Morehouse Properties, Inc. Standard Purchase Order Terms and Conditions

RELEASED 09/24/2010

1. AGREEMENT. These Standard Purchase Order Terms and Conditions (T's&C's) shall apply to any Purchase Order (a "P.O.") issued by Morehouse Properties, Inc.., hereinafter referred to as "Buyer" to seller as identified as the supplier on a P.O., hereinafter referred to as "Seller". Buyer and Seller are hereinafter referred to jointly as the "Parties". Unless otherwise provided in a written agreement executed by Seller and Buyer, each P.O. accepted by Seller, together with all documents expressly referenced in such P.O. and these T's&C's shall constitute the entire agreement (the "Agreement") between the Parties with respect to (i) the purchase, sale and delivery of the goods described in such Agreement (the "Products"), and (ii) the performance of any work described in the Agreement and any associated Work Product as defined in Paragraph 9, herein (collectively the "Services") and shall supersede all prior agreements, understandings and representations between Seller and Buyer with respect thereto. Any additional or different terms stated by Seller in any proposal, quotation, confirmation, acknowledgment, invoice, or otherwise shall be of no force and effect, and no course of dealing, usage of trade, or course of performance shall be relevant to explain or supplement any term expressed in the Agreement. Seller's commencement of any Services subject to the Agreement or shipment of Products, whichever occurs first, shall be deemed an effective mode of acceptance of the Agreement. Any acceptance of the Agreement is limited to the acceptance of the express terms contained on the face of the P.O. or referenced therein.

2. DELIVERY. Unless otherwise expressly specified in the Agreement, all deliveries of Products shall be made FOB (Free On Board) origin for domestic shipments and FCA (Free Carrier) origin for international shipments. Seller shall deliver the Products and/or complete the Services specified in the Agreement on or before the applicable date indicated in the Agreement (the "Delivery Date"); provided, however, that Buyer, in its sole discretion, may refuse to accept Products delivered more than three (3) business days prior to such Delivery Date and Seller shall incur all costs associated with returning such Product. Time is of the essence in the performance of Seller's obligations under the Agreement. Buyer is responsible for insuring shipments and will not be responsible for the cost of any insurance purchased by Seller covering shipments hereunder. Overshipments may be returned at Seller's expense or retained by Buyer at Buyer's discretion.

3. TITLE AND RISK OF LOSS. Seller warrants that it has good and clear title, free from any security interest, lien, or other encumbrance, to all Products to be delivered to Buyer. Title and risk of loss or damage to the Products shall pass to Buyer upon delivery to Buyer, subject to Buyer's right to reject non-conforming Products. Notwithstanding the foregoing, risk of loss of any non-conforming Products or deliveries shall remain with Seller until Buyer finally accepts such Products or deliveries.

4. INSPECTION; ACCEPTANCE. Final inspection of Products delivered shall be made at Buyer's premises. When specified in writing by Buyer and with reasonable advance notice, Seller shall permit Buyer and Buyer's designated inspectors to have access to Seller's facilities at all reasonable business hours for the purpose of inspecting any Products or any Services in progress. At the time of inspection and at no cost to Buyer, Seller shall make available to the inspectors reasonable assistance and access to facilities and copies of all drawings, specifications, and processes applicable to the Products or Services to be inspected. Buyer shall accept Products or Services within sixty (60) days after receiving such Products or Services ("Acceptance") unless a non-conformity in any Products or Services shall be deemed to materially impair the value of the Agreement to Buyer and shall entitle Buyer to reject such Products or Services or to revoke its Acceptance thereof.

At Buyer's option, Buyer may i) return non-conforming Products to Seller at Seller's expense and Seller shall be required to repair or replace Products or re-perform Services; or ii) modify or adapt non-conforming Products or Services to render such acceptable; or iii) return non-conforming Products or reject non-conforming Services for a full refund. If Buyer elects to reject non-conforming Products, Seller shall issue a return authorization number for all non-conforming Products within twenty-four (24) hours after Buyer's request, and such non-conforming Products shall be the property of the Seller. If Buyer elects to modify or adapt non-conforming Product or Services, Buyer may offset all costs incurred in performing any such modifications and adaptations against any and all amounts otherwise due to Seller or, at Buyer's option, may bill Seller directly for such costs.

