operations.

INTANGIBLE ASSETS - LICENSES

Licenses are stated at cost and are amortized using the straight-line method over the license periods of five years or life of the license.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company, in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for Impairment on Disposal of Long-lived Assets", reviews for impairment of long-lived assets and certain identifiable intangibles whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss would be recognized when estimated

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future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. As of June 30, 2004, the Company deemed that certain long-lived assets were impaired and wrote off \$478,904. As of June 30, 2005, the Company was not aware of any events or changes in circumstances that would indicate that the long-lived assets are impaired.

WARRANTIES

The Company does not allow the right of return on product sales but provides a factory warranty for one year from the shipment which is covered by the Company's vendor. These products are shipped directly from the vendor to the customers. As a result, the Company does not accrue any warranty expenses.

ADVERTISING AND MARKETING COSTS

The company expenses the costs of advertising and marketing as incurred. The Company incurred no advertising and marketing expenses during the years ending June 30, 2005 and 2004, respectively.

INCOME TAXES

The Company accounts for income taxes under the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is required when it is less likely than not that the Company will be able to realize all or a portion of its deferred tax assets.

LOSS PER SHARE

The Company reports loss per share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share". Basic loss per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share include the potentially dilutive effect of outstanding common stock options and warrants which are convertible to common shares.

CONCENTRATIONS OF CREDIT RISK

The Company sells its products throughout the United States and South America and extends credit to its customers and performs ongoing credit evaluations of such customers. The Company evaluates its accounts receivable on a regular basis for collectibility and provides for an allowance for potential credit losses as deemed necessary.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Non-monetary Assets-An Amendment of APB Opinion No. 29, Accounting for Non-monetary Transactions" ("SFAS 153"). SFAS 153 eliminates the exception from fair value measurement for non-monetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Non-monetary Transactions," and replaces it with an exception for exchanges that do not have commercial substance. SFAS 153 specifies that a non-monetary exchange has commercial substance if the future cash flow of the entity is expected to change significantly as a result of the exchange. SFAS 153 is effective for the fiscal periods beginning after June 15, 2005. The Company is currently evaluating the effect that the adoption of SFAS 153 will have on its consolidated results of operations and financial condition but does not expect it to have a material impact.

In November 2004, the FASB issued SFAS No. 151, Inventory costs-an amendment of ARB No. 43, Chapter 4 ("FAS No. 151"). This statement amends the guidance in ARB NO. 43 to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and spoilage. FAS NO. 151 requires that these items be recognized as current period charges. The Company has adopted FAS No. 151, which had no effect on consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS 150"). SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity that have been presented either entirely as equity or between the liabilities section and the equity section of the statement of financial position. For non-SEC registrants, SFAS 150 is effective for financial instruments entered into or modified after December 15, 2004. Management believes that the adoption of this statement does not have a material impact on the results of operations, the financial position or cash flows of the Company.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2005 and 2004 consisted of receivable from customer in the amount of \$0 and \$100,000, respectively. During the year ended June 30, 2005, the Company collected the outstanding amount of \$100,000.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	2005	2004
Computers and software	\$ 22,224	\$ 21,224
Machinery and equipment	3,000	--
Furniture and fixtures	8,713	8,713
	-----	-----
	33,937	29,937
Less accumulated depreciation	(19,016)	(12,817)
	-----	-----
TOTAL	\$ 14,921	\$ 17,120
	=====	=====

NOTE 6 - INVESTMENT IN SUBSIDIARY

In April 2002, the Company invested \$384,615 to its wholly owned subsidiary in South Korea for R&D and manufacturing support. Since August 2003 and as of June 30, 2005 and 2004, ARG has been inactive.

NOTE 7 - INTANGIBLE ASSETS

The Company purchased licenses to design phone and data communication products. Below are the details for the licenses.

	2005	2004
GSM software license	\$ 200,000	\$ 200,000
Text input methods licenses	25,000	25,000
	225,000	225,000
Less accumulated amortization	(127,083)	(82,083)
Net Balance	\$ 97,917	\$ 142,917

GSM software license was contracted with a supplier for the Company to design GSM phone and module and was paid in September of 2002. This software license has an approximate life of 5 years based on the life of the GSM software.

Text input method license was paid in October of 2002 and has an approximate life of 5 years or the life of the text input license.

NOTE 8 - OTHER ASSETS

Security deposit as of June 30 consisted of the following:

	2005	2004
Lease deposit	\$ 1,824	\$ 5,318
Utility deposit	283	--
TOTAL	\$ 2,107	\$ 5,318

NOTE 9 - NOTES PAYABLE TO STOCKHOLDERS

	2005	2004
Promissory Note	\$ 10,000	\$ 10,000
Promissory Note	30,000	--
Non-interest Bearing Note	550,000	550,000
Total	590,000	560,000
Less current portion	(590,000)	--
Long-term portion	\$ --	\$ 560,000

The Company issued a non-interest bearing promissory note in the amount of \$10,000 to the Company's former chief technology officer on June 30, 2004.

During June 2005, the Company issued a promissory note to its stockholder in the amount of \$30,000 with no interest. The note is convertible to the Company's common stock upon issuance at the option of the holder at exercise price on the date of issuance, or \$0.005. The note was converted to the Company's common stock at \$0.005 on November 11, 2005.

On August 20, 2002, the Company's wholly owned subsidiary, ARG issued a promissory note to the Company's stockholder in the amount of \$550,000 including 10% interest due on March 20, 2004. The Company and the stockholder agreed to change the promissory note to a convertible promissory note in the amounts of

<PAGE>

\$550,000 including 10% interest during the year ended June 30, 2004. The note is convertible to the Company's common stock at the option of the holder at a conversion price equal to the fair value of the Company's common stock on the date of issuance, or \$0.005. As of June 30, 2005, this note was not converted to the Company's common stock.

In accordance with U.S. generally accepted accounting principles, all non-interest bearing notes must be discounted using the Company's average borrowing rate. The balance was deemed immaterial and did not record the discounted amount as of June 30, 2005 and 2004.

NOTE 10 - ACCRUED LIABILITIES

Accrued liabilities at June 30 consisted of the following:

	2005	2004
Salaries	\$111,000	\$ 35,000
Other accrued liabilities	39,147	5,000
TOTAL	\$150,147	\$ 40,000

NOTE 11 - COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

The Company leases its administrative facilities under a non-cancelable operating lease that expire on April 30, 2007. In addition to the minimum annual rental commitments, the leases provide for periodic cost of living increases in the base rent and payment by the Company of common area costs. Rent expense related to the operating lease was \$37,103 and \$51,467 for the years ended June 30, 2005 and 2004, respectively.

The Company also leases certain test equipment and automobile under an operating lease. Lease expenses related to these items were \$11,620 and \$28,616 during the years ended June 30, 2005 and 2004, respectively.

Future minimum lease payments under operating leases at June 30, 2005 are as follows:

Year Ending June 30	Operating Lease (Facility)	Equipment and Auto Leases
2006	\$ 20,040	\$ 6,780
2007	20,844	1,148
	\$ 40,884	7,928

LITIGATION

During June 2005, the Company's landlord filed a suit against the Company alleging that the Company defaulted under the terms and conditions of the Company's lease agreement when the Company failed to pay for its facility lease valued at \$18,221. Both parties have settled at \$9,308 to be paid in twelve equal monthly installments starting on December 6, 2005. This balance is properly accrued in the current and long-term liabilities in the balance sheet as of June 30, 2005. In addition, the Company is involved in certain legal proceedings and claims which arise in the normal course of business. Management does not believe that the outcome of these matters will have any material adverse effect on the Company's consolidated financial condition.

SUPPLY AND PURCHASE AGREEMENTS

In May 2005, the Company entered into a contract for low cost GSM phone and a worldwide distribution agreement with a design and manufacturing company. The agreement provides for a one-year term and may be extended on a year-to-year basis thereafter.

PRIVATE PLACEMENT EXEMPTIONS

The Company's private placements of securities have been issued in transactions intended to be exempt from registration under the Securities Act of 1933 pursuant to the provisions of Regulation D promulgated thereunder. These rules include factors pursuant to which one or more private placement transactions may be integrated as part of other offerings and include rules that limit the dollar amount that can be raised and the number of non-accredited investors that can participate

In the event any of the Company's private placement transactions, including private placement transactions undertaken by the Company since the transactions referred to above, were deemed to be integrated, it is possible that the exemption from the registration requirements of the Securities Act of 1933 would not be available for one or more of those offerings. In the event that one or more of such transactions are determined not to have been exempt from such registration requirements, the purchasers may have the right to seek rescission of the sales and/or seek money damages against the Company. Management believes that each of the Company's private offerings were exempt from the registration requirements of the Securities Act of 1933.

OFFICER EMPLOYMENT AGREEMENT

Each officer serves at the discretion of our board of directors. The Company has entered into a one-year renewable employment agreement with Hajin Jhun, our Chief Executive Officer in March 2005. The annual salary under the Employment Agreement is \$50,000; however, Mr. Jhun agreed to receive \$2,000 per month until Franklin receives at least \$500,000 from external funding or completes a business transaction equivalent to \$2,000,000 or more during the first year of his employment. Under the Agreement the Company also issued Mr. Jhun 20,000,000 shares of common stock, valued at \$0.005 per share, or \$100,000, and warrants to purchase 45,000,000 shares of Common Stock. Of these warrants, 20,000,000 shares are subject to the CEO's ability to obtain contracts from customers for more than \$2,000,000 and 25,000,000 shares are subject to the CEO's ability to obtain external investments of more than \$500,000 during the first year of employment. Subsequently, none of the performance was met and, as a result, all of the warrants were forfeited.

On April 15, 2002, the Company entered into a renewable three-year employment agreement with its president. The annual salary for the officer is \$150,000. The officer may at his option convert up to 50% of his compensation into stock options to purchase the Company's common stock. No stocks were provided as of June 30, 2005 and 2004.

NOTE 12 - EARNINGS PER SHARE

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income or loss attributable to common shareholders by the weighted-average number of common shares outstanding for the period. As of June 30, 2005 and 2004, the Company did not have any dilutive common stock shares.

NOTE 13 - STOCKHOLDERS' DEFICIT

COMMON STOCKS

The Company has authorized 900,000,000 shares of common stock and 10,000,000 shares of preferred stock of which 793,040,050 and 773,040,050 shares were outstanding as of June 30, 2005 and 2004, respectively. No preferred stocks were issued as of June 30, 2005 and 2004, respectively. No dividends have been declared or paid during fiscal years 2005 and 2004.

WARRANTS

In connection with the hiring of a Chief Executive Officer ("CEO") of the Company in March 2005, the Company issued 20,000,000 shares of common stock, valued at \$0.005 per share (or \$100,000) to the CEO. Also, the Company issued warrants to purchase 45,000,000 shares, at an exercise price of \$0.001 per share, subject to certain performance standards during the first year of employment. Of the warrants, 20,000,000 shares are subject to the CEO's ability to obtain contracts from customers for more than \$2,000,000. and 25,000,000 shares are subject to the CEO's ability to obtain external investments of more than \$500,000 during the first year of the CEO's employment. Subsequently, none of the performance was met and as a result, all of the warrants were forfeited

STOCK ISSUANCES

During the year ended June 30, 2005 and 2004 the Company completed the following common stock transactions:

- o September 2003 to May 2004 - The Company issued 623,644,444 during this period as a part of merger agreement with Accetio, Inc. ("Accetio"), a wireless company located in San Diego, California, to a various Accetio shareholders and private investors in the gross proceeds of \$3,136,383 at a various price per share. All of these stocks issued approximated the fair market price at the date of issuance and as a result, not stock compensation expense was recorded as of June 30, 2004.
- o September 2004 - One of the Company's officers returned his shares according to the milestone contract with the Company and the Company repurchased 34,174,300 shares at his original investment, \$10,000. A private investor purchased 34,174,300 shares at \$118,010 from the Company. \$118,010 was recorded as increase of additional paid in capital as of Jun 30, 2005 without any change of common stocks.
- o April 2005 - The Company issued 20,000,000 shares to CEO at \$0.005 per share in the gross proceeds of \$100,000. The issuance price approximated market price at that time off issuance and as result, no stock compensation expense was recorded as of June 30, 2005.

NOTE 14 - INCOME TAXES

No provision for income taxes for the years ended June 30, 2005, 2004, and 2003 is required, except for minimum state taxes, since the Company incurred losses during such years.

The Company accounts for income taxes under the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is required when it is less likely than not that the Company will be able to realize all or a portion of its deferred tax assets.

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NOTE 15 - INACTIVE OPERATION (ARG, Inc)

The Company has a wholly owned subsidiary in South Korea to utilize to design the cellular phone. During the latter part of 2003, the Company discontinued its financial support and operations of ARG but kept the business as an inactive subsidiary for future use. The subsidiary will be used for supporting manufacturing and sourcing new product and business during the 2007 fiscal year.

NOTE 16 - SUBSEQUENT EVENTS

ISSUANCE OF COMMON STOCK

November 11, 2005 - The Company converted a \$30,000 note payable to a stockholder into Common Stock. The Company issued 6,000,000 shares in connection with the conversion, at \$0.005 per share.

November 11, 2005 - The Company issued 36,000,000 common stock shares at \$0.0085 in the amount of \$305,000 to an unaffiliated investor.

NOTE PAYABLE TO STOCKHOLDER

During June 2005, the Company issued a promissory note to a stockholder in the amount of \$30,000, without interest. The note is convertible to the Company's common stock upon issuance at the option of the holder at exercise price on the date of issuance, or \$0.005. The note was converted into shares of the Company's common stock at \$0.005 on November 11, 2005.

REPURCHASE OF SHARES

The Company has agreed to repurchase the shares held by Hanjin Jhun, its former Chief Executive Officer, for the price paid by Mr. Jhun, \$.005 per share. Mr. Jhun holds approximately 2,000,000 shares. The Company plans to repurchase the shares for cash during the fourth quarter of its 2006 fiscal year.

Exhibit 3.1

Restated Articles of Incorporation
of
Franklin Telecommunications Corp.

Frank W. Peters and Helen West certify that:

1. They are the President and Secretary, respectively, of Franklin Telecommunications Corp., a California corporation.

2. The Articles of Incorporation of this Corporation, as amended to the date of filing of this certificate, including amendments set forth herein but not separately filed (and with the omissions required by Section 910 of the Corporations Code) are restated as set forth in Exhibit A hereto.

3. The amendment and restatement of the Articles of Incorporation has been duly approved by the Board of Directors.

4. The amendments as included in the Restated Articles of Incorporation (other than omissions required by Section 910 of the Corporations Code) have been duly approved by the required vote of shareholders in accordance with Section 902 of the California Corporations Code. The corporation has only one class of shares outstanding and the total number of outstanding shares of the Corporation is 89,869,006 shares of Common Stock. The total number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than fifty percent.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of our own knowledge.

Dated: July 18, 2003

/s/ Frank W. Peters

Frank W. Peters, President

/s/ Helen West

Helen West, Secretary

Restated Articles of Incorporation
of
Franklin Telecommunications Corp.

1. The name of this corporation is:

Franklin Telecommunications Corp.

2. The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

3. The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

4. The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with agents, vote of shareholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the applicable limits set forth in Section 204 of the California Corporations Code with respect to actions for breach of duty to the corporation and its shareholders.

5. (a) The corporation is authorized to issue two classes of stock, designated "Common Stock" and "Preferred Stock", respectively. The number of shares of Common Stock authorized to be issued is Nine Hundred Million (900,000,000), and the number of shares of Preferred Stock authorized to be issued is Ten Million (10,000,000).

(b) The Preferred Stock may be divided into such number of series as the Board of Directors may determine. The Board of Directors is authorized to determine and to alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock, and to fix the number of shares of any series of Preferred Stock and the designation of any such series of Preferred Stock. The Board of Directors, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, may increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issue of shares of that series.

CO-DEVELOPMENT, CO-OWNERSHIP

AND SUPPLY AGREEMENT

This Agreement ("the Agreement" or "this Agreement") is made this 5th day of Jan, 2005 (the "Effective Date") by Franklin Wireless Corporation, a California corporation located at 9565 Waples Street, Suite 100, San Diego, CA 92121, USA ("Franklin") and C-Motech Co., Ltd. Located at 5F Etronix Bldg., 17-10 Yoidodong, Youngdungpo-gu, Seoul, Korea 150-874. ("CMO")

WHEREAS, Franklin and CMO are developers and providers of wireless access devices for worldwide markets.

WHEREAS, Franklin and CMO wish to enter into a partnership to jointly develop and market the Product to USA and worldwide markets.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the parties hereby agree as follows:

1. Products

The Products include all access devices designed with Qualcomm's MSM 5100, 5500 and 6500 chipset solutions provided or designed by CMO or both companies.

2. Distinctive Roles of Each Party.

Recognizing the strength and expertise each party brings to this strategic alliance the parties have agreed to the following role assignment in their relationship:

Franklin is responsible for the marketing, sales and distribution, field testing, certifications of the Product to wireless service operators and other commercial buyers within the Territory.

CMO will be responsible for the design, development, testing, certification, and completion of the Product as well as the efficiency and the quality of the product manufacturing process.

3. Territory

CMO agrees Franklin will have the exclusive rights to market the Products in South, North and Central America. The current customers handled by CMO will be transferred to Franklin gradually by both mutual agreed upon.

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Franklin agrees CMO will have the exclusive rights to freely market the Products in regions other than North, Central and South America.

4. Product price and payment

The initial price for the Products as privately labeled is set forth on Exhibit A, subject to modification from time to time upon mutual agreement so as to keep the Products competitive.

The terms of payment shall be L/C 40 days ahead from date of delivery or other terms by mutual agreed.

5. Purchase Order.

5.1. All Purchase Orders (i) are subject to the terms and conditions of this Agreement; (ii) must be set forth in writing, (iii) must be submitted by appropriate personnel of Franklin, and (iv) may be submitted at any time during the term of this Agreement by Franklin to CMO via facsimile, electronic mail or electronic data interchange.

5.2. All shipments of Products shall be F.O.B. Korea. All shipments shall be made in accordance with Franklin's instructions as set forth in the corresponding Purchase Order. Such instructions are subject to change upon submission of timely written notice by Franklin.

5.3. Purchase Orders accepted by CMO but not delivered to the carrier for shipment to Franklin as of the requested delivery date set forth in the Purchase Order shall be deemed to be "past due." Franklin reserves the right to cancel, postpone or reschedule any past due Purchase Orders.

6. Brand

The Products will be supplied by CMO to Franklin bearing a Franklin approved private label and packaging. Franklin will provide the artwork.

7. Intellectual Property Rights

Both CMO and Franklin shall have own the rights of the Products USB Dongle, Card Bus, PCI Bus and Module designed with MSM 5500 dual band products. In the event sell the rights of the Products to others in partial or in whole, both shall need the other party's prior written approval. Future products and the development cost shall be decided from time to time by mutual agreed upon. Both parties agree the right of the products designed with MSM 5500 dual band will be transferred to the other party in the event any party is in condition of section 8.2 (iii), (iv) and (v).

8. Term and Terminations

8.1. The initial term of this Agreement is for two years (2) years commencing on the date set forth above. This Agreement shall automatically renew and extend for additional terms of one (1) year each unless either party hereto has provided the other with written notice of its intention to terminate this Agreement at least sixty (60) days prior to the end of the existing term.

8.2. Either party may terminate this Agreement immediately upon written notice to the other party if the other party (i) is in default of any material obligation hereunder, and, if curable, such party has failed to cure such default within thirty (30) days after receipt of such notice; (ii) violates any international, federal, state, provincial or local law relating to or affecting this Agreement; or (iii) makes a general assignment for the benefit of its creditors; (iv) files or does not object to the filing against it of any petition in bankruptcy or insolvency in any federal or state proceeding; (v) has a receiver or trustee appointed for all or a material portion of its assets. Termination of this Agreement for any of the reasons set forth in this Section 8 shall not affect the obligations or rights of either party regarding invoices outstanding or amounts owed at the time of such termination.

9. Warranty

CMO warrants that (in addition to those warranties implied by law) the Products together with the packaging, labeling and other material furnished by CMO shall (a) be free from defects; (b) comply with the laws, rules, orders and regulations of applicable government authorities; and (c) not infringe on any third parties' proprietary rights, patents, trademarks or copyrights. Franklin should notify the above (b) and (c) to CMO in advance before shipping The Products. CMO shall warrant the contents which is agreed by both parties

<PAGE>

CMO warrants that the Products are free from defect in material, workmanship and design under normal use and service.

This warranty shall be for a period of thirteen (13) months after delivery to Franklin. If during this warranty period, the Products fail to meet the warranties herein, CMO shall, at its expense, correct such defect by repair or replacement of the defective part of the Products without delay. If Franklin can correct such defect by repair or replacement of defective parts in a Franklin repair center, Franklin may do so and CMO shall be responsible for the costs and expenses incurred. If the defect cannot be repaired, CMO will issue Franklin a credit or refund of the purchase price.

10. Manufacturing

CMO will use its best efforts to establish manufacturing of the technology wireless products on a SKD basis in a country where duties are reduced.

11. Indemnification; Limitation of Liability.

11.1. Subject to the provisions of Section 11.2. below, CMO shall indemnify, defend and hold harmless Franklin from and against any and all claims brought against Franklin with respect to any breach by CMO of any provision of this Agreement. Subject to the provisions of Section 11.2. below, Franklin indemnify, defend and hold harmless CMO from and against any and all claims brought against CMO with respect to any breach by Franklin provision of this Agreement.

11.2. In no event shall either Franklin or CMO be liable to the other or any of their respective affiliates, agents or any other person or entity, for any special, incidental, consequential, punitive or any other indirect loss or damage arising out of or related to the performance by the parties hereto of their respective obligations hereunder, or the use or performance of any Product, service or system, regardless of whether the action is for breach of contract or warranty, negligence (except for personal injury due to negligence), strict liability, tort or otherwise. No action shall be brought for any alleged breach of this Agreement more than one (1) year after the accrual of such cause of action except for money due on open account.

12. Dispute Resolution.

Any dispute, claim or controversy which may arise under or in relation to this Agreement shall be settled between the parties hereto negotiating in good faith. If the parties are unable to resolve any such dispute within sixty (60) days of notice that such dispute exists, the parties agree that will submit the dispute to mediation either in Los Angeles, California or in Seoul, Korea and select a mediator in accordance with the procedures established by the International Arbitration Association for the resolution of commercial disputes. In any arbitration proceeding, the arbitrator shall not be authorized to assess or impose any putative or consequential damages. Each party shall bear its own costs and expenses in connection with any arbitration proceeding and shall share equally the costs and expenses of the arbitrator.

13. Force Majeure.

Nonperformance under this Agreement by either Franklin or CMO shall be excused and such party shall not be liable for any loss, damage, penalty or expense, to the extent that such performance is rendered impossible or delayed due to fire, flood, acts of God or the public enemy, acts of government (whether / foreign, federal, state, county or municipal) or government officials, labor difficulties, riot or any other cause where the failure to perform or the delay is beyond the reasonable control of the non-performing party and without the negligence of such party.

14. Miscellaneous.

14.1. This Agreement constitutes the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior written or oral communications or understandings between the parties. This Agreement may not be amended or modified in any respect unless set forth in a writing signed by authorized officers of each of the parties hereto.

14.2. This Agreement is made in, governed by, and shall be construed solely in accordance with the internal laws of Seoul, Korea without giving effect to any rules regarding conflicts of laws.

14.3. The relationship of the parties under this Agreement shall be, and shall at all times remain, one of partnership and contractors. This Agreement shall not be deemed to constitute or create a joint venture and shall not at any time create a franchisor--franchisee, principal-agent, master-servant or employee-employer relationship. Except as expressly set forth herein, neither party hereto shall the right or authority to bind the other.

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14.4. Neither party may assign its rights, duties or obligations under this Agreement, in whole or in part, to any other party without the prior written consent of the other party hereto.

14.5. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by a governmental agency or authority, or by any federal or state court, having appropriate jurisdiction, such provision shall be disregarded and shall not affect the legality, validity and enforceability of the remainder of this Agreement.

14.6. Notices and other communications by either party / under this Agreement shall be deemed given (i) when delivered by hand, (ii) upon the next business day following delivery thereof to a reputable overnight carrier; or (iii) as of the third business day after deposit thereof in the U.S. mails as certified mail, postage prepaid, return receipt requested, addressed to the principal place of business of the party as set forth below:

If to Franklin:
9565 Waples Street 100
San Diego, CA 92121
Fax : 858-320-0576

If to CMO:
5F Bldg. Etronix 17-10
Yoido-dong, Youngdungpo-gu
Seoul, Korea
Fax : (2)785-2369

14.7. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and together shall be deemed to constitute but one and the same instrument. In addition, this Agreement may be executed by facsimile and the parties agree that such facsimile signatures shall have the same force and effect for all purposes as original signatures.

[Signature page follows]

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In Witness Whereof, the parties hereto have executed this Agreement as of the Effective Date.

C-MOTECH CO. LTD

By: /s/ signature

(Signature)

CEO

(Title)

2005 01 05

(Date)

FRANKLIN CORP.

By: /s/ signature

(Signature)

President

(Title)

1/7/05

(Date)

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EXHIBIT A

PRODUCT PRICES

CM 5100

CMG-1x800

CM-450

PC card

USB modem

CM 5500U

CM 5500P

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Exhibit 10.2

LEASE

MP SORRENTO MESA, LLC, a Delaware limited liability company,

Landlord,

and

FRANKLIN WIRELESS CORP., a California corporation,

Tenant

MULTI-TENANT INDUSTRIAL NET LEASE

BUILDING: 9823 9883 Pacific Heights Boulevard
5915 5995 Mira Mesa Boulevard

LANDLORD: MP SORRENTO MESA, LLC,
a Delaware limited liability company

LANDLORD'S ADDRESS: 9833 Pacific Heights Blvd., Suite C
San Diego, CA 92121

WIRE INSTRUCTIONS AND/OR
ADDRESS FOR RENT PAYMENT: MP SORRENTO MESA, LLC
Dept. 1203
Los Angeles. CA 90084-1203

LEASE REFERENCE DATE: March 16, 2005

TENANT: FRANKLIN WIRELESS CORP.,
a California corporation

TENANT'S NOTICE ADDRESS:

(a) As of beginning of Term: 9853 Pacific Heights Blvd., Suite N
San Diego, California 92121

(b) Prior to beginning of
Term (if different):

PREMISES ADDRESS: 9853 Pacific Heights Blvd., Suite N
San Diego, California 92121

PREMISES RENTABLE AREA: Approximately 1,590 sq. ft. (for outline of
Premises see Exhibit A)

USE: General Office for sales, marketing and test
engineering for wireless communication device
products.

COMMENCEMENT DATE: May 1, 2005

TERM OF LEASE: Approximately two (2) years, zero (0) months
and zero (0) days beginning on the
Commencement Date and ending on the
Termination Date.

TERMINATION DATE: April 30, 2007

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ANNUAL RENT and MONTHLY INSTALLMENT OF RENT(Article 3):

<S>	<C>	<C>	<C>	<C>	<C>
5/1/2005	4/30/2006	1,590	\$12.60	\$20,040.00	\$1,670.00
5/1/2006	4/30/2007	1,590	\$13.11	\$20,844.00	\$1,737.00

</TABLE>

INITIAL ESTIMATED MONTHLY INSTALLMENT OF RENT ADJUSTMENTS (Article 4) \$377.00

TENANT'S PROPORTIONATE SHARE: 1.06%

SECURITY DEPOSIT: \$1,824.00

ASSIGNMENT/SUBLETTING FEE \$1,000.00

REAL ESTATE BROKER DUE COMMISSION: CB Richard Ellis / Burnham Real Estate Services

TENANT'S SIC CODE: 3679

AMORTIZATION RATE: 12%

The Reference Pages information is incorporated into and made a part of the Lease. In the event of any conflict between any Reference Pages information and the Lease, the Lease shall control. This Lease includes Exhibits A through D. all of which are made a part of this Lease.

LANDLORD:	TENANT:
MP SORRENTO MESA, LLC, a Delaware limited liability company	FRANKLIN WIRELESS CORP., a California corporation
By: RREEF Management Company, a Delaware corporation	
By: /s/ Peter Lloyd	By: /s/ Ok Chae Kim
-----	-----
Name: Peter Lloyd	Name: Ok Chae Kim
Title: Vice President/Regional Director	Title: President
Dated: 4/1/05	Dated: 3/22/05

LEASE

By this Lease Landlord leases to Tenant and Tenant leases from Landlord the Premises in the Building as set forth and described on the Reference Pages. The Premises are depicted on the floor plan attached hereto as Exhibit A, and the Building is depicted on the site plan attached hereto as Exhibit A-1. The Reference Pages, including all terms defined thereon, are incorporated as part of this Lease.

1. USE AND RESTRICTIONS ON USE.

1.1 The Premises are to be used solely for the purposes set forth on the Reference Pages. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure, annoy, or disturb them, or allow the Premises to be used for any improper, immoral, unlawful, or objectionable purpose, or commit any waste. Tenant shall not do, permit or suffer in, on, or about the Premises the sale of any alcoholic liquor without the written consent of Landlord first obtained. Tenant shall comply with all governmental laws, ordinances and regulations applicable to the use of the Premises and its occupancy and shall promptly comply with all governmental orders and directions for the correction, prevention and abatement of any violations in the Building or appurtenant land, caused or permitted by, or resulting from the specific use by, Tenant, or in or upon, or in connection with, the Premises, all at Tenant's sole expense. Tenant shall not do or permit anything to be done on or about the Premises or bring or keep anything into the Premises which will in any way increase the rate of, invalidate or prevent the procuring of any insurance protecting against loss or damage to the Building or any of its contents by fire or other casualty or against liability for damage to property or injury to persons in or about the Building or any part thereof.

1.2 Tenant shall not, and shall not direct, suffer or permit any of its agents, contractors, employees, licensees or invitees (collectively, the "Tenant Entities") to at any time handle, use, manufacture, store or dispose of in or about the Premises or the Building any (collectively "Hazardous Materials") flammables, explosives, radioactive materials, hazardous wastes or materials, toxic wastes or materials, or other similar substances, petroleum products or derivatives or any substance subject to regulation by or under any federal, state and local laws and ordinances relating to the protection of the environment or the keeping, use or disposition of environmentally hazardous materials, substances, or wastes, presently in effect or hereafter adopted, all amendments to any of them, and all rules and regulations issued pursuant to any of such laws or ordinances (collectively "Environmental Laws"), nor shall Tenant suffer or permit any Hazardous Materials to be used in any manner not fully in compliance with all Environmental Laws, in the Premises or the Building and appurtenant land or allow the environment to become contaminated with any Hazardous Materials. Notwithstanding the foregoing, Tenant may handle, store, use or dispose of products containing small quantities of Hazardous Materials (such as aerosol cans containing insecticides, toner for copiers, paints, paint remover and the like) to the extent customary and necessary for the use of the Premises for general office purposes; provided that Tenant shall always handle, store, use, and dispose of any such Hazardous Materials in a safe and lawful manner and never allow such Hazardous Materials to contaminate the Premises, Building and appurtenant land or the environment. Tenant shall protect, defend, indemnify and hold each and all of the Landlord Entities (as defined in Article 30) harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred by reason of any actual or asserted failure of Tenant to fully comply with all applicable Environmental Laws, or the presence, handling, use or disposition in or from the Premises of any Hazardous Materials by Tenant or any Tenant Entity (even though permissible under all applicable Environmental Laws or the provisions of this Lease), or by reason of any actual or asserted failure of Tenant to keep, observe, or perform any provision of this Section 1.2.

1.3 Tenant and the Tenant Entities will be entitled to the non-exclusive use of the common areas of the Building as they exist from time to time during the Term, including the parking facilities, subject to Landlord's rules and regulations regarding such use. However, in no event will Tenant or the Tenant Entities park more vehicles in the parking facilities than Tenant's Proportionate Share of the total parking spaces available for common use. The foregoing shall not be deemed to provide Tenant with an exclusive right to any parking spaces or any guaranty of the availability of any particular parking spaces or any specific number of parking spaces.

2. TERM.

2.1 The Term of this Lease shall begin on the date ("Commencement Date") which shall be the later of the Scheduled Commencement Date as shown on the Reference Pages and the date that Landlord shall tender possession of the Premises to Tenant, and shall terminate on the date as shown on the Reference Pages ("Termination Date"), unless sooner terminated by the provisions of this Lease. Landlord shall tender possession of the Premises with all the work, if any, to be performed by Landlord pursuant to Exhibit B to this Lease substantially completed. Tenant shall deliver a punch list of items not completed within thirty (30) days after Landlord tenders possession of the Premises and Landlord agrees to proceed with due diligence to perform its obligations regarding such items. Tenant shall, at Landlord's request, execute and deliver a memorandum agreement provided by Landlord in the form of Exhibit C attached hereto, setting forth the actual Commencement Date, Termination Date and, if necessary, a revised rent schedule. Should Tenant fail to do so within thirty (30) days after Landlord's request, the information set forth in such memorandum Provided by Landlord shall be conclusively presumed to be agreed and correct.

2.2 Tenant agrees that in the event of the inability of landlord to deliver possession of the Premises on the Scheduled Commencement Date for any reason. Landlord shall not be liable for any damage resulting from such inability. but Tenant shall not be liable for any rent until the time when Landlord can, after notice to Tenant, deliver possession of the Premises to Tenant. No such failure to give possession on the Scheduled Commencement Date shall affect the other obligations of Tenant under this Lease, except that if Landlord is unable to deliver possession of the Premises within one hundred twenty (120) days after the Scheduled Commencement Date (other than as a result of strikes, shortages of materials, holdover tenancies or similar matters beyond the reasonable control of Landlord and Tenant is notified by Landlord in writing as to such delay), Tenant shall have the option to terminate this Lease unless said delay is as a result of: (a) Tenant's failure to agree to plans and specifications and/or construction cost estimates or bids; (b) Tenant's request for materials, finishes or installations other than Landlord's standard except those, if any, that Landlord shall have expressly agreed to furnish without extension of time agreed by Landlord, (c) Tenant's change in any plans or specifications; or, (d) performance or completion by a party employed by Tenant (each of the foregoing, a "Tenant Delay"). If any delay is the result of a Tenant Delay, the Commencement Date and the payment of rent under this Lease shall be accelerated by the number of days of such Tenant Delay.

2.3 In the event Landlord permits Tenant, or any agent, employee or contractor of Tenant, to enter, use or occupy the Premises prior to the Commencement Date, such entry, use or occupancy shall be subject to all the provisions of this Lease other than the payment of rent, including, without limitation, Tenant's compliance with the insurance requirements of Article 11. Said early possession shall not advance the Termination Date.

3. RENT.

3.1 Tenant agrees to pay to Landlord the Annual Rent in effect from time to time by paying the Monthly Installment of Rent then in effect on or before the first day of each full calendar month during the Term, except that the first full month's rent shall be paid upon the execution of this Lease. The Monthly Installment of Rent in effect at any time shall be one-twelfth (1/12) of the Annual Rent in effect at such time. Rent for any period during the Term which is less than a full month shall be a prorated portion of the Monthly Installment of Rent based upon the number of days in such month. Said rent shall be paid to Landlord, without deduction or offset and without notice or demand, at the Rent Payment Address, as set forth on the Reference Pages, or to such other person or at such other place as Landlord may from time to time designate in writing. If an Event of Default occurs, Landlord may require by notice to Tenant that all subsequent rent payments be made by an automatic payment from Tenant's bank account to Landlord's account, without cost to Landlord. Tenant must implement such automatic payment system prior to the next scheduled rent payment or within ten (10) days after Landlord's notice, whichever is later. Unless specified in this Lease to the contrary, all amounts and sums payable by Tenant to Landlord pursuant to this Lease shall be deemed additional rent.

3.2 Tenant recognizes that late payment of any rent or other sum due under this Lease will result in administrative expense to Landlord, the extent of which additional expense is extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if rent or any other sum is not paid when due and payable pursuant to this Lease, a late charge shall be imposed in an amount equal to the greater of: (a) Fifty Dollars (\$50.00), or (b) six percent (6%) of the unpaid rent or other payment. The amount of the late charge to be paid by Tenant shall be reassessed and added to Tenant's obligation for each successive month until paid. The provisions of this Section 3.2 in no way relieve Tenant of the obligation to pay rent or other payments on or before the date on which they are due, nor do the terms of this Section 3.2 in any way affect Landlord's remedies pursuant to Article 19 of this Lease in the event said rent or other payment is unpaid after date due.

4. RENT ADJUSTMENTS.

4.1 For the purpose of this Article 4. the following terms are defined as follows:

4.1.1 LEASE YEAR: Each fiscal year (as determined by Landlord from time to time) falling partly or wholly within the Term.

4.1.2 EXPENSES: All costs of operation, maintenance, repair, replacement and management of the Building including the amount of any credits which Landlord grant to particular tenants of the Building in lieu of providing any standard services or paying any standard costs described in this Section 4.1.2 for similar tenants), as determined in accordance with generally accepted accounting principles, including the following costs by way of illustration, but not limitation: water and sewer charges; insurance charges of or relating to all insurance policies and endorsements deemed by Landlord to be reasonably necessary or desirable and relating in any manner to the protection, preservation, or operation of the Building or any part thereof; utility costs, including, but not limited to, the cost of heat, light, power, steam, gas; waste disposal; the cost of janitorial services; the cost of security and alarm services (including any central station signaling system); costs of cleaning, repairing, replacing and maintaining the common areas, including parking and landscaping, window cleaning costs; labor costs; costs and expenses of managing the Building including management and/or administrative fees; air conditioning maintenance costs; elevator maintenance fees and supplies; material costs; equipment costs including the cost of maintenance, repair and service agreements and rental and leasing costs; purchase costs of equipment; current rental and leasing costs of items which would be capital items if purchased; tool costs; licenses, permits and inspection fees; wages and salaries; employee benefits and payroll taxes; accounting and legal fees; and sales, use or service taxes incurred in connection therewith. In addition, Landlord shall be entitled to recover, as additional rent (which, along with any other capital expenditures constituting Expenses, Landlord may either include in Expenses or cause to be billed to Tenant along with Expenses and Taxes but as a separate item), Tenant's Proportionate Share of: (i) an allocable portion of the cost of capital improvement items which are reasonably calculated to reduce operating expenses; (ii) the cost of fire sprinklers and suppression systems and other life safety systems; and (iii) other capital expenses which are required under any governmental laws, regulations or ordinances which were not applicable to the Building at the time it was constructed; but the costs described in this sentence shall be amortized over the reasonable life of such expenditures in accordance with such reasonable life and amortization schedules as shall be determined by Landlord in accordance with generally accepted accounting principles, with interest on the unamortized amount at one percent (1%) in excess of the Wall Street Journal prime lending rate announced from time to time. Expenses shall not include depreciation or amortization of the Building or equipment in the Building except as provided herein, loan principal payments, costs of alterations of tenants' premises, leasing commissions, interest expenses on long-term borrowings or advertising costs.

4.1.3 TAXES: Real estate taxes and any other taxes, charges and assessments which are levied with respect to the Building or the land appurtenant to the Building, or with respect to any improvements, fixtures and equipment or other property of Landlord, real or personal, located in the Building and used in connection with the operation of the Building and said land, any payments to any ground lessor in reimbursement of tax payments made by such lessor; and all fees, expenses and costs incurred by Landlord in investigating, protesting, contesting or in any way seeking to reduce or avoid increase in any assessments, levies or the tax rate pertaining to any Taxes to be paid by Landlord in any Lease Year. Taxes shall not include an corporate franchise, or estate, inheritance or net income tax, or tax imposed upon any transfer by Landlord of its interest in this Lease or the Building or any taxes to be paid by Tenant pursuant to Article 28.

4.2 Tenant shall pay as additional rent for each Lease Year Tenant's Proportionate Share of Expenses and Taxes incurred for such Lease Year.

4.3 The annual determination of Expenses shall be made by Landlord and shall be binding upon Landlord and Tenant, subject to the provisions of this Section 4.3. During the Term, Tenant may review, at Tenant's sole cost and expense, the books and records supporting such determination in an office of Landlord, or Landlord's agent, during normal business hours, upon giving Landlord five (5) days advance written notice within sixty (60) days after receipt of such determination, but in no event more often than once in any one (1) year period, subject to execution of a confidentiality agreement acceptable to Landlord, and provided that if Tenant utilizes an independent accountant to perform such review it shall be one of national standing which is reasonably acceptable to Landlord, is not compensated on a contingency basis and is also subject to such confidentiality agreement. If Tenant fails to object to Landlord's determination of Expenses within ninety (90) days after receipt, or if any such objection fails to state with specificity the reason for the objection, Tenant shall be deemed to have approved such determination and shall have no further right to object to or contest such determination. In the event that during all or any portion of any Lease Year or Base Year, the Building is not fully rented and occupied Landlord shall make an appropriate adjustment in occupancy-related Expenses for such year for the purpose of avoiding distortion of the amount of such Expenses to be attributed to Tenant by reason of variation in total occupancy of the Building, by employing consistent and sound accounting and management principles to determine Expenses that would have been paid or incurred by Landlord had the Building been at least ninety-five percent (95%) rented and occupied, and the amount so determined shall be deemed to have been Expenses for such Lease Year.

4.4 Prior to the actual determination thereof for a Lease Year, Landlord may from time to time estimate Tenant's liability for Expenses and/or Taxes under Section 4.2, Article 6 and Article 28 for the Lease Year or portion thereof. Landlord will give Tenant written notification of the amount of such estimate and Tenant agrees that it will pay, by increase of its Monthly Installments of Rent due in such Lease Year, additional rent in the amount of such estimate. Any such increased rate of Monthly Installments of Rent pursuant to this Section 4.4 shall remain in effect until further written notification to Tenant pursuant hereto.

4.5 When the above mentioned actual determination of Tenant's liability for Expenses and/or Taxes is made for any Lease Year and when Tenant is so notified in writing, then:

4.5.1 If the total additional rent Tenant actually paid pursuant to Section 4.3 on account of Expenses and/or Taxes for the Lease Year is less than Tenant's liability for Expenses and/or Taxes, then Tenant shall pay such deficiency to Landlord as additional rent in one lump sum within thirty (30) days of receipt of Landlord's bill therefor; and

4.5.2 If the total additional rent Tenant actually paid pursuant to Section 4.3 on account of Expenses and/or Taxes for the Lease Year is more than Tenant's liability for Expenses and/or Taxes, then Landlord shall credit the difference against the then next due payments to be made by Tenant under this Article 4, or, if the Lease has terminated, refund the difference in cash.

4.6 If the Commencement Date is other than January 1 or if the Termination Date is other than December 31, Tenant's liability for Expenses and Taxes for the Lease Year in which said Date occurs shall be prorated based upon a three hundred sixty-five (365) day year.

5. SECURITY DEPOSIT. Tenant shall deposit the Security Deposit with Landlord upon the execution of this Lease. Said sum shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants and conditions of this Lease to be kept and performed by Tenant and not as an advance rental deposit or as a measure of Landlord's damage in case of Tenant's default. If Tenant defaults with respect to any provision of this Lease, Landlord may use any part of the Security Deposit for the payment of any rent or any other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion is so used, Tenant shall within five (5) days after written demand therefor, deposit with Landlord an amount sufficient to restore the Security Deposit to its original amount and Tenant's failure to do so shall be a material breach of this Lease. Except to such extent, if any, as shall be required by law, Landlord shall not be required to

keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Tenant at such time after termination of this Lease when Landlord shall have determined that all of Tenant's obligations under this lease have been fulfilled. Notwithstanding anything to the contrary contained herein or in Article 23 hereof, Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, or any similar or successor Regulations or other laws now or hereinafter in effect.

6. ALTERATIONS.

6.1 Except for those, if any, specifically provided for in Exhibit B to this Lease, Tenant shall not make or suffer to be made any alterations, additions, or improvements, including, but not limited to, the attachment of any fixtures or equipment in, on, or to the Premises or any part thereof or the making of any improvements as required by Article 7, without the prior written consent of Landlord. When applying for such consent, Tenant shall, if requested by Landlord, furnish complete plans and specifications for such alterations, additions and improvements. Landlord's consent shall not be unreasonably withheld with respect to alterations which (i) are not structural in nature, (ii) are not visible from the exterior of the Building, (iii) do not affect or require modification of the Building's electrical, mechanical, plumbing, HVAC or other systems, and (iv) in aggregate do not cost more than \$5.00 per rentable square foot of that portion of the Premises affected by the alterations in question.

6.2 In the event Landlord consents to the making of any such alteration, addition or improvement by Tenant, the same shall be made by using either Landlord's contractor or a contractor reasonably approved by Landlord, in either event at Tenant's sole cost and expense. If Tenant shall employ any contractor other than Landlord's contractor and such other contractor or any subcontractor of such other contractor shall employ any non-union labor or supplier, Tenant shall be responsible for and hold Landlord harmless from any and all delays, damages and extra costs suffered by Landlord as a result of any dispute with any labor unions concerning the wage, hours, terms or conditions of the employment of any such labor. In any event Landlord may charge Tenant a construction management fee not to exceed five percent (5%) of the cost of such work to cover its overhead as it relates to such proposed work, plus third-party costs actually incurred by Landlord in connection with the proposed work and the design thereof, with all such amounts being due five (5) days after Landlord's demand.

6.3 All alterations, additions or improvements proposed by Tenant shall be constructed in accordance with all government laws, ordinances, rules and regulations, using Building standard materials where applicable, and Tenant shall, prior to construction, provide the additional insurance required under Article 11 in such case, and also all such assurances to Landlord as Landlord shall reasonably require to assure payment of the costs thereof, including but not limited to, notices of non-responsibility, waivers of lien, surety company performance bonds and funded construction escrows and to protect Landlord and the Building and appurtenant land against any loss from any mechanic's, materialmen's or other liens. Tenant shall pay in addition to any sums due pursuant to Article 4, any increase in real estate taxes attributable to any such alteration, addition or improvement for so long, during the Term, as such increase is ascertainable: at Landlord's election said sums shall be paid in the same way as sums due under Article 4. Landlord may, as a condition to its consent to any particular alterations or improvements, require Tenant to deposit with Landlord the amount reasonably estimated by Landlord as sufficient to cover the cost of removing such alterations or improvements and restoring the Premises, to the extent required under Section 26.2.

7. REPAIR.

7.1 Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises, except as specified in Exhibit B if attached to this Lease and except that Landlord shall repair and maintain the structural portions of the roof, foundation and walls of the Building. By taking possession of the Premises, Tenant accepts them as being in good order, condition and repair and in the condition in which Landlord is obligated to deliver them, except as set forth in the punch list to be delivered pursuant to Section 2.1. It is hereby understood and agreed that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant, except as specifically set forth in this Lease. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant.

7.2 Tenant shall at its own cost and expense keep and maintain all parts of the Premises and such portion of the Building and improvements as are within the exclusive control of Tenant in good condition, promptly making all necessary repairs and replacements, whether ordinary or extraordinary, with materials and workmanship of the same character, kind and quality as the original (including, but not limited to, repair and replacement of all fixtures installed by Tenant, water heaters serving the Premises, windows, glass and plate glass, doors, exterior stairs, skylights, any special office entries, interior walls and finish work, floors and floor coverings, electrical systems and fixtures, sprinkler systems, dock boards, truck doors, dock bumpers, plumbing work and fixtures, and performance of regular removal of trash and debris). Tenant as part of its obligations hereunder shall keep the Premises in a clean and sanitary condition. Tenant will, as far as possible keep all such parts of the Premises from deterioration due to ordinary wear and from falling temporarily out of repair, and upon termination of this Lease in any way Tenant will yield up the Premises to Landlord in good condition and repair, loss by fire or other casualty excepted (but not excepting any damage to glass). Tenant shall, at its own cost and expense, repair any damage to the Premises or the Building resulting from and/or caused in whole or in part by the negligence or misconduct of Tenant, its agents, employees, contractors, invitees, or any other person entering upon the Premises as a result of Tenant's business activities or caused by Tenant's default hereunder.

7.3 Except as provided in Article 22, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises or to fixtures, appurtenances and equipment in the Building. Tenant hereby waives any and all rights under and benefits of subsection I of Section 1932 and Sections 1941 and 1942 of the California Civil Code, or any similar or successor Regulations or other laws now or hereinafter in effect.

7.4 Landlord may, subject to reimbursement by Tenant pursuant to Article 4 of this Lease, enter into a regularly scheduled preventative maintenance/service contract with a maintenance contractor for servicing all heating and air conditioning systems and equipment servicing the Premises.

Section 7.5 was intentionally omitted.

8. LIENS. Tenant shall keep the Premises, the Building and appurtenant land and Tenant's leasehold interest in the Premises free from any liens arising out of any services, work or materials performed, furnished, or contracted for by Tenant, or obligations incurred by Tenant. In the event that Tenant fails, within ten (10) days following the imposition of any such lien, to either cause the same to be released of record or provide Landlord with insurance against the same issued by a major title insurance company or such other protection against the same as Landlord shall accept (such failure to constitute an Event of Default), Landlord shall have the right to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be payable to it by Tenant within five (5) days Landlord's demand.

9. ASSIGNMENT AND SUBLETTING.

9.1 Tenant shall not have the right to assign or pledge this Lease or to sublet the whole or any part of the Premises whether voluntarily or by operation of law, or permit the use or occupancy of the Premises by anyone other than Tenant, and shall not make, suffer or permit such assignment, subleasing or occupancy without the prior written consent of Landlord, such consent not to be unreasonably withheld, and said restrictions shall be binding upon any and all assignees of the Lease and subtenants of the Premises. In the event Tenant desires to sublet, or permit such occupancy of the Premises, or any portion thereof, or assign this Lease, Tenant shall give written notice thereof to Landlord at least sixty (60) days but no more than one hundred twenty (120) days prior to the proposed commencement date of such subletting or assignment, which notice shall set forth the name of the proposed subtenant or assignee, the relevant terms of any sublease or assignment and copies of financial reports and other relevant financial information of the proposed subtenant or assignee.

9.2 Notwithstanding any assignment or subletting, permitted or otherwise, Tenant shall at all times remain directly, primarily and fully responsible and liable for the payment of the rent specified in this Lease and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. Upon the occurrence of an Event of Default, if the Premises or any part of them are then assigned or sublet. Landlord, in addition to any other remedies provided in this Lease or provided by law, may, at its option, collect directly from such assignee or subtenant all rents due and becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to Landlord from Tenant under this Lease, and no such collection shall be construed to constitute a novation or release of Tenant from the further performance of Tenant's obligations under this Lease.

9.3 In addition to Landlord's right to approve of any subtenant or assignee, Landlord shall have the option, in its sole discretion, in the event of any proposed subletting or assignment, to terminate this Lease, or in the case of a proposed subletting of less than the entire Premises, to recapture the portion of the Premises to be sublet, as of the date the subletting or assignment is to be effective. The option shall be exercised, if at all, by Landlord giving Tenant written notice given by Landlord to Tenant within thirty (30) days following Landlord's receipt of Tenant's written notice as required above. However, if Tenant notifies Landlord, within five (5) days after receipt of Landlord's termination notice, that Tenant is rescinding its proposed assignment or sublease, the termination notice shall be void and the Lease shall continue in full force and effect. If this Lease shall be terminated with respect to the entire Premises pursuant to this section, the Term of this Lease shall end on the date stated in Tenant's notice as the effective date of the sublease or assignment as if that date had been originally fixed in this Lease for the expiration of the Term. If Landlord recaptures under this Section only a portion of the Premises, the rent to be paid from time to time during the unexpired term shall abate proportionately based on the proportion by which the approximate square footage of the remaining portion of the Premises shall be less than that of the Premises as of the date immediately prior to such recapture. Tenant shall, at Tenant's own cost and expense, discharge in full any outstanding commission obligation which may be due and owing as a result of any proposed assignment or subletting, whether or not the Premises are recaptured pursuant to this Section 9.3 and rented by Landlord to the proposed tenant or any other tenant.

9.4 In the event that Tenant sells, sublets, assigns or transfers this Lease, Tenant shall pay to Landlord as additional rent an amount equal to one hundred percent (100%) of any Increased Rent (as defined below), less the Costs Component (as defined below), when and as such Increased Rent is received by Tenant. As used in this Section, "Increased Rent" shall mean the excess of (i) all rent and other consideration which Tenant is entitled to receive by reason of any sale, sublease, assignment or other transfer of this Lease, over (ii) the rent otherwise payable by Tenant under this Lease at such time. For purposes of the foregoing, any consideration received by Tenant in form other than cash shall be valued at its fair market value as determined by Landlord in good faith. The "Costs Component" is that amount which, if paid monthly, would fully amortize on a straight-line basis, over the entire period for which Tenant is to receive Increased Rent, the reasonable costs incurred by Tenant for leasing commissions and tenant improvements in connection with such sublease, assignment or other transfer.

9.5 Notwithstanding any other provision hereof, it shall be considered reasonable for Landlord to withhold its consent to any assignment of this Lease or sublease of any portion of the Premises if at the time of either Tenant's notice of the proposed assignment or sublease or the proposed commencement date thereof, there shall exist any uncured default of Tenant or matter which will become a default of Tenant with passage of time unless cured, or if the proposed assignee or sublessee is an entity: (a) with which Landlord is already in negotiation (b) is already an occupant of the Building, unless Landlord is unable to provide the amount of space required by such occupant; (c) is a governmental agency; (d) is incompatible with the character of occupancy of the Building; (e) with which the payment for the sublease or assignment is determined in whole or in part based upon its net income or profits; or (f) would subject the Premises to a use which would: (i) involve increased personnel or wear upon the Building; (ii) violate any exclusive right granted to another tenant of the Building; (iii) require any addition to or modification of the Premises of the Building in order to comply building code or other governmental requirements; or, (iv) involve a violation of Section 1.2. Tenant expressly agrees that for the purposes of any statutory or other requirement of reasonableness on the part of Landlord, Landlord's refusal to consent to any assignment or sublease for any of the reasons described in this Section 9.5, shall be conclusively deemed to be reasonable.

9.6 Upon any request to assign or sublet, Tenant will pay to Landlord the Assignment/Subletting Fee plus, on demand, a sum equal to all of Landlord's costs, including reasonable attorney's fees, incurred in investigating and considering any proposed or purported assignment or pledge of this Lease or sublease of any of the Premises, regard less of whether Landlord shall consent to, refuse consent, or determine that Landlord's consent is not required for, such assignment, pledge or sublease. Any purported sale, assignment, mortgage, transfer of this Lease or subletting which does not comply with the provisions of this Article 9 shall be void.

9.7 If Tenant is a corporation, limited liability company, partnership or trust, any transfer or transfers of or change or changes within any twelve (12) month period in the number of the outstanding voting shares of the corporation or limited liability company, the general partnership interests in the partnership or the identity of the persons or entities controlling the activities of such partnership or trust resulting in the persons or entities owning or controlling a majority of such shares, partnership interests or activities of such partnership or trust at the beginning of such period no longer having such ownership or control shall be regarded as equivalent to an assignment of this Lease to the persons or entities acquiring such ownership or control and shall be subject to all the provisions of this Article 9 to the same extent and for all intents and purposes as though such an assignment.

10. INDEMNIFICATION. None of the Landlord Entities shall be liable and Tenant hereby waives all claims against them for any damage to any property or any injury to any person in or about the Premises or the Building by or from any cause whatsoever (including without limiting the foregoing, rain or water leakage of any character from the roof, windows, walls, basement, pipes, plumbing works or appliances, the Building not being in good condition or repair, gas, fire, oil, electricity or theft), except to the extent caused by or arising from the gross negligence or willful misconduct of Landlord or its agents, employees or contractors. Tenant shall protect, indemnify and hold the Landlord Entities harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred by reason of (a) any damage to any property (including but not limited to property of any Landlord Entity) or any injury (including but not limited to death) to any person occurring in, on or about the Premises or the Building to the extent that such injury or damage shall be caused by or arise from any actual or alleged act, neglect, fault, or omission by or of Tenant or any Tenant Entity to meet any standards imposed by any duty with respect to the injury or damage; (b) the conduct or management of any work or thing whatsoever done by the Tenant in or about the Premises or from transactions of the Tenant concerning the Premises; (c) Tenant's failure to comply with any and all governmental laws, ordinances and regulations applicable to the condition or use of the Premises or its occupancy; or (d) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed pursuant to this Lease. The provisions of this Article shall survive the termination of this Lease with respect to any claims or liability accruing prior to such termination.

11. INSURANCE.

11.1 Tenant shall keep in force throughout the Term: (a) a Commercial General Liability insurance policy or policies to protect the Landlord Entities against any liability to the public or to any invitee of Tenant or a Landlord Entity incidental to the use of or resulting from any accident occurring in or upon the Premises with a limit of not less than \$1,000,000 per occurrence and not less than \$2,000,000 in the annual aggregate, or such larger amount as Landlord may prudently require from time to time, covering bodily injury and property damage liability and \$1,000,000 products/completed operations aggregate; (b) Business Auto Liability covering owned, non-owned and hired vehicles with a limit of not less than \$1,000,000 per accident; (c) insurance protecting against liability under Worker's Compensation Laws with limits at least as required by statute with Employers Liability with limits of \$500,000 each accident, \$500,000 disease policy limit. \$500,000 disease--each employee; (d) All Risk or Special Form coverage protecting Tenant against loss of or damage to Tenant's alterations, additions, improvements, carpeting, floor coverings, panelings, decorations, fixtures, inventory and other business personal property situated in or about the Premises to the full replacement value of the property so insured; and, (e) Business Interruption Insurance with limit of liability representing loss of at least approximately six (6) months of income.

11.2 The aforesaid policies shall (a) be provided at Tenant's expense; (b) name the Landlord Entities as additional insureds (General Liability) and loss payee (Property-Special Form); (c) be issued by an insurance company with a minimum Best's rating of "A:VII" during the Term; and (d) provide that said insurance shall not be canceled unless thirty (30) days prior written notice (ten days for non-payment of premium) shall have been given to Landlord; a certificate of Liability insurance on ACORD Form 25 and a certificate of Property insurance on ACORD Form 27 shall be delivered to Landlord by Tenant upon the Commencement Date and at least thirty (30) days prior to each renewal of said insurance.

11.3 Whenever Tenant shall undertake any alterations, additions or improvements in, to or about the Premises ("Work") the aforesaid insurance protection must extend to and include injuries to persons and damage to property arising in connection with such Work, without limitation including liability under any applicable structural work act, and such other insurance as Landlord shall require; and the policies of or certificates evidencing such insurance must be delivered to Landlord prior to the commencement of any such Work.

12. WAIVER OF SUBROGATION. So long as their respective insurers so permit, Tenant and Landlord hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage, All Risks or other insurance now or hereafter existing for the benefit of the respective party but only to the extent of the net insurance proceeds payable under such policies. Each party shall obtain all special endorsements required by their insurer to evidence compliance with the aforementioned waiver.

13. SERVICES AND UTILITIES. Tenant shall pay for all water, gas, heat, light, power, telephone, sewer, sprinkler system charges and other utilities and services used on or from the Premises, together with any taxes, penalties, and surcharges or the like pertaining thereto and any maintenance charges for utilities. Tenant shall furnish all electric light bulbs, tubes and ballasts, battery packs for emergency lighting and fire extinguishers. If any such services are not separately metered to Tenant, Tenant shall pay such proportion of all charges jointly metered with other premises as determined by Landlord, in its sole discretion, to be reasonable. Any such charges paid by Landlord and assessed against Tenant shall be immediately payable to Landlord on demand and shall be additional rent hereunder. Tenant will not, without the written consent of Landlord, contract with a utility provider to service the Premises with any utility, including, but not limited to, telecommunications, electricity, water, sewer or gas, which is not previously providing such service to other tenants in the Building. Landlord shall in no event be liable for any interruption or failure of utility services on or to the Premises.

14. HOLDING OVER. Tenant shall pay Landlord for each day Tenant retains possession of the Premises or part of them after termination of this Lease by lapse of time or otherwise at the rate ("Holdover Rate") which shall be Two Hundred Percent (200%) of the greater of (a) the amount of the Annual Rent for the last period prior to the date of such termination plus all Rent Adjustments under Article 4; and (b) the then market rental value of the Premises as determined by Landlord assuming a new lease of the Premises of the then usual duration and other terms, in either case, prorated on a daily basis, and also pay all damages sustained by Landlord by reason of such retention. If Landlord gives notice to Tenant of Landlord's election to such effect, such holding over shall constitute renewal of this Lease for a period from month to month or one (1) year, whichever shall be specified in such notice, in either case at the Holdover Rate, but if the Landlord does not so elect, no such renewal shall result notwithstanding acceptance by Landlord of any sums due hereunder after such termination; and instead, a tenancy at sufferance at the Holdover Rate shall be deemed to have been created. In any event, no provision of this Article 14 shall be deemed to waive Landlord's right of reentry or any other right under this Lease or at law.

15. SUBORDINATION. Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to ground or underlying leases and to the lien of any mortgages or deeds of trust now or hereafter placed on, against or affecting the Building. Landlord's interest or estate in the Building, or any ground or underlying lease; provided, however, that if the lessor, mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have Tenant's interest in this Lease be superior to any such instrument, then, by notice to Tenant, this Lease shall be deemed superior, whether this Lease was executed before or after said instrument. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver within ten (10) days of Landlord's request such further instruments evidencing such subordination or superiority of this Lease as may be required by Landlord.

16. RULES AND REGULATIONS. Tenant shall faithfully observe and comply with all the rules and regulations as set forth in Exhibit D to this Lease and all reasonable and non-discriminatory modifications of and additions to them from time to time put into effect by Landlord. Landlord shall not be responsible to Tenant for the non-performance by any other tenant or occupant of the Building of any such rules and regulations.

17. REENTRY BY LANDLORD.

17.1 Landlord reserves and shall at all times have the right to re-enter the Premises to inspect the same, to show said Premises to prospective purchasers, mortgagees or tenants, and to alter, improve or repair the Premises and any portion of the Building, without abatement of rent, and may for that purpose elect, use and maintain scaffolding, pipes, conduits and other necessary structures and open any wall, ceiling or floor in and through the Building and Premises where reasonably required by the character of the work to be performed, provided entrance to the Premises shall not be blocked thereby, and further provided that the business of Tenant shall not be interfered with unreasonably. Landlord shall have the right at any time to change the arrangement and/or locations of entrances, or passageways, doors and doorways, and corridors, windows, elevators, stairs, toilets or other public parts of the Building and to change the name, number or designation by which the Building is commonly known. In the event that Landlord damages any portion of any wall or wall covering, ceiling, or floor or floor covering within the Premises, Landlord shall repair or replace the damaged portion to match the original as nearly as commercially reasonable but shall not be required to repair or replace more than the portion actually damaged. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by any action of Landlord authorized by this Article 17.

17.2 For each of the aforesaid purposes. Landlord may retain a key with which to unlock all of the doors in the Premises, excluding Tenants vaults and safes or special security areas (designated in advance), and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency to obtain entry to any portion of the Premises. As to any portion to which access cannot be had by means of a key or keys in Landlord's possession, Landlord is authorized to gain access by such means as Landlord shall elect and the cost of repairing any damage occurring in doing so shall be borne by Tenant and paid to Landlord within five (5) days of Landlord's demand.

18. DEFAULT.

18.1 Except as otherwise provided in Article 20, the following events shall be deemed to be Events of Default under this Lease:

18.1.1 Tenant shall fail to pay when due any sum of money becoming due to be paid to Landlord under this Lease, whether such sum be any installment of the rent reserved by this Lease, any other amount treated as additional rent under this Lease, or any other payment or reimbursement to Landlord required by this Lease, whether or not treated as additional rent under this Lease, and such failure shall continue for a period of five (5) days after written notice that such payment was not made when due, but if any such notice shall be given, for the twelve (12) month period commencing with the date of such notice, the failure to pay within five (5) days after due any additional sum of money becoming due to be paid to Landlord under this Lease during such period shall be an Event of Default, without notice. The notice required pursuant to this Section 18.1.1 shall replace rather than supplement any statutory notice required under California Code of Civil Procedure Section 1161 or any similar or successor statute.

18.1.2 Tenant shall fail to comply with any term, provision or covenant of this Lease which is not provided for in another Section of this Article and shall not cure such failure within twenty (20) days (forthwith, if the failure involves a hazardous condition) after written notice of such failure to Tenant provided, however, that such failure shall not be an event of default if such failure could not reasonably be cured during such twenty (20) day period, Tenant has commenced the cure within such twenty (20) day period and thereafter is diligently pursuing such cure to completion, but the total aggregate cure period shall not exceed ninety (90) days.

18.1.3 Tenant shall fail to vacate the Premises immediately upon termination of this Lease, by lapse of time or otherwise, or upon termination of Tenant's right to possession only.

18.1.4 Tenant shall become insolvent, admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy or a petition to take advantage of any insolvency statute, make an assignment for the benefit of creditors, make a transfer in fraud of creditors, apply for or consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable law or statute of the United States or any state thereof.

18.1.5 A court of competent jurisdiction shall enter an order, judgment or decree adjudicating Tenant bankrupt, or appointing a receiver of Tenant, or of the whole or any substantial part of its property, without the consent of Tenant, or approving a petition filed against Tenant seeking reorganization or arrangement of Tenant under the bankruptcy laws of the United States, as now in effect or hereafter amended, or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof.

19. REMEDIES.

19.1 Upon the occurrence of any Event or Events of Default under this Lease, whether enumerated in Article 18 or not, Landlord shall have the option to pursue any one or more of the following remedies without any notice (except as expressly prescribed herein) or demand whatsoever (and without limiting the generality of the foregoing, Tenant hereby specifically waives notice and demand for payment of rent or other obligations and waives any and all other notices or demand requirements imposed by applicable law):

19.1.1 Terminate this Lease and Tenant's right to possession of the Premises and recover from Tenant all award of damages equal to the sum of the following:

19.1.1.1 The Worth at the Time of Award of the unpaid rent which had been earned at the time of termination:

19.1.1.2 The Worth at the Time of Award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rent loss that Tenant affirmatively proves could have been reasonably avoided;

19.1.1.3 The Worth at the Time of Award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rent loss that Tenant affirmatively proves could be reasonably avoided:

19.1.1.4 Any other amount necessary to compensate Landlord for all the detriment either proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom; and

19.1.1.5 All such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time under applicable law.

The "Worth at the Time of Award" of the amounts referred to in parts 19.1.1.1 and 19.1.1.2 above, shall be computed by allowing interest at the lesser of a per annum rate equal to: (i) the greatest per annum rate of interest permitted from time to time under applicable law, or (ii) the Prime Rate plus 5%. For purposes hereof, the "Prime Rate" shall be the per annum interest rate publicly announced as its prime or base rate by a federal insured bank selected by Landlord in the State of California. The "Worth at the Time of Award" of the amount referred to in part 19.1.1.3, above, shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%:

19.1.2 Employ the remedy described in California Civil Code ss.1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations): or

19.1.3 Notwithstanding Landlord's exercise of the remedy described in California Civil Code ss.1951.4 in respect of an Event or Events of Default, at such time thereafter as Landlord may elect in writing, to terminate this Lease and Tenant's right to possession of the Premises and recover an award of damages as provided above in Section 19.1.1.

19.2 The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No waiver by Landlord of any breach hereof shall be effective unless such waiver is in writing and signed by Landlord.

19.3 TENANT HEREBY WAIVES ANY AND ALL RIGHTS CONFERRED BY SECTION 3275 OF THE CIVIL CODE OF CALIFORNIA AND BY SECTIONS 1174 (c) AND 1179 OF THE CODE OF CIVIL PROCEDURE OF CALIFORNIA AND ANY AND ALL OTHER REGULATIONS AND RULES OF LAW FROM TIME TO TIME IN EFFECT DURING THE TERM PROVIDING THAT TENANT SHALL HAVE ANY RIGHT TO REDEEM, REINSTATE OR RESTORE THIS LEASE FOLLOWING ITS TERMINATION BY REASON OF TENANT'S BREACH. TENANT ALSO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS LEASE.

19.4 No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing by agreement, applicable law or in equity. In addition to other remedies provided in this Lease, Landlord shall be entitled, to the extent permitted by applicable law, to injunctive relief, or to a decree compelling performance of any of the covenants, agreements, conditions or provisions of this Lease, or to any other remedy allowed to Landlord at law or in equity. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an Event of Default shall not be deemed or construed to constitute a waiver of such Default.

19.5 This Article 19 shall be enforceable to the maximum extent such enforcement is not prohibited by applicable law, and the unenforceability of any portion thereof shall not thereby render unenforceable any other portion.

19.6 If more than one (1) Event of Default occurs during the Term or any renewal thereof, Tenant's renewal options, expansion options, purchase options and rights of first offer and/or refusal, if any are provided for in this Lease, shall be null and void.

19.7 If, on account of any breach or default by Tenant in Tenant's obligations under the terms and conditions of this Lease, it shall become necessary or appropriate for Landlord to employ or consult with an attorney or collection agency concerning or to enforce or defend any of Landlord's rights or remedies arising under this Lease or to collect any sums due from Tenant, Tenant agrees to pay all costs and fees so incurred by Landlord, including, without limitation, reasonable attorneys' fees and costs. TENANT EXPRESSLY WAIVES ANY RIGHT TO: (A) TRIAL BY JURY; AND (B) SERVICE OF ANY NOTICE REQUIRED BY ANY PRESENT OR FUTURE LAW OR ORDINANCE APPLICABLE TO LANDLORDS OR TENANTS BUT NOT REQUIRED BY THE TERMS OF THIS LEASE.

19.8 Upon the occurrence of an Event of Default, Landlord may (but shall not be obligated to) cure such default at Tenant's sole expense. Without limiting the generality of the foregoing, Landlord may, at Landlord's option, enter into and upon the Premises if Landlord determines in its sole discretion that Tenant is not acting within a commercially reasonable time to maintain, repair or replace anything for which Tenant is responsible under this Lease or to otherwise effect compliance with its obligations under this Lease and correct the same, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage or interruption of Tenant's business resulting therefrom and Tenant agrees to reimburse Landlord within five (5) days of Landlord's demand as additional rent, for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, plus interest from the date of expenditure by Landlord at the Wall Street Journal prime rate.

20. TENANT'S BANKRUPTCY OR INSOLVENCY.

20.1 If at any time and for so long as Tenant shall be subjected to the provisions of the United States Bankruptcy Code or other law of the United States or any state thereof for the protection of debtors as in effect at such time (each a "Debtor's Law"):

20.1.1 Tenant, Tenant as debtor-in-possession, and any trustee or receiver of Tenant's assets (each a "Tenant's Representative") shall have no greater right to assume or assign this Lease or any interest in this Lease, or to sublease any of the Premises than accorded to Tenant in Article 9, except to the extent Landlord shall be required to permit such assumption, assignment or sublease by the provisions of such foregoing, any right of any Tenant's Representative to assume or assign this Lease or to sublease any of the Premises shall be subject to the conditions that:

20.1.1.1 Such Debtor's Law shall provide to Tenant's Representative a right of assumption of this Lease which Tenant's Representative shall have timely exercised and Tenant's Representative shall have fully cured any default of Tenant under this Lease.

20.1.1.2 Tenant's Representative or the proposed assignee, as the case shall be, shall have deposited with Landlord as security for the timely payment of rent an amount equal to the larger of: (a) three (3) months' rent and other monetary charges accruing under this Lease; and (b) any sum specified in Article 5: and shall have provided Landlord with adequate other assurance of the future performance of the obligations of the Tenant under this Lease. Without limitation, such assurances shall include, at least, in the case of assumption of this Lease, demonstration to the satisfaction of the Landlord that Tenant's Representative has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that Tenant's Representative will have sufficient funds to fulfill the obligations of Tenant under this Lease: and, in the Case of assignment, submission of current financial statements of the proposed assignee, audited by an independent certified public accountant reasonably acceptable to Landlord and showing a net worth and working capital in amounts determined by Landlord to be sufficient to assure the future performance by such assignee of all of the Tenant's obligations under this Lease.

20.1.1.3 The assumption or any contemplated assignment of this Lease or subleasing any part of the Premises, as shall be the case, will not breach any provision in any other lease, mortgage, financing agreement or other agreement by which Landlord is bound.

20.1.1.4 Landlord shall have, or would have had absent the Debtor's Law, no right under Article 9 to refuse consent to the proposed assignment or sublease by reason of the identity or nature of the proposed assignee or sublessee or the proposed use of the Premises concerned.

21. QUIET ENJOYMENT. Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, while paying the rental and performing its other covenants and agreements contained in this Lease, shall peaceably and quietly have, hold and enjoy the Premises for the Term without hindrance or molestation from Landlord subject to the terms and provisions of this Lease. Landlord shall not be liable for any interference or disturbance by other tenants or third persons, nor shall Tenant be released from any of the obligations of this Lease because of such interference or disturbance.

22. CASUALTY

22.1 In the event the Premises or the Building are damaged by fire or other cause and in Landlord's reasonable estimation such damage can be materially restored within one hundred eighty (180) days, Landlord shall forthwith repair the same and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate abatement in rent from the date of such damage. Such abatement of rent shall be made pro rata in accordance with the extent to which the damage and the making of such repairs shall interfere with the use and occupancy by Tenant of the Premises from time to time. Within forty-five (45) days from the date of such damage, Landlord shall notify Tenant, in writing, of Landlord's reasonable estimation of the length of time within which material restoration can be made, and Landlord's determination shall be binding on Tenant. For purposes of this Lease, the Building or Premises shall be deemed "materially restored" if they are in such condition as would not prevent or materially interfere with Tenant's use of the Premises for the purpose for which it was being used immediately before such damage.

22.2 If such repairs cannot, in Landlord's reasonable estimation, be made within one hundred eighty (180) days. Landlord and Tenant shall each have the option of giving the other, at any time within ninety (90) days after such damage, notice terminating this Lease as of the date of such damage. In the event of the giving of such notice, this Lease shall expire and all interest of the Tenant in the Premises shall terminate as of the date of such damage as if such date had been originally fixed in this Lease for the expiration of the Term. In the event that neither Landlord nor Tenant exercises its option to terminate this Lease, then Landlord shall repair or restore such damage, this Lease continuing in full force and effect, and the rent hereunder shall be proportionately abated as provided in Section 22.1.

22.3 Landlord shall not be required to repair or replace any damage or loss by or from fire or other cause to any panelings, decorations, partitions, additions, railings, ceilings, floor coverings, office fixtures or any other property or improvements installed on the Premises by, or belonging to, Tenant. Any insurance which may be carried by Landlord or Tenant against loss or damage to the Building or Premises shall be for the sole benefit of the party carrying such insurance and under its sole control.

22.4 in the event that Landlord should fail to complete such repairs and material restoration within sixty (60) days after the date estimated by Landlord therefor as extended by this Section 22.4, Tenant may at its option as its sole remedy terminate this Lease by delivering written notice to Landlord, within fifteen (15) days after the expiration of said period of time, whereupon the Lease shall end on the date of such notice or such later date fixed in such notice as if the date of such notice was the date originally fixed in this Lease for the expiration of the Term: provided, however, that if construction is delayed because of changes, deletions or additions in construction requested by Tenant, strikes lockouts, casualties, Acts of God, war, material or labor shortages, government regulation or control or other causes beyond the reasonable control of Landlord, the period for restoration, repair or rebuilding shall be extended for the amount of time Landlord is so delayed.

22.5 Notwithstanding anything to the contrary contained in this Article: (a) Landlord shall not have any obligation whatsoever to repair, reconstruct, or restore the Premises when the damages resulting from any casualty covered by the provisions of this Article 22 occur during the last twelve (12) months of the Term or any extension thereof, but if Landlord determines not to repair such damages Landlord shall notify Tenant and if such damages shall render any material portion of the Premises untenable Tenant shall have the right to terminate this Lease by notice to Landlord within fifteen (15) day's after receipt of Landlord's notice: and (b) in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises of Building requires that any insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon this Lease shall end on the date of such damage as if the date of such damage were the date originally fixed in this Lease for the expiration of the Term.

22.6 In the event of any damage or destruction to the Building or Premises by any peril covered by the provisions of this Article 22, it shall be Tenant's responsibility to properly secure the Premises and upon notice from Landlord to remove forthwith, at its sole cost and expense, such portion of all of the property belonging to Tenant or its licensees from such portion or all of the Building or Premises as Landlord shall request.

22.7 Tenant hereby waives any and all rights under and benefits of Sections 1932(2) and 1933(4) of the California Civil Code, or any similar or successor Regulations or other laws now or hereinafter in effect.

23. EMINENT DOMAIN. If all or any substantial part of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, or conveyance in lieu of such appropriation, either party to this Lease shall have the right, at its option, of giving the other, at any time within thirty (30) days after such taking, notice terminating this Lease, except that Tenant may only terminate this Lease by reason of taking or appropriation, if such taking or appropriation shall be so substantial as to materially interfere with Tenant's use and occupancy of the Premises. If neither party to this Lease shall so elect to terminate this Lease, the rental thereafter to be paid shall be adjusted on a fair and equitable basis under the circumstances, in addition to the rights of Landlord above, if any substantial part of the Building shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, and regardless of whether the Premises or any part thereof are so taken or appropriated, Landlord shall have the right, at its sole option, to terminate this Lease. Landlord shall be entitled to any and all income, rent, award, or any interest whatsoever in or upon any such sum, which may be paid or made in connection with any such public or quasi-public use or purpose, and Tenant hereby assigns to Landlord any interest it may have in or claim to all or any part of such sums, other than any separate award which may be made with respect to Tenant's trade fixtures and moving expenses; Tenant shall make no claim for the value of any unexpired Term. Tenant hereby waives any and all rights under and benefits of Section 1265.130 of the California Code of Civil Procedure, or any similar or successor Regulations or other laws now or hereinafter in effect.

24. SALE BY LANDLORD. In event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Tenant, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease. Except as set forth in this Article 24, this Lease shall not be affected by any such sale and Tenant agrees to attorn to the purchaser or assignee, if any security has been given by Tenant to secure the faithful performance of any of the covenants of this Lease. Landlord may transfer or deliver said security, as such, to Landlord's successor in interest and thereupon Landlord shall be discharged from any further liability with regard to said security.

25. ESTOPPEL CERTIFICATES. Within ten (10) days following any written request which Landlord may make from time to time, Tenant shall execute and deliver to Landlord or mortgagee or prospective mortgagee a sworn statement certifying (a) the date of commencement of this Lease; (b) the fact that this Lease is unmodified and in full force and effect (or, if there have been modifications to this Lease, that this lease is in full force and effect, as modified, and stating the date and nature of such modifications); (c) the date to which the remit and other sums payable under this Lease have been paid; (d) the fact that there are no current defaults under this Lease by either Landlord or Tenant except as specified in Tenant's statement; and (e) such other matters as may be requested by Landlord. Landlord and Tenant intend that any statement delivered pursuant to this Article 25 may be relied upon by any mortgagee, beneficiary or purchaser, and Tenant shall be liable for all loss, cost or expense resulting from the failure of any sale or funding of any loan caused by any material misstatement contained in such estoppel certificate. Tenant irrevocably agrees that if Tenant fails to execute and deliver such certificate within such ten (10) day period Landlord or Landlord's beneficiary or agent may execute and deliver such certificate on Tenant's behalf, and that such certificate shall be fully binding on Tenant.

26. SURRENDER OF PREMISES

26.1 Tenant shall arrange to meet Landlord for two (2) joint inspections of the Premises, the first to occur at least thirty (30) days (but no more than sixty (60) days) before the last day of the Term, and the second to occur no later than forty-eight (48) hours after Tenant has vacated the Premises. In the event of Tenant's failure to arrange such joint inspections and/or participate in either such inspection, Landlord's inspection at or after Tenant's vacating the Premises shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

26.2 All alterations, additions, and improvements in, on, or to the Premises made or installed by or for Tenant, including carpeting (collectively, "Alteration"), shall be and remain the property of Tenant during the Term. Upon the expiration or sooner termination of the Term, all Alterations shall become a part of the realty and shall belong to Landlord without compensation, and title shall pass to Landlord under this Lease as by a bill of sale. At the end of the Term or any renewal of the Term or other sooner termination of this Lease, Tenant will peaceably deliver up to Landlord possession of the Premises, together with all Alterations by whomsoever made, in the same conditions received or first installed, broom clean and free of all debris, excepting only ordinary wear and tear and damage by fire or other casualty. Notwithstanding the foregoing, if Landlord elects by notice given to Tenant at least ten (10) days prior to expiration of the Term, Tenant shall, at Tenant's sole cost, remove any Alterations, including carpeting, so designated by Landlord's notice, and repair any damage caused by such removal. Tenant must, at Tenant's sole cost, remove upon termination of this Lease, any and all of Tenant's furniture, furnishings, movable partitions of less than full height from floor to ceiling and other trade fixtures and personal property (collectively, "Personalty"). Personalty not so removed shall be deemed abandoned by the Tenant and title to the same shall thereupon pass to Landlord under this Lease as by a bill of sale, but Tenant shall remain responsible for the cost of removal and disposal of such Personalty, as well as any damage caused by such removal. In lieu of requiring Tenant to remove Alterations and Personalty and repair the Premises as aforesaid, Landlord may, by written notice to Tenant delivered at least thirty (30) days before the Termination Date, require Tenant to pay to Landlord, as additional remit hereunder, the cost of such removal and repair in an amount reasonably estimated by Landlord.

26.3 All obligations of Tenant under this Lease not fully performed as of the expiration or earlier termination of the Term shall survive the expiration or earlier termination of the Term. Upon the expiration or earlier termination of the Term, Tenant shall pay to Landlord the amount, as estimated by Landlord, necessary to repair and restore the Premises as provided in this Lease and/or to discharge Tenant's obligation for unpaid amounts due or to become due to Landlord. All such amounts shall be used and held by Landlord for payment of such obligations of Tenant, with Tenant being liable for any additional costs upon demand by Landlord, or with any excess to be returned to Tenant after all such obligations have been determined and satisfied. Any otherwise unused Security Deposit shall be credited against the amount payable by Tenant under this Lease.

27. NOTICES. Any notice or document required or permitted to be delivered under this Lease shall be addressed to the intended recipient, by fully prepaid registered or certified United States Mail return receipt requested, or by reputable independent contract delivery service furnishing a written record of attempted or actual delivery, and shall be deemed to be delivered when tendered for delivery to the addressee at its address set forth on the Reference Pages, or at such other address as it has then last specified by written notice delivered in accordance with this Article 27, or if to Tenant at either its aforesaid address or its last known registered office or home of a general partner or individual owner, whether or not actually accepted or received by the addressee. Any such notice or document may also be personally delivered if a receipt is signed by and received from, the individual, if any, named in Tenant's Notice Address.

28. TAXES PAYABLE BY TENANT. In addition to rent and other charges to be paid by Tenant under this Lease, Tenant shall reimburse to Landlord, upon demand, any and all taxes payable by Landlord (other than net income taxes) whether or not now customary or within the contemplation of the parties to this Lease: (a) upon, allocable to, or measured by or on the gross or net remit payable under this Lease, including without limitation any gross income tax or excise tax levied by the State, any political subdivision thereof, or the Federal Government with respect to the receipt of such remit; (b) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Premises or any portion thereof, including any sales, use or service tax imposed as a result thereof; (c) upon or measured by the Tenant's gross receipts or payroll or the value of Tenant's equipment, furniture, fixtures and other personal property of Tenant or leasehold improvements, alterations or additions located in the Premises; or (d) upon this transaction or any document to which Tenant is a party creating or transferring any interest of Tenant in this Lease or the Premises. In addition to the foregoing, Tenant agrees to pay, before delinquency, any and all taxes levied or assessed against Tenant and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property of Tenant located in the Premises.

29. RELOCATION OF TENANT. Landlord, at its sole expense, on at least sixty (60) days prior written notice, may require Tenant to move from the Premises to other space of comparable size and decor in order to permit Landlord to consolidate such relocation, Landlord will pay all expenses of preparing and decorating the new premises so that they will be substantially similar to the Premises from which Tenant is moving, and Landlord will also pay the expense of moving Tenant's furniture and equipment to the relocated premises. In such event this Lease and each and all of the terms and covenants and conditions hereof shall remain in full force and effect and thereupon be deemed applicable to such new space except that revised Reference Pages and a revised Exhibit A shall become part of this Lease and shall reflect the location of the new premises.

30. DEFINED TERMS AND HEADINGS. The Article headings shown in this Lease are for convenience of reference and shall in no way define, increase, limit or describe the scope or intent of any provision of this Lease. Any indemnification or insurance of Landlord shall apply to and inure to the benefit of all the following "Landlord Entities", being Landlord, Landlord's investment manager, and the trustees, boards of directors, officers, general partners, beneficiaries, stockholders, employees and agents of each of them. Any option granted to Landlord shall also include or be exercisable by Landlord's trustee, beneficiary, agents and employees, as the case may be, in any case where this Lease is signed by more than one person, the obligations under this Lease shall be joint and several. The terms "Tenant" and "Landlord" or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular or plural number, individuals, firms or corporations, and their and each of their respective successors, executors, administrators and permitted assigns, according to the context hereof. The term "rentable area" shall mean the rentable area of the Premises or the Building as calculated by the Landlord on

the basis of the plans and specifications of the Building including a proportionate share of any common areas. Tenant hereby accepts and agrees to be bound by the figures for the rentable square footage of the Premises and Tenant's Proportionate Share shown on the Reference Pages; however, Landlord may adjust either or both figures if there is manifest error, addition or subtraction to the Building or any business park or complex of which the Building is a part, remeasurement or other circumstance reasonably justifying adjustment. The term "Building" refers to the structure in which the Premises are located and the common areas (parking lots, sidewalks, landscaping, etc.) appurtenant thereto. If the Building is part of a larger complex of structures, the term "Building" may include the entire complex, where appropriate (such as shared Expenses or Taxes) and subject to Landlord's reasonable discretion.

31. TENANT'S AUTHORITY. If Tenant signs as a corporation, partnership, trust or other legal entity each of the persons executing this Lease on behalf of Tenant represents and warrants that Tenant has been and is qualified to do business in the state in which the Building is located, that the entity has full right and authority to enter into this Lease, and that all persons signing on behalf of the entity were authorized to do so by appropriate actions. Tenant agrees to deliver to Landlord, simultaneously with the delivery of this Lease, a corporate resolution, proof of due authorization by partners, opinion of counsel or other appropriate documentation reasonably acceptable to Landlord evidencing the due authorization of Tenant to enter into this Lease.

32. FINANCIAL STATEMENTS AND CREDIT REPORTS. At Landlord's request, Tenant shall deliver to Landlord a copy, certified by an officer of Tenant as being a true and correct copy, of Tenant's most recent audited financial statement, or, if unaudited, certified by Tenant's chief financial officer as being true, complete and correct in all material respects. Tenant hereby authorizes Landlord to obtain one or more credit reports on Tenant at any time, and shall execute such further authorizations as Landlord may reasonably require in order to obtain a credit report.

33. COMMISSIONS. Each of the parties represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease, except as described on the Reference Pages.

34. TIME AND APPLICABLE LAW. Time is of the essence of this Lease and all of its provisions. This Lease shall in all respects be governed by the laws of the state in which the Building is located.

35. SUCCESSORS AND ASSIGNS. Subject to the provisions of Article 9, the terms, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties to this Lease.

36. ENTIRE AGREEMENT. This Lease, together with its exhibits, contains all agreements of the parties to this Lease and supersedes any previous negotiations. There have been no representations made by the Landlord or any of its representatives or understandings made between the parties other than those set forth in this Lease and its exhibits. This Lease may not be modified except by a written instrument duly executed by the parties to this Lease.

37. EXAMINATION NOT OPTION. Submission of this Lease shall not be deemed to be a reservation of the Premises. Landlord shall not be bound by this Lease until it has received a copy of this Lease duly executed by Tenant and has delivered to Tenant a copy of this Lease duly executed by Landlord, and until such delivery Landlord reserves the right to exhibit and lease the Premises to other prospective tenants. Notwithstanding anything contained in this lease to the contrary, Landlord may withhold delivery of possession of the Premises from Tenant until such time as Tenant has paid to Landlord any security deposit required by Article 5, the first month's rent as set forth in Article 3 and any sum owed pursuant to this Lease.

38. RECORDATION. Tenant shall not record or register this Lease or a short form memorandum hereof without the prior written consent of Landlord, and then shall pay all charges and taxes incident such recording or registration.

39. LIMITATION OF LANDLORD'S LIABILITY. Redress for any claim against Landlord under this lease shall be limited to and enforceable only against and to the extent of Landlord's interest in the Building. The obligations of Landlord under this lease are not intended to be and shall not be personally binding on, nor shall any resort be made to the private properties of, any of its or its investment manager's trustees, directors, officers, partners, beneficiaries, members, stockholders, employees, or agents, and in no case shall Landlord be liable to Tenant hereunder from any lost profits, damage to business, or any form of special, indirect or consequential damages.

LANDLORD:

TENANT:

MP SORRENTO MESA, LLC, a Delaware limited liability company

FRANKLIN WIRELESS CORP., a California corporation

By: RREEF Management Company, a Delaware corporation

By: /s/ Ok Chae Kim

By: /s/ Peter Lloyd

Name: Ok Chae Kim

Name: Peter Lloyd

Title: President

Title: Vice President/Regional Director

Dated: 3/22/05

Dated: 4/1/05

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EXHIBIT A - FLOOR PLAN DEPICTING THE PREMISES

attached to and made a part of Lease bearing the
Lease Reference Date of March 16, 2005
between MP SORRENTO MESA, LLC, a Delaware limited
liability company, as Landlord and
FRANKLIN WIRELESS CORP., a California corporation, as Tenant

Exhibit A is intended only to show the general layout of the Premises as of the beginning of the Term of this Lease. It does not in any way supersede any of Landlord's rights set forth in Article 17 with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate.

"Premises"
9853 Pacific Heights Blvd.
Suite N

[floor plan here]

A-1

EXHIBIT A-1 -- SITE PLAN

attached to and made a part of Lease bearing the
Lease Reference Date of March 16, 2005 between
MP SORRENTO MESA, LLC, a Delaware limited liability company, as Landlord and
FRANKLIN WIRELESS CORP., a California corporation, as Tenant

Exhibit A-1 is intended only to show the general layout of the Premises as of
the beginning of the Term of this lease. It does not in any way supersede any of
Landlord's rights set forth in Article 17 with respect to arrangements and/or
locations of public parts of the Building and changes in such arrangements
and/or locations. It is not to be scaled; any measurements or distances shown
should be taken as approximate.

Sorrento Mesa Business Center
5915-5995 Mira Mesa Blvd.
9823-9883 Pacific Heights Blvd.

[site plan picture here]

EXHIBIT B -- INITIAL ALTERATIONS

attached to and made a part of Lease hearing the
Lease Reference Date of March 16, 2005
between MP SORRENTO MESA, LLC, a Delaware limited
liability company, as Landlord and
FRANKLIN WIRELESS CORP., a California corporation, as Tenant

Tenant shall accept the Premises in its "as is" condition.

EXHIBIT C -- COMMENCEMENT DATE MEMORANDUM

attached to and made a part of Lease bearing the Lease Reference Date of March 16, 2005 between MP SORRENTO MESA, LLC, a Delaware limited liability company, as Landlord and FRANKLIN WIRELESS CORP., a California corporation, as Tenant

COMMENCEMENT DATE MEMORANDUM

THIS MEMORANDUM, made as of _____, 20____, by and between ("Landlord") and ____("Tenant").

Recitals:

- A. Landlord and Tenant are parties to that certain Lease, dated for reference _____, 20__ (the "Lease") for certain premises (the "Premises") consisting of approximately square feet at the building commonly known as _____.
- B. Tenant is in possession of the Premises and the Term of the Lease has commenced.
- C. Landlord and Tenant desire to enter into this Memorandum confirming the Commencement Date, the Termination Date and other matters under the Lease.

NOW, THEREFORE. Landlord and Tenant agree as follows:

- 1. The actual Commencement Date is _____.
- 2. The actual Termination Date is _____.
- 3. The schedule of the Annual Rent and the Monthly installment of Rent set forth on the Reference Pages is deleted in its entirety, and the following is substituted therefor:

[insert rent schedule]

- 4. Capitalized terms not defined herein shall have the same meaning as set forth in the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

LANDLORD:

TENANT:

By: _____ DO_NOT_SIGN _____

By: _____ DO_NOT_SIGN _____

Name: _____

Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

<PAGE>

If sending artwork on a disk, please mail to Glanz Signing and Graphics at 8630 Production Avenue, San Diego, California 92 121-2307 (858) 578-8487; fax (858) 578-5488.

If sending files via e-mail save as instructed above and send to e-mail: david@glanzsigns.com.

2. If Landlord objects in writing to any curtains, blinds, shades or screens attached to or hung in or used in connection with any window or door of the Premises or Building. Tenant shall immediately discontinue such use. No awning shall be permitted on any part of the Premises. Tenant shall not place anything or allow anything to be placed against or near any glass partitions or doors or windows which may appear unsightly, in the opinion of Landlord, from outside the Premises.

3. Tenant shall not alter any lock or other access device or install a new or additional lock or access device or bolt on any door of its Premises without the prior written consent of Landlord. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys or other means of access to all doors.

4. If Tenant requires telephone, data, burglar alarm or similar service, the cost of purchasing, installing and maintaining such service shall be borne solely by Tenant. No boring or cutting for wires will be allowed without the prior written consent of Landlord, Landlord shall direct electricians as to where and how telephone, data, and electrical wires are to be introduced or installed. The location of burglar alarms, telephones, call boxes or other office equipment affixed to the Premises shall be subject to the prior written approval of Landlord.

5. Tenant shall not place a load upon any floor of its Premises, including mezzanine area, if any, which exceeds the load per square foot that such floor was designed to carry and that is allowed by law. Heavy objects shall stand on such platforms as determined by Landlord to be necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such equipment or other property From any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

6. Tenant shall not install army radio or television antenna, satellite dish, loudspeaker or other device on the roof or exterior walls of the Building without Landlord's prior written consent which consent shall be in Landlord's sole discretion.

7. Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork, plaster or drywall (except for pictures and general office uses) or in any way deface the Premises or any part thereof. Tenant shall not affix any floor covering to the floor of the Premises or paint or seal any floors in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule.

8. No cooking shall be done or permitted on the Premises, except that Underwriters' Laboratory approved microwave ovens or equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, provided that such equipment and use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations.

9. Tenant shall not use any hand trucks except those equipped with the rubber tires and side guards, and may use such other material-handling equipment as Landlord may approve. Tenant shall not bring any other vehicles of any kind into the Building. Forklifts which operate on asphalt areas shall only use tires that do not damage the asphalt.

10. Tenant shall not use the name of the Building or any photograph or other likeness of the Building in connection with or in promoting or advertising Tenant's business except that Tenant may include the Building name in Tenant's address. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name and address of the Building.

11. All trash and refuse shall be contained in suitable receptacles at locations approved by Landlord. Tenant shall not place in the trash receptacles any personal trash or material that cannot be disposed of in the ordinary and customary manner of removing such trash without violation of any law or ordinance governing such disposal.

12. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governing authority.

13. Tenant assumes all responsibility for securing and protecting its Premises and its contents including keeping doors locked and other means of entry to the Premises closed.

14. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord without Landlord's prior written consent.

15. No person shall go on the roof without Landlord's permission.

16. Tenant shall not permit any animals, other than seeing-eye dogs, to be brought or kept in or about the Premises or any common area of the property.

17. Tenant shall not permit any motor vehicles to be washed or mechanical work or maintenance of motor vehicles to be performed on any portion of the Premises or parking lot.

18. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of any premises in the Building. Landlord may waive any one or more of these Rules and Regulations for the benefit of any tenant or tenants, and any such waiver by Landlord shall not be construed as a waiver of such Rules and Regulations for any or all tenants.

19. Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order in and about the Building. Tenant agrees to abide by all such rules and regulations herein stated and any additional rules and regulations which are adopted. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

20. Any toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown into them. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees, shall have caused it.

21. Tenant shall not permit smoking or carrying of lighted cigarettes or cigars in areas reasonably designated by Landlord or any applicable governmental agencies as non-smoking areas.

22. Any directory of the Building or project of which the Building is a part ("Project Area"), if provided, will be exclusively for the display of the name and location of tenants only and Landlord reserves the right to charge for the use thereof and to exclude any other names.

23. Canvassing, soliciting, distribution of handbills or any other written material in the Building or Project Area is prohibited and each tenant shall cooperate to prevent the same. No tenant shall solicit business from other tenants or Permit the sale of any goods or merchandise in the Building or Project Area without the written consent of Landlord.

24. Any equipment belonging to Tenant which causes noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any tenants in the Building shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate the noise or vibration.

25. Driveways, sidewalks, halls, passages, exits, entrances and stairways ("Access Areas") shall not be obstructed by tenants or used by tenants for any purpose other than for ingress to and egress from their respective premises. Access areas are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence, in the judgement of Landlord, shall be prejudicial to the safety, character, reputation and interests of the Building or its tenants.

26. Landlord reserves the right to designate the use of parking areas and spaces. Tenant shall not park in visitor, reserved, or unauthorized parking areas. Tenant and Tenant's guests shall park between designated parking lines only and shall not park motor vehicles in those areas designated by Landlord for loading and unloading. Vehicles in violation of the above shall be subject to being towed at the vehicle owner's expense. Vehicles parked overnight without prior written consent of the Landlord shall be deemed abandoned and shall be subject to being towed at vehicle owner's expense. Tenant will from time to time, upon the request of Landlord, supply Landlord with a list of license plate numbers of vehicles owned or operated by its employees or agents.

27. No trucks, tractors or similar vehicles can be parked anywhere other than in Tenant's own truck dock area. Tractor-trailers which must be unhooked or parked with dolly wheels beyond the concrete loading areas must use steel plates or wood blocks under the dolly wheels to prevent damage to the asphalt paving surfaces. No parking or storing of such trailers will be permitted in the parking areas or on streets adjacent thereto.

28. During periods of loading and unloading, Tenant shall not unreasonably interfere with traffic flow and loading and unloading areas of other tenants. All products, materials or goods must be stored within the Tenant's Premises and not in any exterior areas, including, but not limited to, exterior dock platforms, against the exterior of the Building, parking areas and driveway areas. Tenant agrees to keep the exterior of the Premises clean and free of nails, wood, pallets, packing materials, barrels and other debris produced from their operation.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, OC Kim, chief executive officer of Franklin Wireless Corp., certify that:

- 1) I have reviewed this Annual Report on Form 10-KSB of Franklin Wireless Corp.;
- 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 officers 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 our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us 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 presented in this report our 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 most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- 5) The registrant's other certifying officers 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 registrant's board of directors (or persons performing the equivalent functions):
 - 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.

/s/ OC Kim

OC Kim
President
May 19, 2006

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, OC Kim, President and Acting Principal Accounting Officer of Franklin
Wireless Corp., certify that:

- 1) I have reviewed this Annual Report on Form 10-KSB of Franklin
Wireless Corp.;
- 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 officers 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 our supervision, to ensure that material
information relating to the registrant, including its
consolidated subsidiaries, is made known to us 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 presented in this report our
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 most recent fiscal quarter (the
registrant's fourth fiscal quarter in the case of an
annual report) that has materially affected, or is
reasonably likely to materially affect, the registrant's
internal control over financial reporting.
- 5) The registrant's other certifying officers 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 registrant's board of directors (or persons
performing the equivalent functions):
 - 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.

/s/ OC KIM

OC Kim

President and Acting Principal Accounting Officer

May 19, 2006

<PAGE>

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Franklin Wireless Corp. (the "Company") on Form 10-KSB for the fiscal year ended June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, OC Kim, chief executive officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ OC Kim
OC Kim
President
May 19, 2006

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Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Franklin Wireless Corp. (the "Company") on Form 10-KSB for the fiscal year ended June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, OC Kim, President and Acting Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ OC KIM

OC Kim

President and Acting Principal Accounting Officer

May 19, 2006