**DISTRIBUTOR AGREEMENT**

BETWEEN

**M7 BRAKE & CLUTCH**

8 AURORA BLVD.

SAN JUAN CITY

TEL: (02) 725-3636

FAX: (02) 744-4745

AND

Commencement Date:

**M7 Brake and Clutch,** a single proprietor company under the laws of the Republic of the Philippines with office at No. 8 Aurora Blvd. San Juan City, herein after referred to as **(M7)** Represented by Tancredo B. Jumawan.

herein referred as (Distributor Dealer) agree that the following terms and conditions shall govern the fabrications, sale and discounting of products as herein defined in appendix a.

1. Definitions
   1. Parties, Party

“Parties” means M7 and Distributor, collectively. “Party means either M7 or

Distributor.

* 1. Agreement

“Agreement” means this Authorized products Distributor Agreement.

* 1. Products

The term “Product” or “Products” as used herein shall mean the items listed on

APPENDIX “A” hereto, as changed from time to time in accordance wit the

provisions of this Agreement.

1. Appointment
   1. Authorization

M7 hereby authorizes distributor to advertise, demonstrate market, promote, distribute, and solicit orders for Products in a non-exclusive at Distributor’s expense subject to all the terms and conditions of this Agreement.

* 1. Use of Trademark/Trade Names

During the term of this Agreement, Distributor is authorized to use M7 trademarks, trade names and logos in Distributor’s sale, advertisement and promotions of products. Upon termination of this Agreement, Distributor shall cease to use any of such marks, names or logos and shall, within a reasonable time, remove any reference to M7 from its advertising and promotional material.

* 1. Non Assignability

Distributor’s rights under this Agreement are personal, and may not be assigned without the prior written authorization of M7. Such authorization may be withheld for any reason.

* 1. No Authority to make Agreements

Distributor shall not have the Authority to make any agreement or incur any Liability on behalf of M7. The authority of the Distributor on behalf of M7 is limited to the rights granted in the Paragraph 2.1 above.

* 1. No Authority to Establish Branches/Satellites

Distributor shall not have the authority to establish branches/ Satellites anywhere outside of the official address but is not precluded to accept orders in any place whatsoever.

In likewise manner, M7 would be restricted to establish Distributor affiliation in the vicinity provided herein;

* 1. Reserved Rights

M7 reserves the right to market the Products in any manner and without limitation both within and outside of the Territory.

M7 reserves the right to change the scope if the Territory by giving Distributor 60 days prior written notice.

1. Commencement Date & Term
   1. Commencement Date

This agreement shall be effective, after execution by both Parties, on the Commencement date specified herein.

* 1. Term

The initial term of this agreement shall be for twelve (12) months from the Commencement date.

* 1. Renewal

This Agreement will be renewed for subsequent one year terms, unless (1) one Party gives written notice of termination to the other party, at least 60 days prior to the end of initial term or any one of the renewed terms. The initial term, and any subsequent term, shall be subject to termination under the provisions of Section 9.

1. Products Changes
   1. Product Modifications

M7 reserves the right to modify, alter, improve, delete or change any and all Products covered by this Agreement. However, this agreement will cover the sales of Products as they may be modified, altered, improved, or changed.

1. Responsibilities of distributor

Distributor shall have the following responsibilities:

* 1. Marketing Efforts

To exert its best to advertise, demonstrate market, promote, distribute, and solicit orders for the products.

* 1. Promotional Cooperation

To cooperate with and assist M7 in promotional and selling campaign including attending appropriate trade shows.

* 1. Complaints

To promptly report to M7 any complaints relating to sales of the Products.

* 1. Business Expenses

To pay all of the expenses for the manufacture, fabrication of the products as defined in appendix A.

* 1. Inventory

Distributor shall maintain a reasonable inventory if the products in order to satisfy Distributor’s anticipated sales and where applicable, support thereof.

To pay all the salaries of the personnel & workers assigned to Distributors.

* 1. Staffing and Training

Distributor will staff and train employees as required to demonstrate, market, promote, distribute and support M7 Products.

* 1. Competitive Products

To provide written notification to M7 prior to marketing and distributing Products which compete directly with Products sold by M7.

* 1. Distributor will pay M7, one hundred thirty thousand (P130,000)

as set up fee for fabrication rubber products and the repair restoration of worn out under chassis parts such ball joints, tie rod ends, rack ends, shock absorbers using M7 patented technology.

* 1. Payment of monthly royalty of P2,500 beginning in the 4th month of operation up to the end of 1st year of operation.