5. PRICE AND PAYMENT TERMS. The prices of Products delivered and Services performed shall be as specified in the Agreement. The Agreement will specify whether items listed therein are taxable, and Seller shall invoice Buyer accordingly. Buyer shall pay for Products and Services accepted according to the Agreement payment terms, or if no payment terms are stated then within forty-five (45) days following receipt of Seller's undisputed invoice or after Buyer's receipt and final Acceptance of such Products or completion and final Acceptance of such Services, whichever is later. Buyer shall have no obligation to pay for any Products or Services that are rejected or as to which Acceptance is revoked in accordance with Paragraph 4 above.

6. WARRANTIES. Seller warrants that all Products delivered and Services provided under the Agreement shall be free from defects in workmanship and material and fit for the purposes for which such Products, or Services are intended. Further, all Products delivered and Services performed shall contain all new materials, shall strictly conform to the requirements stated in the Agreement and all other specifications furnished by Buyer, and shall conform to Seller's specifications to the extent such specifications are consistent with those provided by Buyer. The foregoing warranties shall remain in effect for a period of one (1) year after Buyer's Acceptance of Products delivered or Services performed. Notwithstanding the foregoing, in the case of any latent defect or any defect caused or concealed by fraud or negligence, the Seller shall repair or replace said defective Products or Services with conforming Products or Services; after the receipt and Acceptance of conforming Products or Services the warranty period shall be extended until the one (1) year anniversary of such Acceptance date. As a remedy for breach of any of the foregoing warranties, Buyer may elect, at Buyer's option, (a) the prompt repair, or replacement of non-conforming Products or reperformance of Services, which shall be accomplished by Seller at no charge to Buyer in accordance with Paragraph 4 above; (b) modification or adaptation of the non-conforming Products or Services at Seller's expense in accordance with Paragraph 4 above; or (c) return of the non-conforming Products to Seller or rejection of Services performed and a full refund to Buyer of the aggregate purchase price paid by Buyer.

In addition to the warranties set forth above, Seller warrants that all Products and Services delivered shall be free of any claim that such Product or Service infringes any patent, copyright, trade secret, or other intellectual property right of any third party, except insofar as such claims are based solely on Seller's literal compliance with Buyer's written specifications for such Product or Service.

The rights and remedies of Buyer provided in this Paragraph are in addition to, and do not limit, any rights afforded Buyer under any other Paragraph of these T's&C's or by law.

7. INDEMNIFICATION. Seller shall indemnify, defend and hold Buyer, its affiliates, and its customers harmless against any losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees), arising from or related to (i) any breach or alleged breach of the warranties made by Seller under Paragraph 6 herein, and/or (ii) the negligence, recklessness or intentional misconduct of Seller or any of its employees or agents in performing the Services (at Buyer's facilities or elsewhere). Buyer will notify Seller of any such claim and permit Seller, at Seller's sole expense, to defend or settle such claim. Buyer shall have the right to participate at its own expense in the defense of such claim or action, including any related settlement negotiations. No such claim or action may be settled or compromised without Buyer's express written consent, which may be conditioned upon the execution of a release of all claims against the Buyer by the party(ies) bringing such claim or action. Buyer shall have the right to withhold from payments due to Seller the amount of Buyer's costs of defending any such claim or action, plus reasonable additional amounts, as security for Seller's obligations under this Paragraph 7.

In the event that any Product or Service is determined to infringe any intellectual property right of any third party, Seller shall, at Buyer's option, either: (i) obtain from such third party, at Seller's sole expense, the right for Buyer and Buyer's customers to continue using the infringing Products and/or Services, (ii) modify the Products and/or Services at Seller's sole expense so as to render them non-infringing,

while maintaining substantially identical fit, form and function, or (iii) refund to Buyer the aggregate purchase prices paid for all infringing Products and Services.

8 BUYER PROPERTY. All property used by Seller in connection with its performance under the Agreement which is owned, furnished, or consigned by Buyer, or is charged to or paid for by Buyer, including but not limited to materials, tools, dies, jigs, molds, patterns, fixtures, equipment, drawings, specifications and other technical documentation (the "Property") shall be and remain the property of Buyer. Unless already so marked by Buyer, Seller shall identify and conspicuously mark all Property as belonging to Buyer and, upon request, shall furnish Buyer a list of all Property being held by Seller.

All Property shall be used only for Seller's performance under the Agreement and held at Seller's risk and insured at Seller's sole expense in an amount equal to its replacement cost, with loss payable to Buyer. Buyer may inspect and/or remove any Property at any time at no charge to Buyer, and Buyer shall have reasonable access to Seller's premises for such purpose. Seller shall return such Property to Buyer upon Buyer's demand at Seller's sole expense.

9. PROPRIETARY RIGHTS. Seller agrees to promptly disclose to Buyer and upon request to assign to Buyer, any (i) works of authorship, discoveries, inventions, and innovations conceived or first actually reduced to practice during the performance of the Agreement, or (ii) any proposals, research, records, reports, recommendations, manuals, findings, evaluations, forms, reviews, information, data, computer programs, and software originated or prepared by Seller for or in the performance of the Agreement the items listed in clauses (i) and (ii) being hereinafter referred to collectively and severally as "Work Product". Seller and Buyer agree that any Work Product which is a work of authorship, including but not limited to any computer program or software, is a "work made for hire" within the meaning of 17 United States Code Section 101. All Work Product shall be promptly communicated to Buyer. As additional consideration for the compensation to be paid to Seller under the Agreement., Seller hereby assigns to Buyer all of Seller's rights, title and interest in and to all Work Product, and to any and all intellectual property rights, including but not limited to, patents, copyrights or trademarks which have been or may be obtained with respect to such Work Product, effective immediately upon conception, origination, creation, preparation or discovery thereof and regardless of the medium of expression thereof. Seller shall communicate to Buyer or its representatives all facts known to it respecting such Work Product. Further, whenever requested, Seller immediately shall execute a confirmatory assignment of any particular items(s) of Work Product in such form as may be satisfactory to Buyer, shall testify in all legal proceedings, sign all lawful papers and otherwise perform all acts necessary or appropriate to enable Buyer and its successors and assigns to obtain and enforce all available legal protections for all such Work Product in all countries, for which Buyer will reimburse Seller's reasonable out-of-pocket expenses. All Work Product shall become the exclusive property of Buyer, and Seller shall be deemed to have assigned and relinquished all rights, title and interest in and to such Work Product by virtue of this Paragraph 9. Notwithstanding anything herein to the contrary, Buyer acknowledges and agrees that Seller may own certain know-how, trade secrets, plans, designs and construction information, processes and flowcharts, formulas, manufacturing techniques, discoveries, inventions and ideas, product specifications, machinery, drawings, photographs, computer source codes, equipment, devices, tools and apparatus and any other engineering or other technical information that is in existence prior to the date of the Agreement, whether or not protected by law, subject to pending applications therefore or otherwise ("Pre-Existing Intellectual Property"). To the extent that any such Pre-Existing Intellectual Property is (i) incorporated into the Work Product and (ii) has expressly been identified to Buyer in writing prior to the commencement of any services hereunder, such Pre-Existing Intellectual Property shall remain the property of Seller, and Seller hereby grants to Buyer a royalty-free, non-exclusive, unrestricted, irrevocable, world-wide license to use, execute, reproduce, display, perform, distribute copies of, and prepare derivative works based upon such Pre-Existing Intellectual Property as may be necessary for Buyer to use the Work Product for the purposes for which such Work Products were designed and intended, including Buyer's right to provide such Pre-Existing Intellectual Property as embedded in the final deliverables to other third parties to use solely on the behalf of Buyer.

10. CONFIDENTIALITY; PUBLICITY. Except as necessary for its performance under the Agreement, Seller shall not disclose to any person (including but not limited to any company affiliated with Seller and any subcontractor of Seller), reproduce, or use any information furnished by Buyer under the Agreement (whether or not marked as confidential or proprietary), and, at Buyer's request, Seller shall return all such information to Buyer. Further, Seller shall not issue any news release, advertisement, publicity, or promotional material regarding the Agreement or Seller's relationship with Buyer without Buyer's prior written consent.

The provisions of this Paragraph 10 shall survive the termination or cancellation of any or all Agreements.

11. CHANGES. Buyer may at any time instruct Seller to make changes within the general scope of the Agreement in any of the following: (i) Buyer's drawings, designs, or specifications furnished to Seller; (ii) Seller's method of shipment or packing; (iii) the quantities of Products ordered; (iv) the place of delivery; and/or (vi) the delivery schedule. If any such change causes an increase or decrease in the cost of, or time required for, performance under the Agreement, Seller shall have thirty (30) days to request adjustments in the price and/or delivery schedule for Products or Services directly affected by Buyer's changes. To the extent that Buyer agrees to such adjustments, Buyer will revise the Agreement accordingly. Any requests by Seller for adjustments under this Paragraph 11 shall be deemed waived if not asserted within such thirty (30) day period, and failure to timely request an adjustment shall not excuse Seller from performing in accordance with the revised Agreement In the event that Seller makes changes in its design, manufacturing process, or specifications that affect Products to be delivered or Services to be performed under the Agreement, even if such changes do not materially alter the form, fit or function of such Products or Services. Seller shall inform Buyer of such changes not less than thirty (30) days before the Delivery Date in the Agreement specified for such Products or Services.

12. REPRESENTATIONS. By acceptance of Buyer's Agreement, Seller is certifying that Seller is in full compliance with the Fair Labor Standards Act of 1938, as amended, and regulations issued thereunder. Upon request, Seller shall furnish Buyer with satisfactory evidence of its compliance with the representation in this Paragraph 12.

13. EXPORT COMPLIANCE ASSURANCE. The Parties agree to comply with all applicable U.S. export laws and regulations. Seller expressly acknowledges that i) all products, proprietary data, know-how, software or other data or information obtained from Buyer, and ii) any Services resulting in Product hereunder, or any products directly derived from any such Product (collectively referred to herein as "Technical Information") are subject to the United States (U.S.) government export control laws, which may restrict or prohibit their export, re-export, or transfer. U.S. government restrictions are implemented principally through the Export Administration Regulations ("EAR", 15 C.F.R. §§ 730 et seq., available at http://www.bis.doc.gov/) administered by Department of Commerce, Bureau of Industry and Security and the Foreign Asset Control Regulations administered by the Department of Treasury, Office of Foreign Assets Control ("OFAC", 30 C.F.R. Part 500 et. Seq. available at http://www.treas.gov/offices/enforcement/ofac/). Wassenaar Munitions List is available at http://www.wassenaar.org/. Seller agrees that neither it nor any of its subsidiaries, affiliates or subcontractors will directly or indirectly export, re-export, transfer, or release, or cause to be exported or re-exported ("Export"), any such Technical Information to any destination or entity prohibited or restricted under U.S. law including but not limited to U.S. government embargoed or sanctioned countries or entities, unless it shall obtain prior to Export an authorization from the applicable U.S. government agency either in writing or as provided by applicable regulation. The U.S. government maintains embargoes or sanctions against the countries listed in the EAR, Country Group E to Part 740, Supplement 1. The current list of embargoed or sanctioned countries consists of Cuba, Iran, North Korea, Sudan, and Syria. This list is amended by the U.S. government from time to time and all such amendments shall be applicable to this Agreement. Seller further agrees that no Technical Information will be directly or indirectly employed in or transferred to missile technology, sensitive nuclear, or chemical biological weapons end uses or in any manner transferred to any party for any such end use.

Seller agrees to notify Buyer if items to be delivered or sold to Buyer under this Agreement are subject to the U.S. Department of State, International Traffic in Arms Regulations ("ITAR") or the Wassenaar Munitions List ("ML") prior to the delivery of the items. Seller will send notification to Buyer Export Compliance Department via e-mail at export@qualcomm.com with Seller part number and ITAR or ML control number.

In the event Seller supplies person(s) employed, hired, or retained ("Person") by Seller to perform under this Agreement on-site at a Buyer

location, Seller will first notify Buyer if the Person is national or citizen of a country for which the U.S. government requires an Export license. Seller shall be solely responsible for determining nationality of its employees and contractors. This requirement applies to all countries except countries listed in the U.S. Export Administration Regulations, Supplement No. 3 to Part 740 plus Canada and the United States.

Seller may not subcontract Services involving the transfer of Technical Information as defined above unless and until the Export Compliance provisions of this Agreement have been provided in writing to the subcontractor(s).

The terms of this Export Compliance Assurance shall survive and continue in effect upon termination of the Agreement with Buyer.

14. OZONE-DEPLETING CHEMICALS USAGE CERTIFICATION.

Seller whether a manufacturer, importer, wholesaler, distributor, or retailer, is required to reliably and accurately label consistent with the requirements of 40 CFR part 82, (i) all containers in which a class I or class II substance is stored or transported, (ii) all products containing a class I substance and (iii) all products directly manufactured with a process that uses a class I substance, unless the product was manufactured prior to May 15, 1993.

15. TERMINATION; CANCELLATION. Unless otherwise provided in a written agreement executed by Seller and Buyer, Buyer may terminate any Agreement or any portion thereof upon giving notice to Seller of such termination not less than two (2) business days prior to the earliest applicable Delivery Date set forth in the original Agreement, and Buyer will revise or revoke the Agreement accordingly. Within ten (10) business days after receiving notice of such termination, Seller shall advise Buyer in writing of any cancellation charges it desires to impose as a direct result of such termination. To the extent such charges are deemed reasonable in Buyer's sole discretion, Buyer will pay such cancellation charges within forty-five (45) days after the date of the Seller's written request therefor. Any request by Seller for cancellation charges shall be deemed waived if not asserted within ten (10) business days after Buyer's termination notice.

Notwithstanding the foregoing, Buyer may cancel any Agreement or portion thereof without charge at any time upon notice to Seller if: (a) Seller fails to timely perform any of its obligations under the Agreement and such failure is not cured within ten (10) days after written notice of such failure is delivered to Seller, and/or (b) there is or comes to be any material misstatement or omission in the Seller's representations and warranties described herein.

16. ASSIGNMENT. Seller shall not assign any of its rights or delegate any of its obligations under the Agreement without the prior written consent of Buyer, and any assignment in violation of this provision shall be null and void. Notwithstanding the foregoing, Seller may assign claims for monies due or to become due under the Agreement without Buyer's consent provided that Seller promptly furnishes Buyer with a signed copy of all documentation evidencing such assignment and further provided that payment to any assignee shall be subject to setoff or recoupment of any present or future claim(s) that Buyer may have against Seller. Regardless of any such assignment, Buyer shall continue to deal directly with Seller with respect to all matters other than payment of monies due under the Agreement. Buyer may assign all or a portion of its rights, duties, and obligations under the Agreement to any entity (i) with which Buyer is affiliated (ii) into which Buyer may be merged or reorganized, (iii) which is a Buyer "spin-off," or (iv) to which all or a portion of Buyer's capital stock or assets or those of a relevant business unit may be sold or assigned. There shall be no charge to Buyer or the assignee for any assignment hereunder.

17. INSURANCE. Whenever Seller has in its possession property of Buyer, Seller shall be deemed an insurer thereof and shall be responsible for its safe return to Buyer. Seller shall also maintain at all times during performance of its work related to this Order adequate Workers' Compensation insurance to cover all of its general and special employees engaged in such work, including Employer's Liability coverage; insurance to insure against claims for injury to or death of persons or destruction or damage to property (including Buyer's employees and property) which may arise from Seller's actions or omissions in the performance of its Services or in the design or manufacture of its Products, such Commercial General Liability insurance shall specifically include contractual liability coverage; and Business Automobile Liability coverage including coverage for bodily injury and property damage for all owned, hired or non-owned vehicles. Seller shall have all insurance policies endorsed to waive the insurer's rights of subrogation in favor of Buyer.

18. APPLICABLE LAW. The Agreement shall be governed by the laws of the State of California. All disputes arising in connection therewith shall be heard only by a court of competent jurisdiction in San Diego County, California, and the prevailing party in any legal proceeding shall be entitled to recover its reasonable attorneys' fees incurred in connection therewith. The U.N. Convention on Contracts for the International Sale of Goods shall not apply to the purchase of Products or Services by Buyer.

19. EQUAL OPPORTUNITY. The Parties hereby incorporate the requirements of 41 C.F.R. 60-1.4(a)(7),60-250.4 and 60-741.4, if applicable.

20. MISCELLANEOUS PROVISIONS. No addition or modification of the Agreement shall be effective unless made in writing and signed by the respective representatives of Seller and Buyer. Any delay or failure to enforce at any time any provision of the Agreement shall not constitute a waiver of the right thereafter to enforce each and every provision thereof. If any of the provisions of the Agreement is determined to be invalid, illegal, or otherwise unenforceable, the remaining provisions shall remain in full force and effect. The rights and remedies expressly provided to Buyer herein are not exclusive, but are cumulative and in addition to any other rights and remedies available at low or in equity.

21. CORRESPONDENCE. Seller shall place Buyer's applicable P.O. number on all notices, correspondence, invoices, packing slips and packages pertaining thereto. All written correspondence other than invoices shall be sent to the attention of the person identified as the "Buyer" on the P.O., addressed to: 5775 Morehouse Drive, San Diego, CA 92121. All invoices shall be sent to the attention of the Accounts Payable Department at P.O. Box 919042, San Diego, CA 92191-9042.