CARTER AVIATION TECHNOLOGIES

An Aerospace Research & Development Company

FOR IMMEDIATE RELEASE

CARTER RECEIVES CONTRACT AWARD FOR DARPA'S TERN PROGRAM

September TBD, 2013 (Wichita Falls, Texas) – Carter Aviation Technologies, LLC, has been selected for a Phase I study contract on DARPA's Tactically Exploited Reconnaissance Node (TERN) unmanned aircraft system (UAS) program. Seeking to combine the strengths of both land- and sea-based approaches to supporting airborne assets, TERN envisions using smaller ships as mobile launch and recovery sites for medium-altitude long-endurance (MALE) unmanned aircraft (UAVs). Named after the family of seabirds known for flight endurance – many species migrate thousands of miles each year – TERN aims to make it much easier, quicker and less expensive for DoD to deploy persistent ISR and strike capabilities almost anywhere in the world. DARPA plans to implement the TERN program in three phases: Phase I (Concept Definition), Phase II (Technology Maturation) and Phase III (System Demonstration).

Carter is offering a seabased UAS featuring Slowed-Rotor/Compound (SR/C™) Technology. This technology has extreme efficiency at its core which enables long-range and long-endurance performance to help meet TERN objectives. Significant challenges are anticipated with reliably recovering the vehicle at sea under demanding operational conditions and sea states.

"We are very confident that our technology can be applied to meet the objectives of the TERN program. That said, we understand and appreciate concerns related to reliably recovering the aircraft at sea. To that end, we have assembled an outstanding team of technology houses to refine the configuration, ensure it integrates successfully with the host vessel, and, in particular, establishing a high fidelity simulation model to demonstrate that our technology can indeed operate from sea," stated Jay Carter, Jr., Carter's CEO and TERN Chief Engineer. Carter plans to execute a number of trade studies regarding their point of departure TERN design to include methods that may permit hover for enhanced shipboard recovery.

"As I see it, TERN is not just about Carter's technology, it is about providing an end-to-end UAS operational system. Our current team of proven innovators are providing substantial contributions to the overall effort. Without them, we would not be successful," explained Jon Tatro, Carter's TERN Program Manager. "We are also actively seeking a major aerospace systems integrator to augment our team for Phases II&III of TERN. The TERN program has a significant emphasis on transition, so additional experience is required on the team to position for the future," he further stated.

Carter's Phase I TERN contract is scheduled to conclude in August of next year, and DARPA's Phase I BAA suggested that Proposal guidance for Phases II and III will be provided toward the end of Phase I. Carter continues flight testing of their current prototype and are evaluating the possibility of a privately funded shipboard recovery demonstration with their existing prototype. "If we can raise the funding required, we plan to perform a shipboard recovery demonstration for DARPA to help them better understand the unique capabilities of our technology and its ability to successfully operate from sea," shared Jay Carter, Jr.

About Carter Aviation Technologies, LLC.

Carter Aviation is a Wichita Falls, Texas based aerospace research and development firm that has developed and demonstrated its Slowed-Rotor/Compound (SR/C™) Technology. This technology couples the speed, range and efficiency of an airplane with the vertical takeoff and landing (VTOL) capability of a helicopter. More information is available at www.CarterCopters.com. To discuss any of the foregoing or schedule a visit to Carter Aviation's facilities, please contact Jon Tatro at Jon.Tatro@CarterAero.com.

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