In return M7 will provide the injector machine used for repair and restoration of

Ball Joints, Tie Rod Ends, and Rack End etc.

All other tool, equipment, gadgets, necessary for the manufacture, fabrication and repair of the other under chassis parts shall be shouldered by the distributor. All machines, tools provided by M7 at the start of operation shall be returned to M7 upon termination of this agreement.

1. Responsibilities of M7.

In consideration of Distributor’s fulfillment of the responsibilities set forth in Section 5;

6.1 M7 shall consistently keep Distributor informed on a timely basis of changes and innovations in performance, serviceability, uses and applications of all Products.

6.2 M7 at its expense will provide Distributor with master flyers or brochures for Product promotion and advertisement.

6.3 M7 will also prepare duplicate transparencies of available photography at the Distributor’s request. Cost to the Distributor will be the production cost.

1. Product Pricing

7.1 The

* 1. The prices of all fabricated products will be the same in all franchised outlets, Dealers and Distributors. Prices of all products fabricated and repaired will be furnished all franchised outlets, Dealers and Distributors form time to time.
  2. Customer Billing

Distributor shall bill its customers directly. Distributor shall be solely responsible for any losses arising from the failure of any customer to pay the customer’s account.

M7 shall have no liability to Distributor for any debt arising from sale by

Distributor of Products. Failure of Distributor to collect shall in no way alter Distributor’s payment obligations to M7.

* 1. Clear Title M7 warrants the title to all Products to be sold to distributor hereunder the warrants that such Products are not subject to any security interest, liens or other encumbrances.

1. Termination
   1. This agreement may be terminated at any time, without cause, by either party upon giving the other party at least sixty (60) prior written notice. Such termination shall be effective on the date stated in said notice.
2. Limitation on Cause of Action

The Parties agree that any suit or other legal action or any arbitrating relating in anyway to this Agreement or to Products must be filled or officially commenced by party making a claim no later than 1 year the cause of the claim first arises.

1. Confidentiality

If either party hereto receives from the other party written information which is marked “Confidential” and/or “Proprietary”, the receive party agrees not to use such information except in the performance of this Agreement, and t treat such information in the same manner as it treats its own confidential information. The obligation to keep information confidential shall not apply to any such information that has been disclosed in publicity available sources; is, through no fault of the party receiving the confidential information hereafter disclosed in publicly available source; is in the rightful possession of the party receiving the confidential information without an obligation of confidentiality; or is required to be disclosed by operation of law. Except as otherwise provided herein , the obligation does not disclosed shall be for a period of one (1) year after termination of this agreement.

1. Compliance with the Law

Distributors shall comply with all applicable Laws, Statues, and regulations relating to the sales and distribution of Products, and the performance of Distributor’s duties and obligations under this Agreement. In particular, Distributor agrees not to sell any of the Products in any country or territory prohibited by applicable U.S. laws, and agrees to obtain from its customers representations that they will resell, transfer, or assign any of the Products to any such prohibited countries or territories.

1. Patent/Copyright Indemnification

M7 shall defend any suit or proceeding brought against Purchaser based on a claim of third party that the Product(s), or any part thereof, furnished by M7 constitutes an infringement of any patent in the Philippines provided that M7 is notified promptly in writing and given Authority, information and assistance (at M7;s expense) for the defense of such a suit or proceeding, and M7 will pay all damages costs awarded against Purchaser. In any case the Product(s) furnished by M7, or any part thereof, is enjoined, M7 shall, at its own expense and option (i) procure for purchaser the right to continue using the Product(s), (ii) replace the same with non-infringing Product(s), (iii) modify the Product(s) so it becomes non-infringing, or 9iv) grant the Purchaser; 1 credit for such equipment in accordance with the then applicable M7 depreciation policy and accept its return. M7 shall not be liable to Purchaser hereunder if the patent infringement or claim thereof is based upon the use of the Product in connection with other Products not delivered by M7, or in a manner for which the M7 Product(s) was not designed, or where the Product(s) was modified by or for the Purchaser in a manner to become infringing.

**IN NO EVENT SHALL M7 BE LIABLE TO DITRIBUTOR UNDER THIS PARAGRAPH FOR CONSEQUENTIAL OR SPECIAL DAMAGES EXCEPT WHERE A THIRD PARTY OBTAINS SUCH DAMAGES AGAINST DITRIBUTOR EXCEPT AS EXPRESSLY SET FORTH HEREIN, M7 SHALL HAVE NO OTHER LIABILITY OR OBLIGATION TO DISTRIBUTIR WITH NO RESPECT TO PATENT OR COPYRIGHT INFRINGEMENT MATTERS.**

1. General Indemnification
   1. M7 and Distributor each agrees to indemnify and hold the other harmless from and against any and all claims, damages and liabilities asserted by any person or entity resulting directly from;
2. Any breach by it, or by any of its employees or agents, of this Agreement or NY of its warranties, representations, covenants or obligations as provided for in its Agreement.
3. Any negligent act, affirmative act of omission to act by it, or any its employees or agents.

Such indemnification shall include the payment of all reasonable attorney’s fees and other costs incurred by the party seeking indemnification in defending such claims.

* 1. Notwithstanding any to the contrary in this Agreement or the Exhibits or Appendices hereto, in no event will either party be liable to the other for (i) special, indirect or consequential damages or 9ii0 any damages whatsoever resulting from loss of use, data or profits, arising out of or in connection with this Agreement, whether in an action of contract or tort including negligence.
  2. Arbitration

All disputes concerning the terms and conditions of this agreement and shall be handle by a third party arbitration such as officers of the court appointed by both party. A Party shall commence arbitration by Delivering written notice to the other party. Where the parties cannot agree on an attorney as arbitrator or fail to act within 30 days by the offices of the court appointed officer of the court by the arbitrators and the place of the arbitration. Judgment upon the award rendered in any arbitration may be entered in any court having jurisdiction of the matter.

* 1. Attorney’s Fees

If any arbitration, litigation, or other legal proceedings occur between the parties relating to this Agreement, the prevailing Party shall be entitled to recover (in addition to any other relief awarded or granted) its reasonable costs and expenses, including attorney’s fees, incurred in the proceeding.

* 1. Notices

Unless otherwise expressly provided for, all notices, request, demands, consents or other communications required or pertaining to this Agreement must be in writing and must be delivered personally or sent by certified or registered mail (postage prepaid and return receipt requested) to the other Party at the address set forth below (or to ant other address given by either Party to the other Party in writing):

TO M7:

#8 Aurora Blvd

San Juan MM

Attention:

In case of mailing, the effective date of delivery of any notice demand, or consent shall be considered to be 5 days after proper mailing.

* 1. Waiver and Amendment

No waiver amendments or modification of this Agreement shall be effective unless in writing and designed by the party against whom the waiver, amendment, or modification is sought to be enforced. No failure or delay by either Party in exercising any right, power, or remedy under this Agreement shall operate as a waiver of the right, power, or remedy. No waiver of any term, condition or default of this Agreement shall be constructed as a waiver of any other term, condition, or default.

* 1. Assignment

This Agreement is binding upon and insures to the benefit of the successors and assigns of the Parties. However, Distributor may not assign to transfer the rights or obligations granted to it under this Agreement without the prior consent of M7.

* 1. No Third Party Rights

This Agreement is not for the benefits of any third party and shall not be deemed to grant any right to remedy to any third party, whether or not referred to in this Agreement.

* 1. Severability

If any provision(s) of this Agreements is finally held by court or arbitration panel of competent jurisdiction to be unlawful, the remaining provisions of this Agreement shall remain in full force and effect to the extent that the intent of the parties can be enforced.

* 1. Governing Law and Forum

Unless otherwise provided, the validity, construction, and performance of this Agreement is governed by the laws of Republic of the Philippines. The Parties waive all objections to venue to the extent permitted law.

1. General Terms and Conditions
   1. Relationship of the Parties

This Agreement does not constitute a partnership agreement, nor does it create a Joint Venture or agency relationship between the Parties.

* 1. Force Majeure

Neither Party shall be responsible for any delay or failure in performance of any part of this agreement or order to the extent that such delay or failure is caused by fire, flood, explosion, war, strike, embargo, government requirement, action.

* 1. Conflicting Terms

The Parties agree that the terms and conditions of this Agreement shall prevail, notwithstanding the contrary or additional terms, in any purchase order, sales, acknowledgement, confirmation or any and/ or sale of products.

* 1. Entire Agreement

This Agreement, including all appendices, constitutes the complete and the final Agreement between the Parties, and supersedes all prior negotiations and agreements between the parties concerning it subject matter.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement effective as of the date first above set forth.

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Name: **Tancredo b. Jumawan** Name:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: Owner/Proprietor Date:

**M7 Brake and Clutch**

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Date: