

THE COMPETITION TRIBUNAL

File No.: CT-2004-007
Registry Document No.: 00013



BETWEEN:

ROBINSON MOTORCYCLE LIMITED

Applicant

AND

FRED DEELEY IMPORTS LTD.

Respondent

AFFIDAVIT

I, **KIM VAN DEVEN**, of the Town of Wheatley, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the President of Robinson Motorcycle Limited (“Robinson Motorcycle”). I have personal information of the matters herein deposed except where such information is said to be based on information provided to me by third parties and in such circumstances, I believe the information to be true.

2. I swear this Affidavit in support of an Application made by Robinson Motorcycle for leave to make an Application against Fred Deeley Imports Ltd. (“Deeley”) pursuant to section 75 of the *Competition Act*, R.S.C. 1985, c 34 (“Act”).

Overview

3. Robinson Motorcycle is a duly constituted Ontario corporation. It is owned and operated by the Robinson family of Wheatley, Ontario.

4. Deeley is a duly constituted British Columbia and Ontario corporation. Its principal place of business in Ontario is located at 830 Edgeley Boulevard, Concord, Ontario, L4K 4X1. Deeley has been the exclusive distributor of Harley-Davidson products in Canada since 1973.

5. Robinson Motorcycle was established in 1958. It has operated since that time as a family business by the Robinson family as a motorcycle retail store and service provider. Its customers originate primarily from the area of Essex and Kent Counties (the "Area"). A map outlining the Area to which I referred is attached hereto and marked as Exhibit "A".

6. Robinson Motorcycle formerly carried many lines of motorcycles such as Honda, Suzuki, Kawasaki and BMW in addition to that of Harley-Davidson. However, for the past many years, at the behest of Deeley, from whom Robinson Motorcycle acquired the Harley-Davidson line of motorcycles under a verbal distribution agreement, Robinson Motorcycle has restricted its sales exclusively to Harley-Davidson products.

7. Robinson Motorcycle has been selling extended service plans to its customers in addition to the standard two (2) year warranty offered on the sale of new Harley-Davidson motorcycles. Customers have purchased the extended service plan with the expectation and understanding that service would be performed by Robinson Motorcycle.

8. Deeley's decision to terminate the right of Robinson Motorcycle to sell Harley-Davidson products will put Robinson Motorcycle out of business and eliminate Robinson Motorcycle as a competitor against the only two other Harley-Davidson dealers in Essex and Kent Counties.

Background

9. Robinson Motorcycle, as mentioned above, was established in 1958. It has operated successfully since that time. It has always met the trade terms established by the various suppliers of products in which it deals including products supplied by Deeley.

10. Robinson Motorcycle began to deal in Harley-Davidson products in about 1968 from its business premises in Wheatley, Ontario.

11. In 1977 Robinson Motorcycle was granted a dealer franchise by Deeley which entitled Robinson Motorcycle to sell Harley-Davidson products. There was no written dealership agreement that formalized the right of Robinson Motorcycle to deal in Harley-Davidson products. The relationship was constituted by a verbal agreement.

12. At the time Robinson Motorcycle made its dealership agreement with Deeley there was a Harley-Davidson dealer in Windsor, Ontario and a Harley-Davidson dealer in Chatham, Ontario.

13. In 1978 the Windsor dealer closed its business. Deeley approached Robinson Motorcycle and requested it purchase the inventory held by the Windsor dealer. In return, Deeley represented that it would not re-establish a dealer in Windsor.

14. For approximately ten (10) years thereafter, there was no Harley-Davidson dealer in Windsor. During this period, Robinson Motorcycle actively promoted Harley-Davidson products. Robinson Motorcycle catered to customers in the County of Essex and County of Kent

with the support of Deeley. Responsibility for sales and representation of the line of Harley-Davidson products was exclusively that of Robinson Motorcycle.

15. For many years Robinson Motorcycle had carried various other lines of motorcycles in addition to Harley-Davidson including Triumph, Honda, Yamaha, Suzuki, Kawasaki and BMW. However, at the behest of and with the encouragement of Deeley, Robinson Motorcycle eventually restricted its business to dealing exclusively in Harley-Davidson products.

16. In the mid 1980s, there was an increase in demand for Harley-Davidson motorcycles because Harley-Davidson redesigned its engine, which had the effect of making it a more reliable motorcycle.

17. In approximately 1988, Deeley authorized Parker Brothers to become a Harley-Davidson dealer in Windsor.

18. While Parker Brothers was in business in Windsor, Ontario it was recognized that Robinson Motorcycle was one of its competitors for business in Essex County.

19. Parker Brothers stopped selling Harley-Davidson motorcycles in approximately 1992. Its business closed in 1993.

The Dealership Agreement

20. In 1973, Deeley became the exclusive distributor of Harley-Davidson products in Canada.

21. In 1977, Robinson Motorcycle entered into a verbal distribution agreement with Deeley by which Robinson Motorcycle became an official franchise dealer of new Harley-Davidson motorcycles and related products. It sold those products without restriction to customers in Essex and Kent Counties.
22. Robinson Motorcycle's relationship with Deeley was governed by the terms of its verbal agreement and the terms of its purchase orders.
23. In 1994 Deeley, for the first time, asked Robinson Motorcycle to sign a written documents entitled "Dealer Agreement" that was, assumedly, intended to govern the relationship for the one year period during which the agreement was to take effect. A copy of that agreement is attached as Exhibit "B".
24. It was the understanding of Robinson Motorcycle that the terms of the Dealer Agreement merely defined the terms that would govern the relationship between Deeley and Robinson Motorcycle for the period prescribed in the Dealer Agreement. Once the Dealer Agreement expired it was assumed that the relationship would resort back to the way it had previously been conducted for the prior 17 years. Robinson Motorcycle never understood that its right to act as a Harley-Davidson dealer could terminate on the expiration of the Agreement if it was not renewed. If that had been represented to be the effect of the Agreement when it was presented Robinson Motorcycle would never have become a party to it.
25. In fact, once the 1994 Dealer Agreement expired, Deeley continued to deal with Robinson Motorcycle as it had for the previous 17 years.

26. The next Dealer Agreement that was presented by Deeley and executed by Robinson Motorcycle was on May 10, 1996. In the period between July 31, 1995 and May 10, 1996, Robinson Motorcycle continued to be supplied with new Harley-Davidson products from Deeley on the terms of their previous relationship even though no written agreement was in place.

27. The 1996 Dealer Agreement was for a two (2) year term and designated Wheatley and its surrounding area as a territory to which Robinson Motorcycle was to concentrate its efforts. It did not contain any terms that prohibited Robinson Motorcycle from selling products to persons who lived outside the described territory. Robinson Motorcycle regarded the territory to comprise Essex and Kent Counties which were the market areas Robinson Motorcycle always served. A true copy of the Agreement is attached hereto and marked as Exhibit "C".

28. Though the Agreement expired on July 31, 1998, Deeley again continued to supply Robinson Motorcycle with new Harley-Davidson products for retail for approximately one (1) year based on Robinson Motorcycle's and Deeley's previous relationship. So it was recognized by Robinson Motorcycle and Deeley that the distribution agreement would continue even after the expiry date of the Dealer Agreement.

29. In 1999, Deeley distributed a new Dealer Agreement for signature. The 1999 Dealer Agreement was for a three (3) year term and again designated the territory to which Robinson Motorcycle was to concentrate its sales as Wheatley and its surrounding area. A true copy of the 1999 Dealer Agreement is attached hereto and marked as Exhibit "D".

30. On July 9, 2001, Deeley presented Robinson Motorcycle with a Dealer Extension Agreement, which extended the 1999 Dealer Agreement to July 31, 2004. A true copy of the correspondence and Dealer Extension Agreement is attached hereto and marked as Exhibit "E".

31. The territory to which Robinson Motorcycle was to sell was never defined other than Wheatley, Ontario and its surrounding area. It was the understanding of Robinson Motorcycle that this description of its territory meant the Area that it had historically serviced.

32. The manner in which the Dealer Agreements were presented, put in practice and enforced by Deeley led me to believe that the agreements would be automatically renewed so long as Robinson Motorcycle did not provide cause to terminate the agreements. If a new written agreement was not in place Robinson Motorcycle would simply continue as a Harley-Davidson dealer on the basis that it was supplied with products in the past before any written agreements were in place.

33. Robinson Motorcycle has never acted in a manner which caused it to default on the terms of the Dealer Agreements or the terms of its previous agreement with Deeley. Deeley has never had grounds to terminate the agreement for cause.

34. Deeley representatives attend Robinson Motorcycle three (3) to four (4) times a year. At no time were any principals of Robinson Motorcycle made aware of any concerns Deeley had in regard to the manner in which Robinson Motorcycle conducts its business or the area of the customer base it serves.

Sales Performance of Robinson Motorcycle

35. Since at least 1990, Robinson Motorcycle restricted its business to that of an exclusive retailer of Harley-Davidson products. In other words, Robinson Motorcycle became a single line dealer and sold only Harley-Davidson products.

36. Robinson Motorcycle was strongly encouraged by Deeley to make the transition to a single line dealer. Though Deeley could not demand that retailers only sell Harley-Davidson products, they preferred it and made such preference known to its retailers.

37. From 1999 to 2003, the sale of Harley-Davidson motorcycles comprised approximately 77% to 82% of Robinson Motorcycle's total sales. Robinson Motorcycle also sells Harley-Davidson parts and accessories which effectively increased its total sales attributable to Harley-Davidson products to approximately 95%. The balance of Robinson Motorcycle's total sales is from money earned through the performance of service and labour on Harley-Davidson motorcycles. A true copy of the Consolidated Financial Statement for 1999 and 2000 is attached hereto and marked as Exhibit "F". A true copy of the Consolidated Financial Statement for 2001 and 2002 is attached hereto and marked as Exhibit "G" and a true copy of the Financial Statements for 2003 is attached hereto and marked as Exhibit "H".

38. A review of the Consolidated Financial Statements also reveals that the sales of Robinson Motorcycle have been consistently increasing since the year 2000. For example, the sale of Harley-Davidson motorcycles from 2000 to 2003 are,

2000 = \$1,179,513.00

2001 = \$1,416,846.00

2002 = \$2,284,503.00

2003 = \$2,772,679.00

39. Robinson Motorcycle's sales performance has always been above average. It has always maintained or exceeded the requirements set out by Deeley. For example, on October 27, 2003, Robinson Motorcycle was evaluated by Deeley and received perfect scores in the area of customer service, performance and event attendance. A true copy of Robinson Motorcycle's evaluation is attached hereto and marked as Exhibit "I".

Source of Sales

40. The sales enjoyed by Robinson Motorcycle have always been generated from clientele primarily in the Counties of Essex and Kent.

41. Robinson Motorcycle was never advised that it could not sell its Harley-Davidson products within its historical sales area. In any event, it is unreasonable to refuse a sale because the particular customer lives closer to another dealer.

Termination of Dealership Agreement

42. Robinson Motorcycle and Deeley have enjoyed a long and mutually prosperous relationship. Robinson Motorcycle has always remained loyal to the Harley-Davidson product line from the time it introduced and began to promote the Harley-Davidson motorcycle into the Area. Robinson Motorcycle continuously displayed the Harley-Davidson trademark on its sign, on its store front, stationary and staff uniforms.

43. Despite the loyalty of Robinson Motorcycle and its long standing relationship with Deeley, Robinson Motorcycle received a letter dated January 16, 2004 from Deeley, advising

Robinson Motorcycle that Deeley was terminating the right of Robinson Motorcycle to deal in Harley-Davidson products effective July 31, 2004. A true copy of the letter from Deeley is attached hereto and marked as Exhibit "J".

44. I was shocked by Deeley's decision to terminate Robinson Motorcycle's right to deal in Harley-Davidson products. It was always my understanding, based on Robinson Motorcycle's long standing relationship with Deeley, that Deeley would continue to supply Robinson Motorcycle with Harley-Davidson products so long as Robinson Motorcycle did not default on the usual trade terms or give it other cause to terminate the agreement.

45. Robinson Motorcycle has kept its account with Deeley throughout their relationship current. Robinson Motorcycle has always been able to meet all usual trade terms and other known requirements of Deeley.

Effect on Business

46. Deeley is the only supplier of Harley-Davidson products in Canada and consequently, Robinson Motorcycle cannot obtain Harley-Davidson products from an alternate supplier.

47. There is no replacement motorcycle for the Harley-Davidson motorcycle. In any event, other motorcycle manufacturers such as Suzuki, Honda, Kawasaki and BMW are supplied to neighbouring motorcycle retail stores. The Area is well serviced and there is no market for an additional motorcycle retailer selling the above-noted products.

48. Realistically, Harley-Davidson products occupy a dominant position in the marketplace. This is evident in its ability to promote stores which sell only Harley-Davidson products, such as Robinson Motorcycle and Thunder Road Harley-Davidson in Windsor, Ontario.

Effect on Public and Harley-Davidson Customers

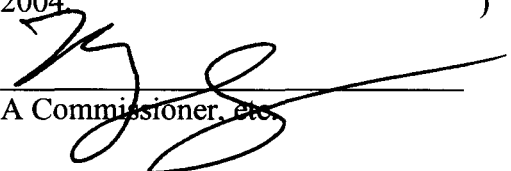
49. After July 31, 2004, if Deeley is permitted to refuse to supply Harley-Davidson products to Robinson Motorcycle, there will only be two (2) Harley-Davidson dealers in the area: Thunder Road Harley-Davidson in Windsor; and D & M Cycle in Chatham. The above-noted dealers will control 100% of the marketplace in the Area for Harley-Davidson products. Competition will be diminished. Customers who do not reside in Windsor or in Chatham will have to travel further distances to purchase Harley-Davidson products.

50. A greater concern to customers who have learned that Robinson Motorcycle will be forced to close in July, 2004 is that Harley-Davidson parts, products, service and maintenance costs will rise in price since competition will be decreased. In addition, the overall cost to customers could increase through additional freight and pre-delivery inspection costs. Lastly, from information provided by customers and confirmed by advertisements in the Windsor Star newspaper they are only given the best price on motorcycles from Thunder Road once Thunder Road is made aware that the customer is also negotiating with the competition, Robinson Motorcycle. The advertisements attached as Exhibits "K" and "L" confirm that Thunder Road promises "We Won't Be Undersold".

51. The overall effect that the termination by Deeley of Robinson Motorcycle's right to deal in Harley-Davidson products will be devastating. As previously noted, the sales of Harley-Davidson products comprise approximately 95% of Robinson Motorcycle sales. The elimination of this component of Robinson Motorcycle's sales will result in the closure of its business and the loss of employment for eight (8) employees. Though Robinson Motorcycle also provides service and repair, it is not sufficient to sustain the business of Robinson Motorcycle.

52. There is no proper basis on which to justify Deeley's decision to refuse to deal with Robinson Motorcycle after July 31, 2004. Robinson Motorcycle feels that it is evident that the actions of Deeley and its agents show malice towards Robinson Motorcycle. Its conduct can only be regarded to be motivated by an intent to confer a benefit on its competitors, Thunder Road and D & M Cycle, by directing a significant portion of the business and customers with whom Robinson Motorcycle would otherwise deal to them. Due to the quality and nature of their actions, Deeley will cause Robinson Motorcycle to suffer damages by a loss of product sales and its business.

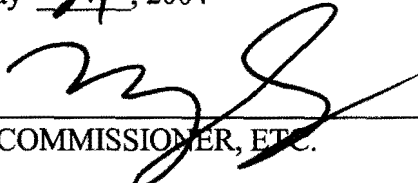
SWORN before me at the)
City of Windsor, in the County)
of Essex, this 21st day of May,)
2004.)


A Commissioner, etc.



Kim Van Deven

THIS IS EXHIBIT "A"
REFERRED TO IN THE AFFIDAVIT
OF **Kim Van Deven**
SWORN BEFORE ME ON
May 21, 2004



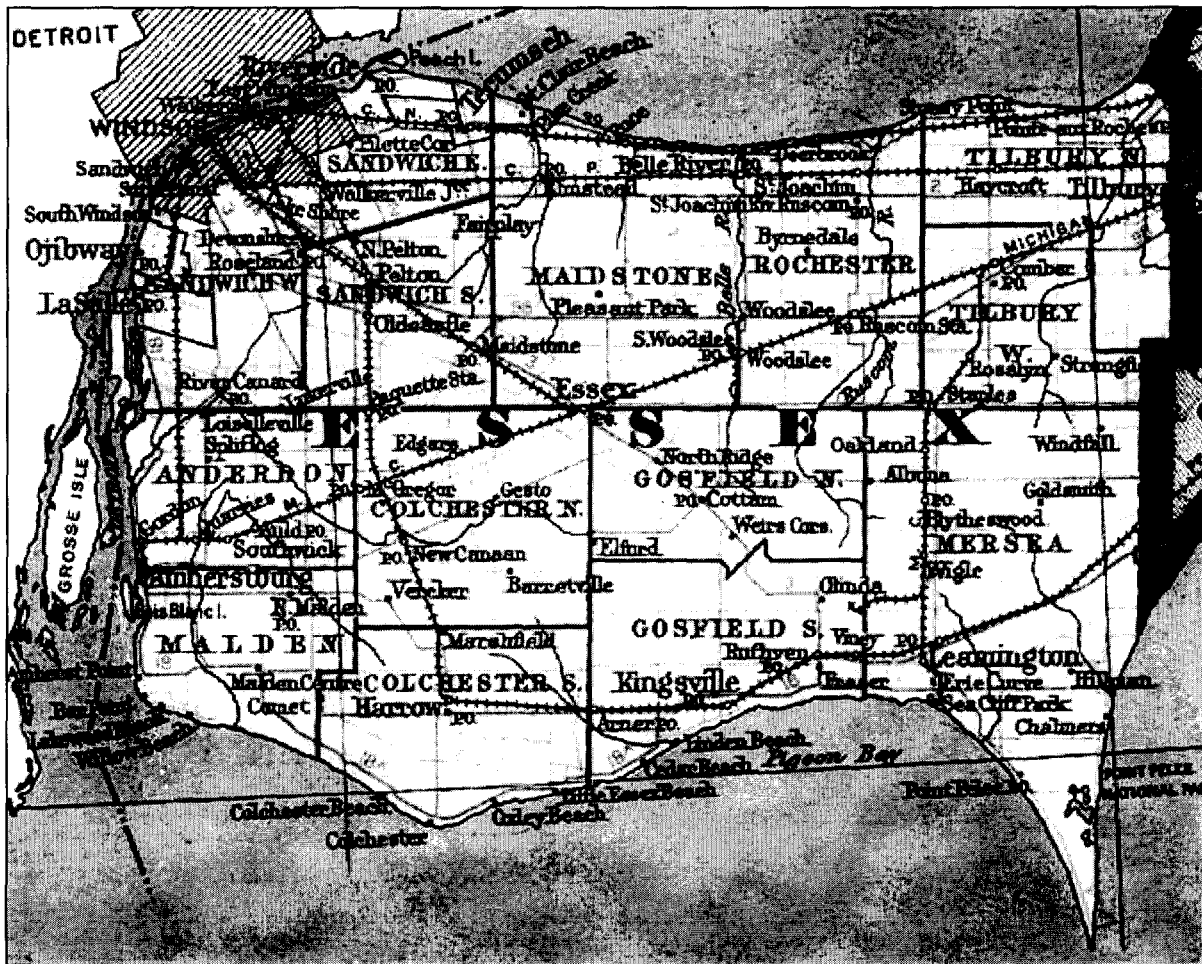
A COMMISSIONER, ETC.



WHAT'S NEW | PHONE, ADDRESS, HOURS |

Location: Management Board Secretariat > Archives of Ontario > Exhibits > The Changing Shape of Ontario > Maps of Southern and Central Ontario circa 1951 > County of Essex

County of Essex



[\[Click to see a larger version - 384K\]](#)

County of Essex

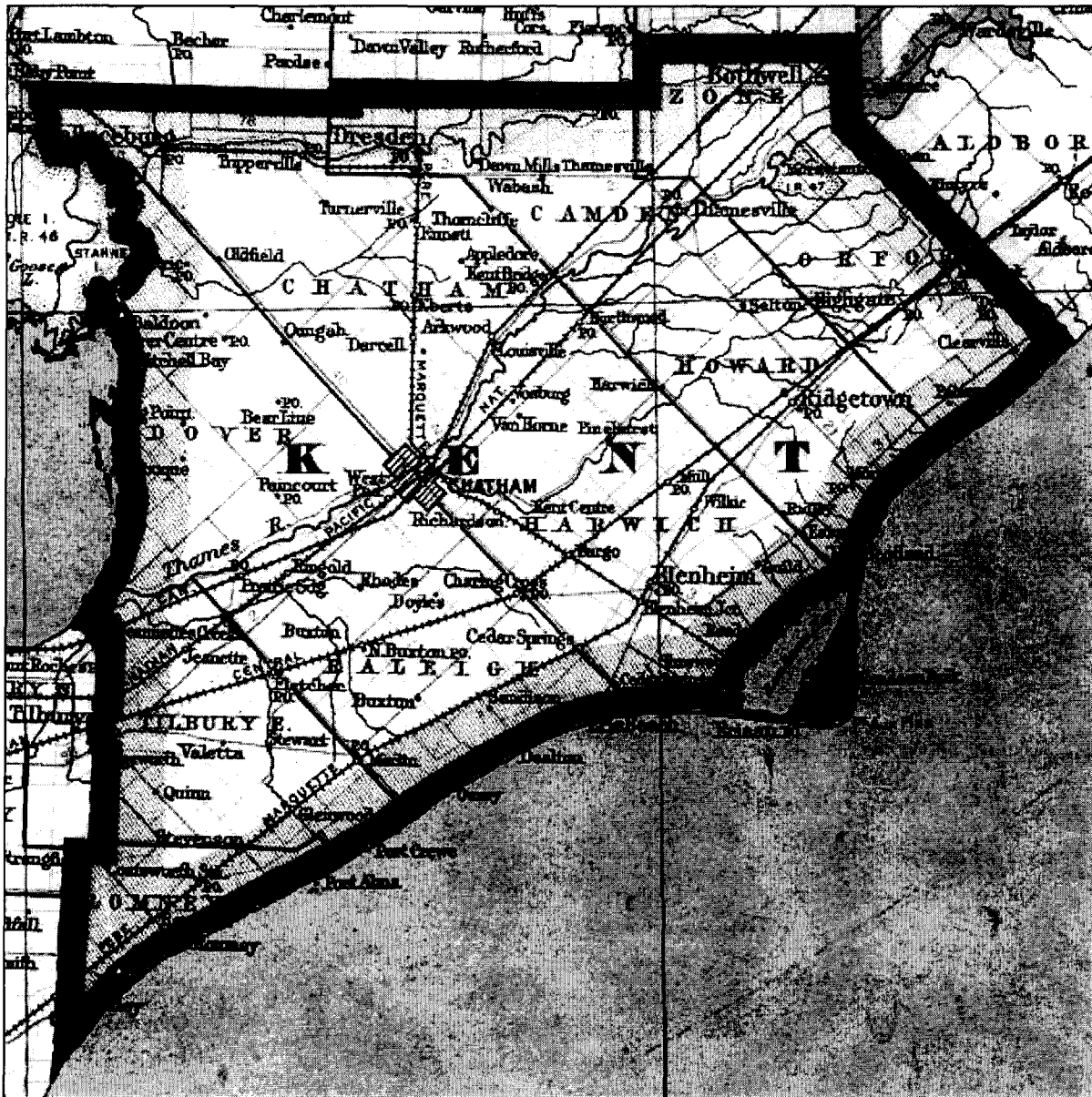
Image scanned from Map of Southern Ontario
Charles F. Tarlin & Company,
94 Market Street, Toronto
Surveyed and printed 1951



WHAT'S NEW | PHONE, ADDRESS, HOURS |

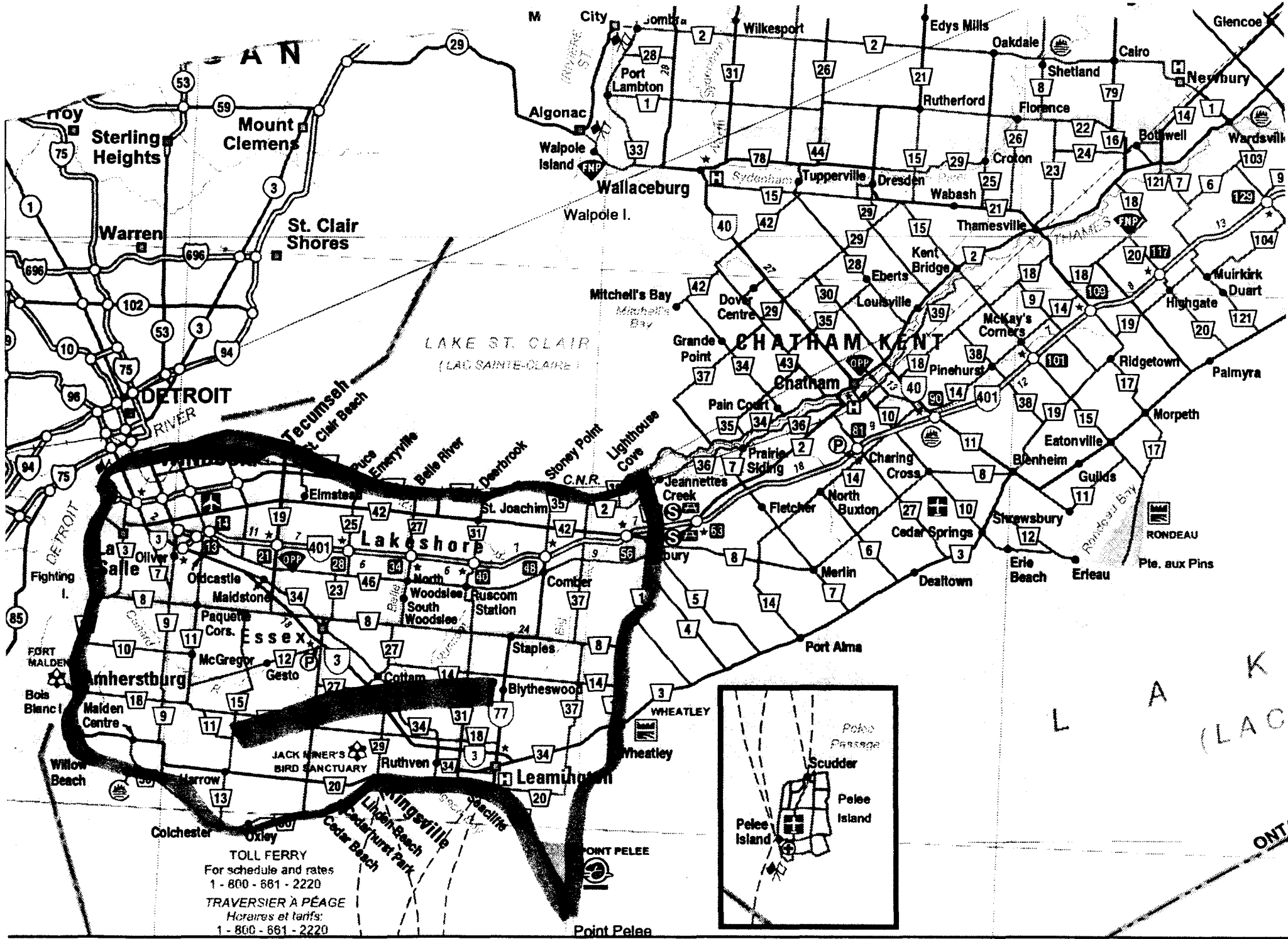
Location: Management Board Secretariat > Archives of Ontario > Exhibits > The Changing Shape of Ontario > Maps of Southern and Central Ontario circa 1951 > County of Kent

County of Kent



[Click to see a larger version - 497K]

County of Kent



83°

82°

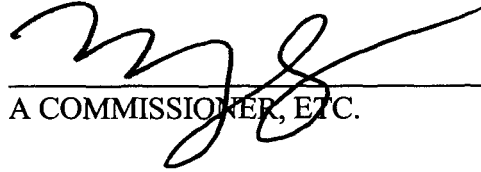
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19

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21

THIS IS EXHIBIT "B"
REFERRED TO IN THE AFFIDAVIT
OF **Kim Van Deven**
SWORN BEFORE ME ON
May 21, 2004



A COMMISSIONER, ETC.



May 31, 1994

Dear Dealer:

Please find enclosed a copy of your dealer agreement.

I wish to thank you for your co-operation on this matter and look forward to a continuing successful business relationship.

Should you have any questions regarding this document, please do not hesitate to call.

Sincerely,

FRED DEELEY IMPORTS LTD.

Michel Villeneuve
National Sales Manager

MV/ap

enclosure.

DEALER AGREEMENT

THIS AGREEMENT is made at Richmond, British Columbia, between:

FRED DEELEY IMPORTS LTD., a B.C. Company of Richmond, British Columbia ("Deeley"),

and

Robinson Motorcycles

(an individual) (a partnership d/b/a/) (corporation) _____
_____ of Wheatley, Ont. ("Dealer"), the key
managing individual of whom is Jim Robinson.

In consideration of the mutual covenants of the parties and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties agree as follows:

1. Purchase and Sale

Deeley agrees to sell to Dealer and Dealer agrees to purchase from Deeley, as Dealer may order during the term of this agreement for resale to the public, those Harley-Davidson motorcycles, parts, accessories, clothing, tools, oil and other supplies (collectively, "Products") as Deeley shall have available for sale from time to time. Sales shall be on the terms and conditions specifically set forth in this agreement.

2. Term

This agreement shall expire on July 31, 1995
unless previously terminated pursuant to this agreement.

3. Appointment

Subject to the terms of this agreement, Deeley grants the Dealer a non-exclusive right to sell Products at retail. Dealer agrees that it will concentrate its sales efforts primarily on persons, businesses and government agencies, residing, doing business or located in the following area:

Wheatley, Ontario and surrounding area
(the "Territory"). Deeley may, in its sole discretion, appoint other dealers in the Territory.



RECEIVED
MAY 05 1994
FRED DEELEY IMPORTS LTD.
WESTON OFFICE
PER _____
F _____

4. **Resale of Products**

The Dealer shall not:

- (i) Obtain new Harley-Davidson motorcycles, parts or accessories for resale from any person, firm or company other than Deeley;
- (ii) Be concerned or interested, either directly or indirectly, in the manufacture or wholesale distribution in the Territory of any goods which compete with Harley-Davidson motorcycles, parts or accessories;
- (iii) Sell Products to any customer if, to the Dealer's knowledge that customer intends to resell Products; or
- (iv) Sell Products through a sales agent or to a subdistributor.

If the Dealer, after reasonable notice, continues to contravene any of the above, Deeley may, at its option, refuse or reduce the supply of Products to the Dealer.

5. **Sales Effort**

Dealer shall devote its best efforts to promote the sale of Products in the Territory by personal calls, by intelligent sales presentations, by demonstration of Products, by having a listing in the Yellow Pages of Dealer's local telephone directory incorporating an appropriate logotype in a form approved by Deeley, by reasonable use of newspaper, direct mail and other advertising, by encouraging and participating in motorcycle activities designed to further interest in motorcycles and by such additional methods as might be desirable to promote Products' sales. Dealer shall stock an adequate amount of literature for all models of Harley-Davidson motorcycles available from Deeley. Dealer shall also use its best efforts to meet any sales quotas that Deeley may reasonably set from time to time.

6. **Place of Business**

Dealer shall maintain a clean, orderly and properly merchandised place of business acceptable to Deeley in the Territory of a size which is in proportion to the volume of Products expected to be sold by it. Once Dealer has established a place of business at a location or locations satisfactory to both Dealer and Deeley, Dealer will not move to or establish a place of business at a different location without first

obtaining written consent of Deeley, which will not be unreasonably withheld.

7. **Police Sales Effort and Demonstrator**

Dealer shall use its best efforts to fully represent Deeley in the Territory to municipal and provincial police agencies and shall furnish Deeley with a police activity report within 30 (thirty) days of Deeley's written request.

8. **Proper Identification**

Dealer shall identify its business with current Harley-Davidson identification at its cost. If permitted by local ordinance, Dealer shall display a current Harley-Davidson internally illuminated outdoor sign or a sign which is equal in prominence and quality in the opinion of Deeley.

9. **No Agency**

Dealer is an independent contractor and is not an agent or employee of Deeley, and Dealer shall not:

- (i) Make any representation to others in which the relationship of principal-agent, or employer-employee may be presumed; or
- (ii) Attempt to assume or create any obligations on behalf of Deeley.

10. **Service, Parts and Warranty**

Dealer shall maintain adequate facilities for repairing and servicing Products and shall have available a reasonable supply of spare parts for the Products. Dealer agrees to repair and service Products promptly in accordance with the Harley-Davidson written product warranty, which warranty may be changed by Deeley from time to time upon notice to Dealer. Dealer shall make all sales of Products in such a manner that Dealer's customers shall acquire all rights accorded under the Harley-Davidson written product warranty and Dealer shall explain the warranty currently in effect to its customers prior to the sale of the Products. Deeley will reimburse Dealer for warranty service Dealer performs in accordance with Deeley's policies and procedures including, but not limited to, policies and procedures relating to the keeping of books and records respecting claims Dealer may make for reimbursements for warranty service Dealer performs. Dealer shall, from time to time, at request of Deeley, provide Deeley with full

this agreement on an "Addendum to Dealer Agreement" to be specified by Deeley and which shall be signed by both parties at that time.

14. **Execution of Orders**

All orders by Dealer for Products shall be subject to acceptance by Deeley at Richmond, British Columbia or Weston, Ontario, and shall be filled and shipped by Deeley as rapidly as practicable. Deeley shall not be liable for failure to ship, or for delay in shipments however caused, or for shipping over routes other than those specified by Dealer. Deeley will fill and ship all back orders upon receipt of Products from manufacturers unless previously notified by Dealer not to do so.

15. **Price, Policy and Delivery**

This paragraph is subject to the terms of any security agreement entered into by Deeley and the Dealer pursuant to paragraph 18 of this agreement. The Dealer shall pay for each item or Products, the price set out in a schedule provided to the Dealer by Deeley.

Prices for all products shall be F.O.B. Richmond, British Columbia, or Weston, Ontario, or point of shipment. Payment shall be:

- (i) Cash in advance
- (ii) C.O.D. (payable with collection charges and exchange);
- (iii) Sight Draft with Bill of Lading attached, (payable with collection charges and exchange);
- (iv) Floor plans issued by Bombardier Canada Inc., Bank of Nova Scotia, ITT Diversified Credit Ltd. or such other financial institution as approved by Deeley; or
- (v) As otherwise agreed upon by the parties in writing

Delivery of any said products shall be made to Dealer at Richmond, British Columbia, or Weston, Ontario, or at the place of shipment if shipped from any place other than Richmond, British Columbia or Weston, Ontario and Products shall become the property of Dealer at the time shipment is made. In the event of a C.O.D. shipment, the place of delivery shall be deemed to be Richmond, British Columbia, or Weston, Ontario or the place of shipment if shipped from any place other than Richmond, British Columbia or Weston, Ontario, and the

carrier or carriers shall be deemed to be Deeley's agent or agents only for the purpose of making collection; title shall be deemed to have passed to Dealer at Richmond, British Columbia or Weston, Ontario or at the place of shipment from any place other than Richmond, British Columbia, or Weston, Ontario, subject only to the lien for the purchase price and the charge reserved by C.O.D. shipments.

Dealer agrees to pay all drafts or C.O.D.'s on any said Products within ten (10) days from the date of arrival at their destination. Dealer shall pay all costs connected with any reconsignment or return of shipment to Richmond, British Columbia, or Weston, Ontario.

16. Price Change

Prices of all Products shall be subject to change by Deeley from time to time. Deeley shall give Dealer notice of change of prices of Products. Any order placed by Dealer for Products which increased in price prior to notice to Dealer may be canceled by Dealer within seven days of receipt of notice of price change.

17. Security Documents

Dealer shall, from time to time at the request of Deeley, grant to Deeley for and on account of all present and future indebtedness of Dealer to Deeley, a security interest, by charge, assignment or otherwise, in and to all properties and assets of Dealer, as Deeley shall name and choose, and the nature of the terms and conditions incident to the security interest and the documents and instruments reflecting it shall be in the sole and absolute discretion of Deeley. In the event that Dealer is a corporation or limited partnership, Deeley may at the time of making of this agreement or otherwise, and the terms and conditions of the guarantee or guarantee shall be in the sole and absolute discretion of Deeley.

18. Financial Report

Dealer shall furnish Deeley within four (4) months after the close of each fiscal year of Dealer, or at other intervals set by Deeley, a complete and accurate signed financial report of its business operation on such forms as may be provided by, or acceptable to, Deeley. Dealer also agrees to provide all information as may be requested by Deeley from time to time. Deeley shall regard all of the information furnished by Dealer under this paragraph as confidential between Dealer and Deeley, its subsidiaries or associates.

19. Inventory Report

Dealer shall furnish Deeley with an inventory report on all new and used motorcycles and other vehicles in Dealer's inventory at the end of each month or other time intervals set by Deeley. Dealer recognizes that this report is of prime importance as it assists Deeley in evaluating current sales and market trends and in determining production and advertising schedules.

20. Design Changes

Deeley reserves the right to make changes in design or add improvements on any Products without incurring any obligations to install them on Products previously purchased by Dealer.

21. Service School

Dealer shall have the right to send those of its employees as may be eligible to the service school maintained and operated by Deeley on terms and under the rules and regulations from time to time established by Deeley.

22. Corporate Programs

Dealer agrees to participate in the spirit of the Harley-Davidson corporate programs made available to it by Deeley's. In particular, Dealer shall participate to the extent and in the manner that Deeley may direct in such co-operative-advertising, training programs, store design, and parts and accessories bookings as Deeley may institute from time to time. Deeley shall endeavor to provide Dealer with advance notice of such programs. Any monies credited to, set aside for floor plans, booking orders, or spent on behalf of Dealer by Deeley in respect of cooperative advertising or any other corporate program made available by Deeley in respect of a Product or Products shall be debited or charged back to Dealer, as appropriate, if that Product or those Products are sold by Dealer outside the Territory.

23. Trade Marks

Dealer shall sign the registered use application set out in the attached Schedule "B". The terms of that applications (specifically paragraphs 3 and 4) are part of this agreement. Dealer shall also sign the termination application set out in the attached Schedule "C". On termination or expiry of this agreement, Deeley may file the termination application.

Dealer shall pay the costs of its registration and cancellation as a registered user.

24. **Interior Parts and Modifications**

Dealer shall not use in repairing or servicing Products any motor oil or parts other than Harley-Davidson original equipment manufacturers' ("OEM") lubricants or parts, or modify any Products in any way that might adversely affect the safe operation of the Product. If Dealer does use any parts or lubricants other than Harley-Davidson OEM parts or lubricants in the repair or servicing of Products, Dealer shall give notice of this to the owner of the Product being repaired or serviced.

25. **Insurance**

Dealer shall, at its own expense, keep its place of business and all Products located there insured against loss or damage by fire and all other perils to the extent of not less than 80% of the full coverage value thereof, and further, shall at its own expense, maintain comprehensive general liability insurance against claims for personal injury, death or property damage occurring on, in or about its place of business, arising out of or resulting from the possession, occupation, use and control of said place of business by Dealer, such insurance to afford protection to such limits as are from time to time customarily insured against in the case of similar premises. Dealer shall provide a certificate of insurance to Deeley's at Deeley's request.

26. **Default**

Subject to paragraph 4, this agreement may be terminated prior to its expiration:

- (i) By either party upon the institution of voluntary bankruptcy proceedings by or against the other party, or if the other party shall make assignment for the benefit of creditors have a Receiver appointed, become insolvent, or otherwise suffer a substantial impairment of its financial reputation and standing.
- (ii) By either party if the other shall fail after reasonable written notice of default to perform its financial obligations to the other party, or a subsidiary or associate of the other party.
- (iii) By either party, if Deeley or Dealer requires a license or the performance of any responsibility under this agreement in any

jurisdiction where this agreement is to be performed and if either party shall fail to secure and maintain such license, or if such license is suspended or revoked, irrespective of the case or reason;

- (iv) By Deeley, if Dealer, after reasonable written notice, fails to have an order or in stock the number and assortment of motorcycles referred to in paragraph 14;
- (v) By Deeley, for any transfer by Dealer of any interest in, right, privilege or obligation under this agreement, or transfer by operation of law or otherwise, of the principal assets of Dealer that are required for the conduct of its business or any change, however accomplished in the direct or indirect ownership or operating management of Dealer as set forth in subparagraph (viii) of this paragraph, without Deeley's prior written consent, which shall not be unreasonably withheld;
- (vi) By Deeley, if Dealer submits to it any false or fraudulent application, claim report or record;
- (vii) By Deeley, if Dealer, after reasonable notice, fails to fulfill any of its responsibilities under this agreement;
- (viii) Subject to subparagraph (v), by Deeley, on sixty (60) days written notice to Dealer, if the key managing individual identified above terminates its active association with Dealer for any reason, because the parties hereby acknowledge that the active day to day association of this key managing individual in the business of Dealer is a substantial consideration of Deeley in entering into this contract;
- (ix) By Deeley, if Dealer engages in any conduct which Deeley, acting reasonably, concludes is prejudicial to the marketing and sale of Products; for greater certainty, such prejudicial conduct included, but is not limited to, the conviction of Dealer of an offense under the Criminal Code of Canada; or
- (x) By Deeley, if Dealer fails to participate in the spirit of the Harley-Davidson corporate programs in the reasonable opinion of Deeley.

27. Consequences of Termination of Contract

On termination or expiry of this agreement, if a new agreement is not entered into by mutual agreement of the parties:

- (i) Dealer shall pay forthwith to Deeley all sums due for Products purchased or service rendered;
- (ii) Dealer shall cease using Deeley's or Harley-Davidson name or trademarks in any manner (including in its business name) and shall cease in any manner, including in a business name, the advertisement or representation to the public that Dealer is entitled to purchase new Products from Deeley for resale to the public. Dealer shall comply with this provision within thirty (30) days from the date of termination of this agreement. If Dealer shall refuse or neglect to comply with this provision, Dealer shall reimburse Deeley for all costs, fees and other expenses incurred by Deeley in connection with legal or any other action taken by Deeley to require Dealer to comply.
- (iii) All unfilled orders for Products previously accepted by Deeley shall be canceled and Deeley shall remit to Dealer any net balance due Dealer; and
- (iv) Deeley shall not be obligated to repurchase from Dealer any vehicles, parts and accessories in Dealer's inventory at the date of termination of this agreement.

28. Good Faith

Dealer acknowledges that each of its responsibilities under this agreement is reasonable, proper and fundamental for the purpose of this agreement and that its failure to fulfill any of them shall constitute a material breach of this agreement. Dealer acknowledges that any such failure, occurrence or event of default constitutes a reasonable, fair, good, due and just cause and provocation for termination or nonrenewal of this agreement by Deeley. Dealer further acknowledges and agrees that any written communication from Deeley to Dealer respecting Dealer's alleged failure to fulfill any of its responsibilities under this agreement shall not be considered to constitute or be evidence of coercion or intimidation, or threat thereof, or to be unreasonable, unfair, or to be not in good faith.

29. Waiver

The failure of either party to enforce at any time any of the provisions of this agreement or to exercise an option which is herein provided or to require at any time performance by the other party of any of the provisions hereof shall neither be construed to be waiver of such provisions nor in any way the validity of this agreement or the right of the party to thereafter enforce each and every such provision.

30. Contract

This agreement, including the schedules, represents the entire agreement between parties, superseding all prior agreements between the parties, and provided that any separate security agreement relating to the security granted in paragraph 18, and any guarantee given of the obligations of Dealer continue to exist and remain in full force and effect. In consideration of the execution of this agreement and such sales of Products as Deeley may make to Dealer, the parties waive, abandon, and relinquish any claims of any kind and nature whatsoever arising from, or in connection with, any such prior agreements, provided however, that nothing herein contained shall be deemed a waiver of any claim arising out of a prior written settlement between the parties or prior sale of Products or services by Deeley or Dealer. This agreement and any modification, amendment or change thereto shall not be valid or binding against Deeley unless signed by the President or Vice President of Deeley.

31. Governing Law and Severability

This agreement is to governed by and construed according to the laws of the Province of Ontario. If any provision of this agreement should be held invalid or unenforceable for any reason whatsoever or to violate any applicable law, such provision shall be deemed deleted from this agreement, and the remainder of this agreement shall be valid and enforceable without such provision.

32. Assignability

This agreement and the rights and duties under it cannot be assigned in whole or in part by Dealer without the prior written consent of Deeley.

33. Notices

Any notice required or permitted to be given to either of the parties to this agreement may be given by prepaid registered post or personally delivered to the following addresses:

To Deeley: Fred Deeley Imports Ltd.
13500 Verdun Place
Vancouver, B.C.
V6C 1V4

or

55 Penn Drive
Weston, Ontario
M9L 2A6

To Dealer:

ROBINSON MOTORCYCLE LTD.
R.R. 1
WHEATLEY, ONT.
NOP 2PO

Any such notice shall be deemed to have given and received by the party to whom it was addressed, if delivered personally, on delivery, and if mailed, on the fifth business day following the mailing thereof.

34. Time of Essence

Time shall be of the essence of this agreement.

35. Headings

Paragraph headings and other headings are for convenience and do not constitute a part of this agreement.

EXECUTED AS OF THE 4TH DAY OF MAY, 1994.

DEALER: ROBINSON MOTORCYCLE LTD. c/s

PER: *[Signature]*
I have the authority to bind the corporation

TITLE: PRESIDENT

DISTRICT MANAGER
FRED DEELEY IMPORTS LTD.

ACCEPTED BY: *[Signature]*

FRED DEELEY IMPORTS LTD.
AT RICHMOND, BRITISH COLUMBIA

President / c.o.o MAY 5/94.

SCHEDULE A

Whether your dealership is a rural, suburban, metro or major metro classification, a minimum of 20% of your allocation will be in the Sportster family and a 42% maximum in the Softail family.

THIS IS EXHIBIT "C"
REFERRED TO IN THE AFFIDAVIT
OF **Kim Van Deven**
SWORN BEFORE ME ON
May 21, 2004



A COMMISSIONER, ETC.

Fred Deeley Imports Ltd.

Exclusive Harley-Davidson Distributor/ Distributeur Exclusif



December 17, 1996

Jim Robinson
Robinson Motorcycle Ltd.
RR#1
Wheatley, Ont.
N0P 2P0

Dear Jim,

We are pleased to provide you with a complete set of your dealer contracts, duly executed, including the Dealer Agreement, License Agreement, Security Agreement and Guarantee.

Should you have any questions or concerns relating to these contracts, please contact me in our Richmond office.

Thank You,
FRED DEELEY IMPORTS LTD.
per:

A handwritten signature in cursive script, appearing to read "Marco Del Monte".

Marco Del Monte, C.M.A.
Accountant

OK



DEALER AGREEMENT

THIS AGREEMENT is made at Richmond, British Columbia, between:

FRED DEELEY IMPORTS LTD., a corporation incorporated under the laws of British Columbia ("Deeley"),

and

ROBINSON MOTORCYCLES LIMITED *J.R. K.V. & P*

(an individual) (a partnership) (a corporation) doing business as Robinson Motorcycles.

J.V. of Wheatley, Ontario ("Dealer"), the key managing individual(s) of whom are Jim, Bev and *J.R. K.V. Robinson, and P.R.*
Kim Robinson ("Principal(s)").
Van Deven

In consideration of the mutual covenants of the parties and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties agree as follows:

1. Purchase and Sale

Deeley agrees to sell to Dealer and Dealer agrees to purchase from Deeley, either directly or through Eaglemark, Inc. doing business as Deeley Credit ("Deeley Credit"), as Dealer may order during the term of this agreement for resale to the public, such new HARLEY-DAVIDSON motorcycles, parts and accessories and MotorClothes as Deeley may have available from time to time (all hereinafter called "Products"). Sales shall be at the prices and on the terms and conditions specifically set forth in this agreement.

2. Term

Unless previously terminated pursuant to this agreement, this agreement shall expire on July 31, 1998 unless Dealer fails to maintain the minimum score indicated in each of the categories specified on the attached Schedule "A" (the "Required Minimum Scores"). If Dealer fails to maintain the Required Minimum Scores, Dealer shall be so notified by Deeley and this agreement shall expire upon the earlier of:

- (i) one year from the date of delivery of the notice to Dealer that Dealer has failed to maintain the Required Minimum Scores; or
- (ii) July 31, 1998

(the period from initial notice by Deeley to Dealer that Dealer has failed to maintain the Required Minimum Scores until the earlier of the two above-noted dates is referred to hereinafter as the "Probationary Period"). If Dealer, during the Probationary Period, re-attains the Minimum Required Scores, Dealer shall notify Deeley and upon verification by Deeley that Dealer has re-attained the Minimum Required Scores, the Probationary Period shall expire and the term of this agreement shall be reinstated to July 31, 1998 (unless previously terminated pursuant to this agreement). In the case of failure by Dealer to maintain the Required Minimum Scores after the expiry of the Probationary Period and reinstatement of the term of this agreement to July 31, 1998, Dealer shall be so notified by Deeley and this agreement shall expire upon the earlier of:

- (i) six months from the date of delivery of the notice to Dealer that Dealer has failed to maintain the Required Minimum Scores following the expiry of the Probationary Period; or
- (ii) July 31, 1998.

3. Appointment

Subject to the terms of this agreement, Deeley grants Dealer a non-exclusive right to sell Products at retail. Dealer agrees that it will concentrate its sales efforts primarily on persons, businesses and government agencies, residing, doing business or located in the following area:

Wheatley, Ontario and surrounding area.

(the "Territory"). Deeley may, in its sole discretion, appoint other dealers in the Territory.

4. Resale of Products

Dealer shall not:

- (i) obtain Products for resale from any person, firm or company other than Deeley or Deeley Credit;
- (ii) be concerned or interested, either directly or indirectly, in the manufacture or wholesale distribution in the Territory of any goods which compete with the Products;
- (iii) sell Products to any customer where Dealer knows, or should know, that the customer intends to resell such Products;
- (iv) sell any HARLEY-DAVIDSON motorcycles, parts or accessories to any customer that has not first executed and delivered to Dealer a representation and warranty that the HARLEY-DAVIDSON motorcycle(s), parts or accessories are being purchased by the customer for the personal or primary business use of the customer and not for resale, which representation and warranty shall be in a form determined by Deeley in its sole discretion; or
- (v) sell Products through a sales agent or to a subdistributor.

If Dealer, after reasonable notice, continues to contravene any of the above, Deeley may, at its option, refuse to supply products to Dealer, reduce the supply of Products to Dealer, or terminate this agreement upon reasonable notice.

5. Sales Effort

Dealer shall devote its best efforts to promote the sale of Products in the Territory among consumers, municipal and provincial police agencies, fraternal groups and other customers by personal calls, by intelligent sales presentations, by demonstration of Products, by having a listing in the Yellow Pages of Dealer's local telephone directory incorporating an appropriate logotype in a form approved by Deeley, by reasonable use of newspaper, direct mail and other advertising, by encouraging and

participating in motorcycle activities designed to further interest in motorcycles and by such additional methods as might be desirable to promote Products' sales. Dealer shall stock an adequate amount of literature for all models of HARLEY-DAVIDSON motorcycles available from Deeley. Dealer shall also use its best efforts to meet any retail sales quotas and wholesale purchase objectives that Deeley may reasonably set from time to time.

6. **Place of Business**

Dealer shall maintain a clean, orderly and properly stocked place of business acceptable to Deeley in the Territory of a size which is in proportion to the volume of Products expected to be sold by it. Once Dealer has established a place of business at a location or locations satisfactory to both Dealer and Deeley, Dealer will not move to, or establish a place of business at, a different location without first obtaining written consent of Deeley, which consent will not be unreasonably withheld.

7. **Police Sales Effort**

Dealer shall devote its best efforts to promote the sale of Products in the Territory to municipal and provincial police agencies and shall furnish Deeley with a police activity report within 30 (thirty) days of Deeley's written request.

8. **Proper Identification**

Dealer shall identify its business with current HARLEY-DAVIDSON identification at Dealer's expense. If permitted by local ordinance, Dealer shall display a current HARLEY-DAVIDSON internally illuminated outdoor sign or a sign which is equal in prominence and quality in the opinion of Deeley.

9. **No Agency**

Dealer is an independent contractor and is not an agent or employee of Deeley, and Dealer shall not:

- (i) make any representation to others in which the relationship of principal-agent, or employer-employee may be presumed;
- or

- (ii) attempt to assume or create any obligations on behalf of Deeley.

For greater certainty, Dealer has no authority either to bind Deeley to any obligation or to represent Deeley in any circumstance, and Dealer agrees not to so bind or represent Deeley. Dealer shall at all times indemnify and hold and save harmless Deeley and any of its subsidiaries, parent, associate or controlled companies, and the officers, directors, agents and employees of the foregoing, from and against any and all suits, claims (including but not limited to claims for personal injury and property damage), damages, charges and expenses (including reasonable lawyers' fees) which may arise directly or indirectly out of the acts or omissions of Dealer, and its agents, representatives or employees or the granting or cancellation of Dealer's right to sell Products.

10. Service, Parts and Warranty

Dealer shall maintain adequate facilities for repairing and servicing Products and shall have available a reasonable supply of spare parts for the Products. Dealer agrees to repair and service Products, whether sold by Dealer or otherwise, promptly in accordance with the Harley-Davidson Motor Company ("Harley-Davidson") written product warranty, which warranty may be changed by Harley-Davidson from time to time upon notice to Dealer. Dealer shall make all sales of Products in such a manner that Dealer's customers shall acquire all rights accorded under the Harley-Davidson written product warranty and Dealer shall explain the warranty currently in effect to its customers prior to the sale of the Products. Deeley will reimburse Dealer for warranty service Dealer performs in accordance with Deeley's policies and procedures including, but not limited to, policies and procedures relating to the keeping of books and records respecting claims Dealer may make for reimbursements for warranty service Dealer performs. Dealer shall, from time to time, at request of Deeley, provide Deeley with full information as to all labour rates and other understandings, if any, relating to compensating employees or independent contractors who provide services of any kind to Dealer. Dealer agrees that Deeley or its agents, from time to time, may inspect any of Dealer's books and records including books and records respecting any warranty service or other claims Dealer may submit to Deeley. Dealer will perform all warranty and other services as an independent contractor and will assume responsibility for, and hold Deeley harmless from all claims (including but not limited to, claims resulting from the negligent or willful acts or omissions of Dealer or

Dealer's undue delay in performing warranty service) against either of the parties arising out of, or in connection with, Dealer's performance of warranty and other services.

11. **Delivery Obligations**

Dealer agrees to uncrate, set up, inspect and test each HARLEY-DAVIDSON motorcycle received by Dealer in accordance with Deeley's and Harley-Davidson's instructions. Dealer agrees to make all necessary repairs and to make certain that each motorcycle is in satisfactory and safe operating condition prior to use or delivery to Dealer's customer.

12. **Compliance with Laws**

Dealer shall, at all times, operate and conduct its business in full compliance with all Federal, Provincial, City or Municipal statutes, laws, rules, regulations and ordinances. Dealer shall comply with all requests by Deeley made to implement provisions of Federal, Provincial and local motor vehicle safety acts and rules, regulations and standards relating to motor vehicle safety, including the forwarding of customer vehicle registration cards to Deeley immediately upon completion of vehicle sale and immediate completion of any Deeley recommended modifications on Products sold by, or delivered or consigned to, Dealer.

13. **Stock and Demonstrator**

Dealer shall keep on hand at all times in first class operating condition at least the assortment of new current model HARLEY-DAVIDSON motorcycles specified on the attached Schedule "B". Subsequent stock and demonstrator requirements will be set forth from time to time on an "Addendum to Dealer Agreement" to be specified by Deeley and which shall be signed by both parties at that time.

14. **Execution of Orders**

All orders by Dealer (including orders made through Deeley Credit) are subject to acceptance or rejection by Deeley in whole or in part. Deeley will use reasonable efforts to fill accepted orders for Products; however, all accepted orders are subject to delays or changes occurring in manufacture or shipment. Deeley will not be liable for delays in delivery or for non-delivery. Nothing in this agreement will obligate Deeley to deliver to Dealer any particular number, type or assortment of Products. Furthermore, during any period of shortage of any Products due to any

cause whatsoever, Deeley shall have the exclusive right to allocate Products to Dealer and all other dealers and customers based upon such criteria as Deeley may establish in its sole and absolute discretion from time to time, notwithstanding anything herein to the contrary.

15. Price, Policy and Delivery

Dealer shall pay for each of the Products the price set out in a schedule provided to Dealer by Deeley from time to time.

Prices for all Products shall be F.O.B. Richmond, British Columbia, or Weston, Ontario, or Concord, Ontario or point of shipment. Payment shall be:

- (i) cash in advance;
- (ii) C.O.D. (payable with collection charges and exchange);
- (iii) sight draft with bill of lading attached (payable with collection charges and exchange);
- (iv) Deeley Credit floor plans; or
- (v) as otherwise agreed upon by the parties in writing.

For greater certainty, delivery of any said products shall be made to Dealer at Richmond, British Columbia, or Weston, Ontario, or Concord, Ontario or at the place of shipment if shipped from any place other than Richmond, British Columbia or Weston, Ontario, or Concord, Ontario and Products shall become the property of Dealer at the time shipment is made. In the event of a C.O.D. shipment, the place of delivery shall be deemed to be Richmond, British Columbia, or Weston, Ontario, or Concord, Ontario or the place of shipment if shipped from any place other than Richmond, British Columbia or Weston, Ontario, or Concord, Ontario, and the carrier or carriers shall be deemed to be Deeley's agent or agents only for the purpose of making collection; title shall be deemed to have passed to Dealer at Richmond, British Columbia or Weston, Ontario, or Concord, Ontario or at the place of shipment from any place other than Richmond, British Columbia, or Weston, Ontario, or Concord, Ontario, subject only to any security interest, lien, hypothec or charge in favour of Deeley or Deeley Credit.

Dealer agrees to pay all drafts or C.O.D.'s on any said Products within five (5) days from the date of arrival at their destination. Dealer shall pay all costs connected with any reconsignment or return of shipment to Richmond, British Columbia, or Weston, Ontario, or Concord, Ontario.

16. Price Change

Prices of all Products shall be subject to change by Deeley without notice. The prices charged for the Products shall be those in effect at the time of delivery of the Products.

17. Security Documents

Dealer shall, from time to time at the request of Deeley, grant to Deeley for and on account of all present and future indebtedness of Dealer to Deeley, a security interest, charge, hypothec or other lien, in and to all such properties and assets of Dealer as Deeley shall determine. The nature of the terms and conditions incident to such security interest, charge, hypothec or other lien and the documents and instruments reflecting it shall be in the sole and absolute discretion of Deeley. In the event that Dealer is a corporation or limited partnership, Deeley may at the time of making of this agreement or otherwise require the personal guarantee of Principal (or, if there is more than one Principal, any or all of them), and the terms and conditions of the guarantee or guarantees shall be in the sole and absolute discretion of Deeley.

18. Dealer Reporting Obligations

Dealer shall furnish Deeley within four (4) months after the close of each fiscal year of Dealer, or at other intervals set by Deeley, a complete and accurate financial report of its business operation signed by an independent accountant acceptable to Deeley on such forms as may be provided by, or be acceptable to, Deeley. Dealer shall furnish to Deeley on an ongoing basis as requested by Deeley all information required to enable Deeley to determine whether Dealer has maintained the Required Minimum Scores. Dealer also agrees to provide all other information as may be reasonably requested by Deeley from time to time. Deeley shall regard all of the information furnished by Dealer under this paragraph as confidential between Dealer and Deeley, its subsidiaries or associates including Deeley Credit.

19. Inventory Report

Dealer shall furnish Deeley with an inventory report in the form determined by Deeley on all new and used Products in Dealer's inventory at the end of each month or other time intervals set by Deeley. Dealer recognizes that this report is of prime importance as it assists Deeley in evaluating current sales and market trends and in determining production and advertising schedules.

20. Design Changes

Deeley reserves the right to require Dealer to make changes in design or add improvements on any Products as may be required by Harley-Davidson without incurring any obligations to install them on Products previously purchased by Dealer.

21. Service School

Dealer shall have the right to send those of its employees as may be eligible to the service school maintained and operated by Deeley on terms and under the rules and regulations from time to time established by Deeley.

22. Corporate Programs

Dealer agrees to participate in all Harley-Davidson corporate programs made available to it by Deeley including, without limiting the foregoing, Harley-Davidson Owners Group of Canada Ltd. In particular, Dealer shall participate at its own expense to the extent and in the manner that Deeley may direct in such co-operative-advertising, training programs, store design, and parts and accessories bookings as Deeley may institute from time to time including without limiting the foregoing, the Essential Tools Program. Deeley shall endeavour to provide Dealer with advance notice of such programs. Any monies credited to, set aside for floor plans, booking orders, or spent on behalf of Dealer by Deeley in respect of cooperative advertising or any other corporate program made available by Deeley in respect of a Product or Products shall be debited or charged back to Dealer, as appropriate, if that Product or those Products are sold by Dealer outside the Territory.

23. Trade Marks

Dealer acknowledges that H-D Michigan, Inc. (hereinafter called "HDM"), the parent company of Harley-Davidson, is the sole owner of the trademarks, trade names and service marks listed in "Exhibit A" (hereinafter the "HARLEY-DAVIDSON Properties") of the License Agreement attached as Addendum #1 to this Agreement. For the limited purposes of Dealer's performance of its obligations pursuant to this Dealer Agreement, Dealer shall enter into the License Agreement authorizing its use of the HARLEY-DAVIDSON Properties only in association with the operation of a retail dealership for the sale of Products and the provision of Services contemplated by this Agreement. The terms of this License Agreement shall govern all use of the HARLEY-DAVIDSON Properties and the License Agreement may be terminated by DEELEY or HDM independently from the Dealer Agreement.

24 Warranty and Shortages

No warranties, express or implied, including, but not limited to, any implied warranty of merchantability or fitness for a particular purpose are made or will be deemed to have been made by Harley-Davidson or Deeley in respect to the Products, except such written express warranties as are in effect at the time Deeley sells any such Products to Dealer as set forth in the pertinent Deeley sales and/or service documents. Deeley neither assumes, nor authorizes any other persons to assume for it any other obligation or liability in connection with the sale of Products. Dealer shall make all sales of Products in such manner that retail customers shall acquire all rights accorded under Harley-Davidson's written express warranties then in effect and Dealer shall explain said warranties to its retail customers prior to the consummation of any sale. Dealer shall repair and service all of the Products which are subject to Harley-Davidson's written express warranties, safety recall or service campaigns in accordance with Harley-Davidson's Warranty Manual and other written instructions from time to time. Except as otherwise permitted by Deeley in writing, Dealer shall use only genuine HARLEY-DAVIDSON Products in performing warranty, recall and campaign service. All warranty and other claims and service complaints received by Dealer from customers shall be processed and handled by Deeley, who shall assume responsibility for their proper disposition and satisfaction. Dealer will assume responsibility for, indemnify, and hold Deeley harmless from, all liability and claims (including but not limited to, claims resulting from the negligence or acts or omissions of Dealer) arising out of or in

connection with Dealer's performance of any service contemplated herein.

25. Insurance

Dealer shall, at its own expense, insure all Products from the moment that title in the Products is transferred to Dealer until such time as the Products arrive at Dealer's place of business against loss or damage by fire and all other perils to the extent of not less than 80% of the full coverage value thereof, and further, shall at its own expense, maintain comprehensive general liability insurance against claims for personal injury, death or property damage arising out of the shipment of the Products, such insurance to afford protection to such limits as are from time to time customarily insured against in the shipment of goods similar to the Products. Dealer shall, at its own expense, keep its place of business and all Products located there insured against loss or damage by fire and all other perils to the extent of not less than 80% of the full coverage value thereof, and further, shall at its own expense, maintain comprehensive general liability insurance against claims for personal injury, death or property damage occurring on, in or about its place of business, arising out of or resulting from the possession, occupation, use and control of said place of business by Dealer, such insurance to afford protection to such limits as are from time to time customarily insured against in the case of similar premises. Dealer shall provide certificates of insurance to Deeley which certificates shall list Deeley, or such other party as Deeley may direct, as a loss payee, additional insured and assignee under all policies referred to above together with the covenant of the insurers to provide to Deeley, or such other party as Deeley may direct, with at least 30 days' notice prior to any cancellation of any such insurance.

26. Default

Subject to paragraphs 2 and 4, this agreement may be terminated prior to its expiration:

- (i) by either party upon the institution of voluntary bankruptcy proceedings by or against the other party, or if the other party shall make assignment for the benefit of creditors, have a Receiver appointed, become insolvent, or otherwise suffer a substantial impairment of its financial reputation and standing;
- (ii) by Deeley, if Dealer shall fail after reasonable written notice of default to perform its financial obligations to Deeley, Deeley Credit,

or a subsidiary or associate of Deeley or Deeley Credit;

- (iii) by either party, if Deeley or Dealer requires a license to perform any material responsibility under this agreement in any jurisdiction where this agreement is to be performed and if either party fails to secure and maintain such license, or if such license is suspended or revoked, irrespective of the cause or reason;
- (iv) by Deeley, if Dealer, after reasonable written notice, fails to have on order or in stock the number and assortment of motorcycles referred to in paragraph 13;
- (v) by Deeley, for any transfer by Dealer of any interest in, or right, privilege or obligation under, this agreement, or transfer by operation of law or otherwise, of the principal assets of Dealer that are required for the conduct of its business, or any change, however accomplished, in the direct or indirect ownership or operating management of Dealer without Deeley's prior written consent, which consent shall not be unreasonably withheld;
- (vi) by Deeley, if Dealer submits to it any false or fraudulent application, claim report or record;
- (vii) by Deeley, if Dealer, after reasonable notice, fails to fulfil any of its responsibilities under this agreement or any security agreement delivered pursuant to this agreement;
- (viii) by Deeley, on sixty (60) days' written notice to Dealer, if the Principal (or, if more than one, any one or more of them) terminates its active association with Dealer for any reason without Deeley's prior written consent (which consent may be given or withheld in Deeley's sole discretion), the parties hereby acknowledging that the active day to day association of Principal's in the business of Dealer is a substantial consideration for Deeley in entering into this contract;
- (ix) by Deeley, if Dealer or any Principal engages in any conduct which Deeley, acting reasonably, concludes is prejudicial to the marketing and sale of Products; for greater certainty, such prejudicial conduct includes, but is not limited to, the conviction of Dealer or any Principal of an offense under the Criminal Code of Canada;

- (x) by Deeley, if Dealer fails to, in the reasonable opinion of Deeley, participate in the spirit of the Harley-Davidson corporate programs; or
- (xi) by Deeley, if the distributorship agreement between Deeley and Harley-Davidson, pursuant to which Deeley has the exclusive right to purchase from Harley-Davidson for resale in Canada, the Products, terminates without being renewed.

27. Consequences of Termination of Contract

On termination or expiry of this agreement, if a new agreement is not entered into by mutual agreement of the parties:

- (i) Dealer shall pay forthwith to Deeley or Deeley Credit all sums due for Products purchased or services rendered;
- (ii) Dealer will immediately discontinue use of and remove from its premises any of the Trade-marks and Trade Names, words, insignia or combinations thereof including any signs, labels, stationery, advertising and reading material which, in the opinion of Harley-Davidson or Deeley, is an improper use or reflects adversely on the reputation or brand image of HARLEY-DAVIDSON products or HDM, Harley-Davidson or Deeley, or any of their respective patent, subsidiary, associated or controlled companies. Dealer shall comply with this provision within thirty (30) days from the date of termination of this agreement. If Dealer shall refuse or neglect to comply with this provision, Dealer shall reimburse Deeley for all costs, fees and other expenses incurred by Deeley in connection with legal or any other action taken by Deeley to require Dealer to comply;
- (iii) all unfilled orders for Products previously accepted by Deeley shall be cancelled and Deeley shall remit to Dealer any net balance due Dealer; and
- (iv) Deeley shall not be obligated to repurchase from Dealer any Products in Dealer's inventory at the date of termination of this agreement.

28. Good Faith

Dealer acknowledges that each of its responsibilities under this agreement is reasonable, proper and fundamental for the purpose of this agreement and that its failure to fulfil any of them shall constitute a material breach of this agreement. Dealer acknowledges that any such failure, occurrence or event of default constitutes a reasonable, fair, good, due and just cause and provocation for termination or non-renewal of this agreement by Deeley. Dealer further acknowledges and agrees that any written communication from Deeley to Dealer respecting Dealer's alleged failure to fulfil any of its responsibilities under this agreement shall not be considered to constitute or be evidence of coercion or intimidation, or threat thereof, or to be unreasonable, unfair, or to be not in good faith.

29. Waiver

The failure of either party to enforce at any time any of the provisions of this agreement or to exercise an option which is herein provided or to require at any time performance by the other party of any of the provisions hereof shall neither be construed to be a waiver of such provision nor affect in any way the validity of this agreement or the right of the party to thereafter enforce each and every such provision.

30. Contract

This agreement, including the schedules, represents the entire agreement between the parties, superseding all prior agreements between the parties, and provided that any separate security agreement, charge, hypothec or other lien given by Dealer to Deeley or to Deeley Credit and any guarantee given of the obligations of Dealer continue to exist and remain in full force and effect. In consideration of the execution of this agreement and such sales of Products as Deeley may make to Dealer, the parties waive, abandon, and relinquish any claims of any kind and nature whatsoever arising from, or in connection with, any such prior agreements, provided however, that nothing herein contained shall be deemed a waiver of any claim arising out of a prior written settlement between the parties or prior sale of Products or services by Deeley or Dealer. This agreement and any modification, amendment or change thereto shall not be valid or binding against Deeley unless signed by the Chief Executive Officer, the President or a Vice President of Deeley.

31. Governing Law and Severability

This agreement is to be governed by and construed according to the laws of the Province of Ontario. If any provision of this agreement should be held invalid or unenforceable for any reason whatsoever or to violate any applicable law, such provision shall be deemed deleted from this agreement, and the remainder of this agreement shall be valid and enforceable without such provision.

32. Assignability

This agreement and the rights and duties under it cannot be assigned in whole or in part by Dealer without the prior written consent of Deeley.

33. Notices

Any notice required or permitted to be given or made under this agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below, which addresses may be changed by reasonable notice given in accordance with this section 33:

To Deeley: Fred Deeley Imports Ltd.
13500 Verdun Place
Vancouver, B.C.
V6C 1V4

facsimile: (604) 273-2029

or

55 Penn Drive
Weston, Ontario
M9L 2A6

facsimile: (416) 741-5231

To Dealer:

ROBINSON MOTORCYCLE LTD.
RR#1
WHEATLEY, ONT.
NCP 2PO

facsimile: 519-825-4222

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is any day except Saturday, Sunday or any day on which banks are generally not open for business in Ontario (a "Business Day") and the communication is so delivered, faxed or sent prior to 4:30 p.m. Ontario time on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

34. Deeley Credit

This agreement applies to all Product ordered by Dealer through Deeley Credit. References to Deeley Credit shall include its successors and assigns and any finance company who is authorized by Deeley to replace Deeley Credit.

35. Time of Essence

Time shall be of the essence of this agreement.

36. Language

The parties have required that this agreement and all documents and notices relating to this agreement be written in the English language. Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.

37. Headings

Paragraph headings and other headings are for convenience and do not constitute a part of this agreement.

EXECUTED AS OF THE 10 DAY OF May, 1996

DEALER: ROBINSON MOTORCYCLE LTD/S

BY: Jim Robinson
I have the authority to bind the corporation

TITLE: PRESIDENT

FRED DEELEY IMPORTS LTD.
AT RICHMOND, BRITISH COLUMBIA

BY: All Hunt

TITLE: Vice President

SCHEDULE A

Required Minimum Scores
(Refer to Trev Deeley Award criteria)

Category	Desired Goal	Minimum Score
Motorcycle Sales and Facility	60	30
Service Department	45	25
Parts & Accessories Department	65	35
Financial Responsibility	10	5
Marketing	20	10
Total	200	105

SCHEDULE B

Assortment of new current model HARLEY-DAVIDSON motorcycles

The allocation of new HARLEY-DAVIDSON motorcycles will be determined year to year.

In line with the Harley-Davidson Motor Company's manufacturing schedule, a minimum of 24% of the Dealer's allocation will be in the Sportster family and a maximum of 42% in the Softail family for the 1996 model year.

ADDENDUM #1 TO DEALER AGREEMENT

LICENSE AGREEMENT

EFFECTIVE the 10 day of May, 1996



BETWEEN:

FRED DEELEY IMPORTS LTD., a
corporation incorporated under the laws
of British Columbia with offices at
13500 Verdun Place, Richmond,
British Columbia, V6C 1V4

-and-

ROBINSON MOTORCYCLES

WHEREAS, H-D MICHIGAN, INC., a corporation organized and existing under the laws of the state of Michigan, United States of America, located at 315 West Huron Street, Suite 400, Ann Arbor, Michigan, 48103 U.S.A. (hereinafter "HDM") is the owner of the trade-marks, trade names and service marks listed in "Exhibit A" hereof (hereinafter called the "HARLEY-DAVIDSON Properties"); and

WHEREAS, HDM has granted HARLEY-DAVIDSON MOTOR COMPANY, a corporation organized and existing under the laws of the state of Wisconsin, United States of America, located at 3700 West Juneau Avenue, Milwaukee, Wisconsin 53208 U.S.A. (hereinafter "HDMC"), the exclusive right to use and sub-license (upon consent of HDM) the use of the HARLEY-DAVIDSON Properties; and

WHEREAS, HDMC has granted FRED DEELEY IMPORTS, LTD., a corporation organized and existing under the laws of the Province of British Columbia, Canada, located at 13500 Verdun Place, Richmond, British Columbia, V6C 1V4, Canada (hereinafter "DEELEY"), a sub-license to use and further sub-license (upon consent of HDM) the HARLEY-DAVIDSON Properties in Canada in association with the provision of various wares and services; and

WHEREAS DEALER, has entered into a Dealer Agreement with DEELEY pursuant to which DEALER may operate a retail store that would utilize and display the HARLEY-DAVIDSON Properties as part of its business operations, interior or exterior store signage, advertising and promotional materials, trading style and/or trade name for a retail dealership to sell motorcycles, motorcycle parts and accessories, clothing and collectibles, and to provide motorcycle repair, maintenance and club membership services.

NOW THEREFORE, IN CONSIDERATION of the sum of \$1.00, and the mutual covenants and promises set out below, the receipt and sufficiency of which is hereby acknowledged by each party to the other, DEELEY and DEALER hereby agree as follows:

1. DEELEY, acting on behalf of, and with the consent of HDM as the owner of the HARLEY-DAVIDSON Properties, hereby grants to DEALER the non-exclusive right to use the HARLEY-DAVIDSON Properties, as set out in the attached "Exhibit A", or any other trade-marks or service marks subsequently agreed to in writing by DEELEY in association with the performance of retail dealership services of selling HARLEY-DAVIDSON motorcycles, HARLEY-DAVIDSON parts and accessories, HARLEY-DAVIDSON clothing and collectibles, and providing repair and maintenance services relating to HARLEY-DAVIDSON motorcycles, and motorcycle club membership services for owners of HARLEY-DAVIDSON motorcycles. DEALER agrees that it will limit its use of the HARLEY-DAVIDSON Properties in accordance with this grant, and will not use the HARLEY-DAVIDSON Properties on or in association with any wares whatsoever or any other services.
2. DEELEY, acting on behalf of, and with the consent of HDM as the owner of the HARLEY-DAVIDSON Properties, further grants to DEALER the non-exclusive right to use only the trade names HARLEY, HARLEY-DAVIDSON, H-D AND HD, as separately listed in "Exhibit A", as part of its unregistered trade name or trading style, if necessary. Dealer acknowledges that it does not have the right to use, incorporate or register any of the trade-marks, service marks or trade names listed in "Exhibit A" in its registered trade name, trading style or corporate name.

3. The right to use the HARLEY-DAVIDSON Properties pursuant to this License Agreement extends only to the DEALER's Territory as set forth in paragraph 3 of the underlying Dealer Agreement. DEALER agrees that it will not use the HARLEY-DAVIDSON Properties for any purpose outside the scope of this Territory.
4. The term of this agreement shall coincide with the term as set forth in paragraph 2 of the underlying Dealer Agreement.
5. DEALER acknowledges that the authenticity and quality of HARLEY-DAVIDSON products is important to the consumer, and therefore, agrees not to purchase or sell any products bearing the HARLEY-DAVIDSON Properties or any trade-mark, dress of goods, or copyright of HDM from any source other than DEELEY or sources expressly approved by DEELEY.
6. DEALER agrees that it will only display the HARLEY-DAVIDSON Properties under such guidelines and directions, including the use of any relevant trade-mark or copyright notices, as may be requested of DEALER from time to time by DEELEY. In the event DEELEY gives DEALER any guidelines or directions regarding the use, advertising or display of the HARLEY-DAVIDSON Properties, or regarding the character or quality of the Services provided under the HARLEY-DAVIDSON Properties, DEALER agrees that it will follow such guidelines and directions promptly. DEALER specifically agrees that it will, on all advertising and printed materials, including letterhead, use a notice as specified by DEELEY or HDM identifying DEALER as a licensee of the HARLEY-DAVIDSON Properties.
7. Upon request, DEALER shall submit to DEELEY, HDMC and/or HDM representative samples of all advertising and promotional materials which bear the HARLEY-DAVIDSON Properties as created by or for DEALER.
8. DEELEY, HDMC, HDM and/or their authorized representatives shall have the right of access to the premises of DEALER to inspect the DEALER's premises to confirm that the HARLEY-DAVIDSON Properties are being used properly, and to evaluate the character and quality of the Services provided under those Properties to ensure that they conform with the approved standards as set forth from time to time by DEELEY, HDMC or HDM.

9. DEALER acknowledges that the HARLEY-DAVIDSON Properties and the goodwill relating thereto are the sole and exclusive property of HDM, and agrees that it will not, at any time, during or after the termination of this agreement, do or refrain from doing any act to contest, directly or indirectly, the validity or ownership of the HARLEY-DAVIDSON Properties, or to dilute the value of the goodwill attaching to such Properties. DEALER shall not in any manner represent that it has any ownership rights in the HARLEY-DAVIDSON Properties, or any other trade-mark, trade name, service mark, copyright or dress of goods of HDM.
10. In the event that any infringement of the HARLEY-DAVIDSON Properties shall come to the attention of DEALER, DEALER agrees to promptly notify DEELEY of the infringement in writing. DEALER also agrees to fully cooperate and assist DEELEY, HDMC or HDM in connection with any matter pertaining to the protection, registration, licensing, or enforcement of rights in the HARLEY-DAVIDSON Properties, or any intellectual property right, whether in the Courts, administrative agencies, or otherwise, and to make available to DEELEY, HDMC, HDM or their representatives all of DEALER's records, files and other information pertaining to goods sold or services rendered under the HARLEY-DAVIDSON Properties, including the furnishing of relevant evidence, documentation and testimony available to DEALER. DEALER shall have no right to commence action against third parties for infringement of any of the HARLEY-DAVIDSON Properties, for passing off, or for any other action pertaining to the Properties, without the prior written consent of DEELEY and HDM.
11. DEALER shall have no right to assign or sub-license any of its rights under this agreement. Any such attempt to assign or sub-license these rights shall be grounds for immediate termination of this License Agreement.
12. This license may be terminated prior to its expiration in accordance with the provisions of paragraph 26 of the underlying Dealer Agreement. DEELEY and HDM may each independently exercise the right to terminate this License Agreement in the same circumstances DEELEY would be allowed to terminate the underlying Dealer Agreement, and this regardless of DEELEY's actual exercise of that right.

13. In the event of a breach of any of the terms of this License Agreement, DEELEY may notify DEALER, and DEALER shall have one month from such notice within which to remedy such breach to the satisfaction of DEELEY and HDM. In the event that DEALER fails to remedy such breach to the satisfaction of DEELEY and HDM, or makes persistent breaches of the terms of this agreement, DEELEY or HDM may terminate this License Agreement forthwith.

14. Upon expiration or termination of this License Agreement, DEALER agrees that it will immediately cease all use, advertising and display of the HARLEY-DAVIDSON Properties, or any similar designations, or any other trade-mark, service mark, trade name, dress of goods or copyright of HDM or DEELEY, whether as a trade-mark, service mark, trade name or otherwise, and for greater certainty agrees that it will:
 - (a) cease all use of the HARLEY-DAVIDSON Properties on all signage;
 - (b) cease all use of the HARLEY-DAVIDSON Properties on all printed material, and deliver up or destroy under oath all printed material of any type whatsoever bearing the HARLEY-DAVIDSON Properties;
 - (c) cancel any registration or recordal of any corporate name, business name, or trading style required by law that includes any of the HARLEY-DAVIDSON Properties; and
 - (d) at the election of DEELEY or HDM, cancel any telephone listings that include any of the HARLEY-DAVIDSON Properties or, if possible, transfer them to a person nominated by DEELEY.

DEALER shall comply with this provision no later than 30 days from the date of termination or expiration of this License Agreement. Furthermore, should DEALER not perform all of the obligations set forth in this provision, DEALER hereby grants DEELEY, HDM and their representatives the Power of Attorney to take all steps necessary to fully perform each and every obligation set forth in this provision.

15. Following expiration or termination of this License Agreement, DEALER shall have no right to use, as a trade-mark, service mark, trade name, corporate name or otherwise, any word, design, or combination thereof, which is, in whole or in part, similar to any of the HARLEY-DAVIDSON Properties, or any other trade-mark, service mark, trade name, corporate name, dress of goods or copyright of HDM, HDMC, or DEELEY.
16. DEALER recognizes and agrees that the above provisions regarding expiration and termination are reasonable and necessary to protect the value, integrity, reputation, and brand image of HDMC, HDM and the HARLEY-DAVIDSON Properties, and agrees that DEELEY and/or HDM (as owner of the HARLEY-DAVIDSON Properties) may enforce such provisions by injunction, including interlocutory injunction, in any court of competent jurisdiction.
17. It is agreed that clauses 9, 10, 11, 14, 15, 16 and 20 shall survive termination of this agreement.
18. Any notice required or permitted by this License Agreement, or given in connection therewith, shall be in writing and may be given by prepaid registered mail or by fax to the addresses set out below:

Fred Deeley Imports, Ltd.
55 Penn Drive
Weston, Ontario
M9L 2A6
Canada

or Fred Deeley Imports, Ltd.
13500 Verdun Place
Vancouver, British Columbia
V6C 1V4
Canada

Phone: (416) 741-5445
Fax: (416) 741-5231

Phone: (604) 273-5421
Fax: (604) 273-2029

H-D Michigan, Inc.
315 West Huron Street
Suite 400
Ann Arbor, Michigan, 48103
U.S.A.

Phone: (313) 665-9243
Fax: (313) 665-9643

DEALER ROBINSON MOTORCYCLE LTD.
RR#1
WHEATLEY, ONT.
NOR 2PO

Phone: 519-825-4222
Fax: same

19. This License Agreement is to be governed by and construed according to the laws of the Province of Ontario. If any provision of this License Agreement should be held invalid or unenforceable for any reason whatsoever or to violate any applicable law, such provision shall be deemed deleted from this License Agreement, and the remainder of this License Agreement shall be valid and enforceable without such provision.
20. This agreement shall be binding upon and shall enure the benefit of the parties hereto, and any successors and assigns of DEELEY.

IN WITNESS WHEREOF the parties hereto have executed this License Agreement as of the 10 day of May, 1996.

DEALER ROBINSON MOTORCYCLE LTD c/s

By: Jim Robinson
Name: JIM ROBINSON
Title: PRESIDENT.

FRED DEELEY IMPORTS, LTD.
at Richmond, British Columbia

By: Malcolm Hunter
Name: Malcolm Hunter
Title: Vice President

"EXHIBIT A"

Trade Names

HARLEY
HARLEY-DAVIDSON
HD
H-D

Trade-Marks and Service Marks

BIKER BLUES™
EAGLE IRON®
HARLEY®
HARLEY-DAVIDSON®
HARLEY OWNERS GROUP™
HOG®
H.O.G.™
LADIES OF HARLEY™
MOTORCLOTHES®
POWER BLEND™
PRE-LUXE®
RIDE FREE™
SCREAMIN' EAGLE™
THE LEGEND ROLLS ON™

BIKER BLUES Logo



SCREAMIN' EAGLE Logo



"EXHIBIT A" Service Marks & Designs (con't)

GENUINE Logo



HARLEY-DAVIDSON & Design



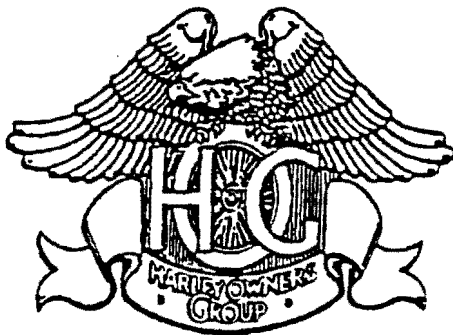
HARLEY-DAVIDSON & Eagle Design



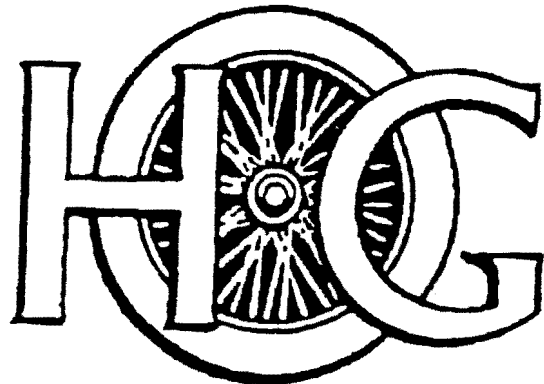
Bar & Shield Design



HOG & Eagle Design



HOG Design



"EXHIBIT A" Service Marks & Designs (con't)

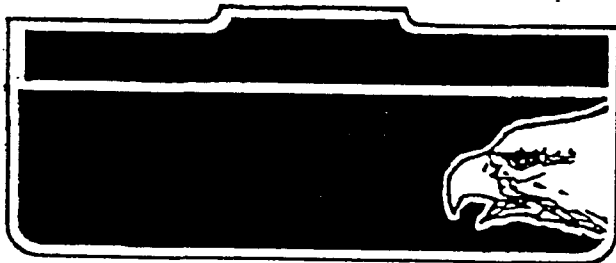
LADIES OF HARLEY Design



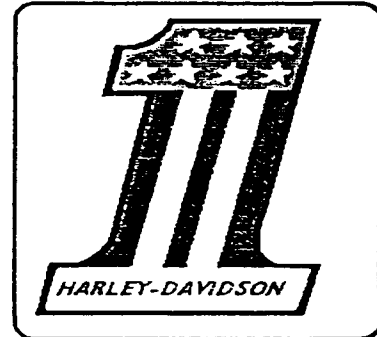
MOTORCLOTHES Logo



EAGLE IRON Logo



HARLEY-DAVIDSON and Design



GENUINE MOTOR PARTS Logo



GENUINE MOTOR ACCESSORIES Logo



OK

SECURITY AGREEMENT



FRED DEELEY IMPORTS LTD.
13500 Verdun Place
Richmond, BC V6V 1V4

WHEREAS:

- a. Robinson Motorcycles (the "Dealer") and Fred Deeley Imports Ltd. ("Deeley") have entered into a Dealer Agreement dated May 10, 1996, as amended (the "Dealer Agreement") whereby Deeley has agreed to finance the purchase of certain equipment by the Dealer under the terms of the Dealer Agreement; and
- b. the Dealer has agreed to execute and deliver this security agreement to and in favour of Deeley as security for the payment and performance of all of the obligations of the Dealer to Deeley, including, without limitation, the obligations of the Dealer to Deeley under the Dealer Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Dealer, the Dealer agrees with and in favour of Deeley as follows:

1. Grant of Security

- 1.1 As general and continuing collateral security for the due payment and performance of the Obligations (as defined in Section 2), the Dealer hereby mortgages, charges and assigns to and in favour of Deeley (as and by way of a fixed and specific mortgage and charge), and the Dealer hereby grants to Deeley a continuing security interest in and a purchase-money security interest in, the undertaking of the Dealer and all property now owned or hereafter acquired by the Dealer or any of its successors or to which the Dealer or any of its successors is or may hereafter otherwise become entitled, including any and all of the following property now owned or hereafter acquired by the Debtor or any of its successors:
 - (a) inventory sold to Dealer by Deeley under the Dealer Agreement or otherwise, including motorcycles, parts and accessories and MotorClothes, and goods used in or procured for packing;

- (b) equipment, machinery, supplies, fixtures and other goods of every kind and description, including, without limitation, all goods set out on Schedule A hereto, sold, leased or loaned to Dealer by Deeley under the Dealer Agreement or otherwise;
- (c) substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Sections 1.1(a) and (b);
- (d) proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Sections 1.1(a)-(c) or the proceeds therefrom, including without limitation, insurance proceeds; and
- (e) all of the Dealer's right, title and interest in and to the property described in Sections 1.1(a)-(d) (collectively and each part thereof being referred to in this agreement as the "Collateral").

1.2 Without limiting the generality of the foregoing, the Collateral shall include the property of the Dealer sold, leased or loaned to Dealer by Deeley under the Dealer Agreement or otherwise now or hereafter located on or about or in transit to or from the Dealer's authorized dealer locations.

2. Obligations Secured

2.1 The mortgages, charges, assignments and security interest granted hereby (collectively, the "Security Interest"), secure payment to Deeley and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time due or accruing due, owing by the Dealer to Deeley, in any currency, and whether incurred by the Dealer alone or with another or others and whether as principal or surety (collectively, and together with the expenses, costs and charges set out in Section 2.2, the "Obligations").

2.2 All reasonable expenses, costs and charges incurred by or on behalf of Deeley in connection with any of the Obligations, this Agreement, the Security Interest or the realization of the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral shall be added to and form a part of the Obligations.

3. **Attachment**

The Dealer hereby acknowledges that (i) value has been given; (ii) the Dealer has rights in the Collateral (other than after-acquired Collateral); (iii) it has not agreed to postpone the time of attachment of the Security Interest; and (iv) it has received a duplicate original copy of this Agreement.

4. **Documents of Title**

All Collateral in the form of warehouse receipts, bills of lading and other documents of title whether negotiable or otherwise (both before and after the Security Interest has become enforceable) shall be held by Dealer as trustee of Deeley and shall, upon demand by Deeley, be delivered to Deeley.

5. **Use, Inspection**

5.1 It is acknowledged by Deeley that Dealer may, when not in default hereunder, and in the ordinary course of its business, sell or lease Collateral which is inventory.

5.2 Dealer covenants that Collateral is being purchased as inventory for resale or lease and not for use by the Dealer, other than as demonstrators, and the Collateral shall be kept free and clear of all mortgages, charges, assignments, security interests, liens and encumbrances, except as created herein or as otherwise permitted by Deeley, at the Dealer's authorized dealer location(s). Deeley and its representatives shall have free access to the premises of the Dealer and the Collateral and any and all records pertaining thereto at any reasonable time to inspect same.

6. **Dealer's Financing Arrangements**

Deeley acknowledges that Dealer has entered into, and will be entering into, financing arrangements with certain financiers and that as security for the performance by Dealer of its obligations arising under such arrangements, the financiers may require a security interest or hypothec in the Collateral. Therefore pursuant to the requirement of Section 5, Deeley consents to the granting of any such security interest or hypothec in the Collateral to the financiers. This acknowledgement is not a subordination.

7. Default

The parties agree that the Security Interest shall become enforceable in each and every of the events following:

- (a) If the Dealer shall make default in payment of any indebtedness or liability to Deeley when due, whether secured hereby or otherwise;
- (b) If the Dealer makes default in the observance or performance of any covenant or condition or obligation contained in the Dealer Agreement, this Agreement or any other agreement between the Dealer and Deeley or made by the Dealer in favour of Deeley;
- (c) If the Dealer makes an attempted sale, mortgage or other disposition of the Collateral at a time other than in the ordinary course of its business while indebted to Deeley;
- (d) If a petition is filed or a resolution is passed or an order is made for the winding up of the Dealer;
- (e) If the Dealer ceases or threatens to cease to carry on its business as a motorcycle dealer or if the Dealer makes or agrees to make a bulk sale of its assets or if the Dealer commits or threatens to commit any act of bankruptcy or if the Dealer becomes insolvent or bankrupt or makes an authorized assignment or bankruptcy petition is filed or presented against it;
- (f) If an execution or any other process of any court becomes enforceable against the Dealer or if a distress or analogous process is levied upon the property of the Dealer or any part thereof;
- (g) If any reorganization or similar proceedings with respect to the Dealer are commenced under the Companies' Creditors Arrangement Act, the Bankruptcy and Insolvency Act or any similar legislation;
- (h) If the Dealer shall permit any sum which has been admitted as due by the Dealer or not disputed to be due by it and which forms or is capable of being made a charge upon any of the Collateral in priority to the Security Interest, to remain unpaid for thirty (30) days after proceedings have been taken to enforce the same; or
- (i) If Deeley, in good faith and on reasonable grounds, shall believe that the prospect of payment or performance of any of the Obligations is impaired.

8. Remedies

Whenever the Security Interest has become enforceable, Deeley may declare immediately due and payable all Obligations and may proceed to enforce payment and performance of the same by any or all of the following remedies, such remedies being exercisable from time separately or in combination and being in addition to and not in substitution for any rights of Deeley in the Collateral however created:

- (a) entry upon the premises where the Collateral may be located;
- (b) taking possession of the Collateral and removal thereof from the premises of the Dealer;
- (c) sale or lease of the Collateral;
- (d) collection of any proceeds arising in respect of the Collateral;
- (e) the appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of the Collateral; and
- (f) any other remedy or proceeding authorized or permitted by statute or otherwise by law or equity.

Deeley shall not be bound to exercise any such right or remedy, and the exercise of such rights and remedies shall be without prejudice to the rights of Deeley in respect of the Obligations including the right to claim for any deficiency.

9. Concerning the Receiver

- 9.1 Any receiver appointed by Deeley shall be vested with the rights and remedies which could have been exercised by Deeley and such other powers and discretions as are granted in the instrument of appointment and any instrument(s) supplemental thereto. The identity of the receiver, any replacement thereof and any remuneration shall be within the sole discretion of Deeley.
- 9.2 Any receiver appointed by Deeley shall act as agent for Deeley for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Dealer. The receiver may sell, lease, or otherwise dispose of the Collateral as agent for the Dealer or as agent for Deeley as Deeley may determine in its discretion. The Dealer agrees to ratify and confirm all actions of the

receiver acting as agent for the Dealer, and to release and indemnify the receiver in respect of all such actions.

- 9.3 Deeley, in appointing or refraining from appointing any receiver shall not incur liability to the receiver, the Dealer or otherwise and shall not be responsible for any misconduct or negligence of such receiver.

10. Appointment of Attorney

The Dealer hereby irrevocably appoints Deeley (and any officer thereof) as attorney of the Dealer (with full power of substitution) to exercise, from and after the Security Interest becoming enforceable, in the name of and on behalf of the Dealer, any of the Dealer's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement and delivery of any agreements, documents, instruments, securities, documents of title and chattel paper and any notices, receipts, assignments or verifications of accounts. All acts of any such attorney are hereby ratified and approved, and such attorney shall not be liable for any act, failure to act or any other matter or thing in connection therewith, except for its own negligence or wilful misconduct.

11. Dealing with the Collateral and the Security Interest

- 11.1 Deeley shall not be obliged to exhaust its recourse against the Dealer or any other person or persons or against any other security it may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as Deeley may consider desirable.
- 11.2 Deeley may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Dealer and with other parties, sureties or securities as Deeley may see fit without prejudice to the Obligations or the rights of Deeley in respect of the Collateral.
- 11.3 Deeley shall not be (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral; (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of Deeley, the Dealer or any other parties in respect thereof; (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal therewith; or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

12. Assignment

Dealer shall not assign either the benefits or the burden of this Agreement or any part thereof without the prior written consent of Deeley. Deeley may assign this Agreement to a third party without the prior consent of the Dealer.

13. Waiver

No waiver or consent by Deeley of any breach or default by Dealer shall constitute a waiver of any other breach or default by Dealer.

14. Governing Law

This Agreement shall be construed in accordance with and governed by the laws in force in the Province of Ontario.

15. Miscellaneous

Time shall be of the essence of this Agreement. Dealer will promptly execute and deliver to Deeley such further documents and take such further action as Deeley may request in order to more effectively carry out the intent and purpose hereof. This Agreement may not be amended or modified in any respect except by written instrument signed by Deeley and Dealer. Any notice or demand hereunder shall be in writing and may be given by delivering or mailing by prepaid registered mail at the addresses as set forth herein or as subsequently changed in writing. This Agreement shall be binding upon and ensure to the benefit of the successors and assigns of Deeley and shall be binding upon the heirs, executors, administrators, successors and permitted assigns of Dealer. Dealer acknowledges having received an executed copy of the Agreement.

IN WITNESS WHEREOF the parties have caused this financing agreement to be executed
this 10 day of May, 1996.

Dealer Address: RR#1 WHEATLEY, ONT. N0P2P0

Dealer Name: ROBINSON MOTORCYCLE LTD.

Jim Robinson Pres.
Dealer Signature/Name/Title

Dwight Robinson Sec. Treas.
Dealer Signature/Name/Title

SCHEDULE A

Description of Equipment

TO BE COMPLETED IN THE CASE OF A DEALER CORPORATION

The undersigned hereby warrant and certify under the corporate seal of

ROBINSON MOTORCYCLE LTD.
Name of Dealer Corporation

that they are the President and Secretary, respectively of

ROBINSON MOTORCYCLE LTD.
Name of Dealer Corporation

DATED this 10 day of May, 1996.

Jim Robinson
President

Affix Corporate Seal

Denise Robinson
Secretary

TO BE COMPLETED IN THE CASE OF AN INDIVIDUAL DEALER/PROPRIETOR

The undersigned hereby warrants and certifies that he/she/they/is/are the sole owner/partners of _____

Name of Proprietorship/Partnership

DATED this ____ day of _____, 199__.

Name of Owner/Partner*

Date of Birth (DD/MM/YY)

*Name must include first name, middle initial and last name.

EJC\34445\547\HARLEBAV5.AGR

ORIG.

GUARANTEE

To: **FRED DEELEY IMPORTS LTD.**
13500 Verdun Place
Richmond, BC V6V 1V4



IN CONSIDERATION of Fred Deeley Imports Ltd., ("Deeley") dealing with or continuing to deal with or supplying merchandise to *ROBINSON MOTORCYCLE LIMITED* (the "Dealer"), the undersigned and each of them if more than one (the "Guarantor"), hereby covenants and agrees with Deeley as follows:

1. The Guarantor unconditionally and irrevocably guarantees payment to Deeley of all debts and liabilities, present and future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Dealer to Deeley, heretofore or hereafter incurred or arising and whether the Dealer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "Liabilities"); with interest from the date of demand for payment at the rate of 18% per annum.
2. Deeley may discontinue, reduce, increase or otherwise vary the credit extended to the Dealer from time to time, may grant time, renewals, extensions, indulgences, releases and discharges to and accept compositions from or otherwise deal with the Dealer and others including the Guarantor (or any of them if more than one) as Deeley may see fit all without in any way limiting or lessening the liability of the Guarantor under this guarantee.
3. This guarantee shall be a continuing guarantee and shall cover all the Liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to Deeley.
4. Deeley shall not be bound to exhaust its recourse against the Dealer or other parties or against any security before requiring payment from the Guarantor under this Guarantee.
5. The Guarantor may, by notice in writing delivered to Deeley terminate the Guarantor's further liability under this guarantee after the expiration of three (3) months from the giving of written notice to Deeley, but such notice shall not be effective in respect of any Liabilities incurred or arising prior to such termination even though not then matured, provided, however, that notwithstanding receipt of any such notice, Deeley may fulfil any requirements of the Dealer based on agreements express or implied made prior to the receipt of such notice and any resulting liability shall be covered by this guarantee; and provided further that in the event of the termination of this guarantee as to one or more of the Guarantors (if more than one), it shall remain a continuing guarantee as to the other Guarantor or Guarantors.

6. All indebtedness and liability, present and future of the Dealer to the Guarantor are hereby assigned to Deeley and postponed to the Liabilities, and all monies received by the Guarantor in respect thereof shall be received in trust for Deeley and forthwith upon receipt shall be paid over to Deeley, the whole without in any way limiting or lessening the liability of the Guarantor under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the Guarantor under the said guarantee may be terminated.
7. This guarantee shall not be affected by any change in the name of the Dealer or in the membership of the Dealer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Dealer's business by another person or by any change whatsoever in the objects, capital structure or constitution of the Dealer, or by the Dealer's business being amalgamated with another corporation, but shall notwithstanding the happening of any such event continue to apply to all the Liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "Dealer" shall include every such firm and corporation.
8. This guarantee is in addition to and not in substitution for any security of any kind (including without limitation other guarantees) by whomsoever given, at any time held by Deeley.
9. The Guarantor shall be bound by any account settled between Deeley and the Dealer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by Deeley shall be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Dealer to Deeley or remains unpaid by the Dealer to Deeley.
10. No suit based on this guarantee shall be instituted until demand for payment shall be made in writing and given to the Guarantor by personal delivery (including delivery by courier) or mailing by prepaid registered mail to the address of the Guarantor last known to Deeley. Any demand so personally delivered shall be deemed to have been made on the date of delivery. Any demand so sent by registered mail shall be deemed to have been made on the fifth business day next following the day on which it is sent. All payments hereunder shall be made to Deeley at the address above given or at such other address of Deeley of which notice may be given by Deeley to the Dealer.
11. All moneys and credits in fact borrowed or obtained by the Dealer from Deeley shall be deemed to form part of the Liabilities hereby guaranteed notwithstanding any incapacity, disability or lack or limitation of status or of power of the Dealer or of the directors, officers, employees, partners or agents thereof, or that the Dealer may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of

such moneys or credits; and any amount which may not be recoverable from the Guarantor on the basis of a guarantee shall be recoverable from the Guarantor as principal debtor and shall be paid to Deeley after demand by Deeley as herein provided.

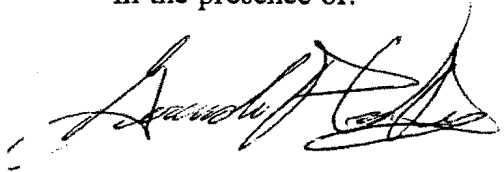
12. Should Deeley receive from the Guarantor a payment or payments in full or on account of the liability of the Guarantor under this guarantee, the Guarantor shall not be entitled to claim repayment against the Dealer until Deeley's claims against the Dealer have been paid in full; and in case of the liquidation, winding up or bankruptcy (whether voluntary or compulsory) or other distribution of assets of the Dealer or of any surety or guarantor of any indebtedness of the Dealer, Deeley shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof in priority to the Guarantor until Deeley's claim has been paid in full, and the Guarantor shall continue liable hereunder up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to Deeley by the Dealer; and in the event of the valuation by Deeley of any of its security and/or the retention thereof by Deeley, such valuation and/or retention shall not, as between Deeley and the Guarantor, be considered as a purchase of such security, or as payment or satisfaction or reduction of the Dealer's liabilities to Deeley, or any part thereof.
13. This guarantee shall be construed in accordance with the laws of the Province of Ontario, and any judgment in any court of such Province against any of the Guarantors, shall be binding on such Guarantor.
14. This guarantee covers all agreements between the parties hereto with respect to this guarantee, and none of the parties shall be bound by any representation, collateral agreement or condition affecting the Guarantor's liability hereunder other than as contained herein.
15. If more than one Guarantor executes this instrument, the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several.

16. This guarantee and agreement shall extend to and enure to the benefit of Deeley and its successors and assigns and shall be binding upon the Guarantor and the heirs, executors, administrators, successors and assigns of the Guarantor.

17. This guarantee shall be binding upon every person signing it, notwithstanding the non-execution thereof by any proposed guarantor.

DATED this 10 day of May, 1996.

In the presence of:



① Jim Robinson
Guarantor Name: JIM ROBINSON

Address:
RR#1
WHEATLEY, ONT.
NCP 2PO

see
addendum
#1
attached.

In the presence of:



① Beverly Robinson

Guarantor Name: BEV ROBINSON
Address:
RR#1
WHEATLEY, ONT.
NCP 2PO

In the presence of:



① Kim Vandeven

Guarantor Name: KIM VANDEVEN
Address:
RR#1
WHEATLEY, ONT.
NCP 2PO

① Subject to addendum #1.

FOR USE IN ALBERTA

THE GUARANTEES ACKNOWLEDGEMENT ACT
CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

1. _____ of _____, the guarantor in the above guarantee, appeared in person before me and acknowledged that he/she had executed the guarantee;
2. I satisfied myself by examination of him/her that he/she is aware of the contents of the guarantee and understands it.

Given at _____ this _____ day of _____, 199__ under my hand and seal of office.

(SEAL)

A Notary Public in and for

STATEMENT OF GUARANTOR

I am the person named in this certificate.

Signature of Guarantor

ADDENDUM # 1 TO GUARANTEE

It is further agreed that upon any default wherein Fred Deeley Imports Ltd. reclaims to Robinson for the product, Deeley may only take product which was their own product and in the case of any outstanding amount of money owing to Deeley by Robinson, Robinson has 30 days from receiving written notice to pay in full the debt owing to Deeley. If Robinson has not paid the debt owing within 30 days, then Deeley may proceed under the original terms of this agreement to recover ~~the~~ debt owed by Robinson.

only the amount of the

Jim Robinson
Guarantor
Jim Robinson

Bev Robinson
Guarantor
Bev Robinson

Kim Van Deven
Guarantor
Kim Van Deven

Fred Deeley Imports Ltd.

Exclusive Harley-Davidson Distributor/Distributeur Exclusif



May 29, 1996

*returned
July 17/96.
Loomis*

Kim Van Deven
Robinson Motorcycle Ltd.
RR#1
Wheatley, Ont.
NOP 2P0

Dear Kim,

Thank you for taking the time to complete the recent package of contracts including the Dealer Agreement, License Agreement, Security Agreement and Guarantee. After reviewing these contracts, I have found some minor deficiencies that require your attention. I am returning your package of Dealer Contracts in order for you to complete these deficiencies (marked with post-it flags).

Also, as per our telephone conversation, I have re-typed addendum #1 of the Guarantee in order to clearly identify the parties. I have enclosed the original addendum for your reference.

Please use the enclosed Loomis envelope to return (collect) these documents to Fred Deeley Imports Ltd. If you have any questions, please contact me at our Richmond location.

Thank You,
FRED DEELEY IMPORTS LTD.
per,

Marco Del Monte
Accountant



13500 Verdun Place, Richmond, B.C. V6V 1V4 Telephone (604) 273-5421
830 Edgeley Blvd. Concord, Ont. L4K 4X1 Telephone (905) 660-3500

Fax (604) 273-2029
Fax (905) 660-3372

ADDENDUM # 1 TO GUARANTEE

It is further agreed that upon any default wherein Fred Deeley Imports Ltd. reclaims to Robinson ^{Motorcycle Ltd (Dealer)} for the product, Deeley may only take product which was their own product and in the case of any outstanding amount of money owing to Deeley by ~~Robinson~~ ^{the Dealer}, ~~Robinson~~ ^{the Dealer} has 30 days from receiving written notice to pay in full the debt owing to Deeley. If ~~Robinson~~ ^{the Dealer} has not paid the debt owing within 30 days, then Deeley may proceed under the original terms of this agreement to recover the debt owed by Robinson ^{the Dealer}

Jim Robinson
Guarantor
Jim Robinson

Bev Robinson
Guarantor
Bev Robinson

Kim Van Deven
Guarantor
Kim Van Deven

x

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Jim Robinson
Guarantor
Jim Robinson

Bev Robinson
Guarantor
Bev Robinson

Kim Van Deven
Guarantor
Kim Van Deven

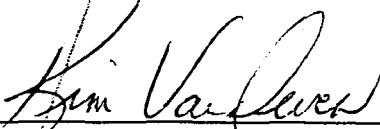
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ADDENDUM # 1 TO GUARANTEE

It is further agreed that upon any default wherein Fred Deeley Imports Ltd. ("Deeley") reclaims to Robinson Motorcycles Ltd. ("Dealer") for the product, in the case of any outstanding amount of money owing to Deeley by the Dealer, the Dealer has 30 days from receiving written notice to pay in full the debt owing to Deeley. If the Dealer has not paid the debt owing within 30 days, then Deeley may proceed under the original terms of this agreement to recover the debt owed by the Dealer.

Guarantor
Jim Robinson

Guarantor
Bev Robinson



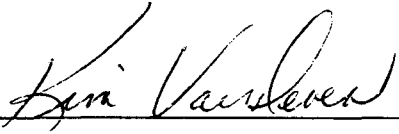
Guarantor
Kim Van Deven

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Guarantor
Jim Robinson

Guarantor
Bev Robinson


Guarantor
Kim Van Deven

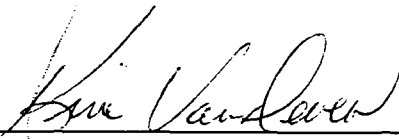
ADDENDUM # 1 TO GUARANTEE

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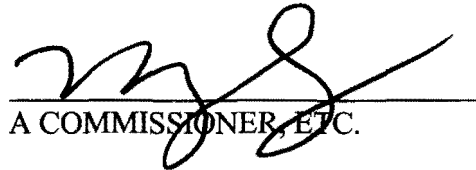
Deeley may only take product which was their own product, and in the case of any outstanding money....

Guarantor
Jim Robinson

Guarantor
Bev Robinson


Guarantor
Kim Van Deven

THIS IS EXHIBIT "D"
REFERRED TO IN THE AFFIDAVIT
OF **Kim Van Deven**
SWORN BEFORE ME ON
May 21, 2004


A COMMISSIONER, ETC.

FRED DEELEY IMPORTS LTD.
RETAILER AGREEMENT



(January 1999)

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RETAILER AGREEMENT

THIS AGREEMENT is made between:

FRED DEELEY IMPORTS LTD.,
a corporation incorporated under the laws of British Columbia
("Deeley"),

and

ROBINSON MOTORCYCLES LIMITED,
a corporation doing business as Robinson Motorcycles
("Retailer").

In consideration of the mutual covenants of the parties and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties agree as follows:

A. MANAGEMENT AND OWNERSHIP

This Agreement has been entered into by Deeley with Retailer in reliance upon Retailer's representation and agreement that:

- (i) The key managing individual(s) of Retailer (individually and collectively, "**Retailer Manager**") and the owner(s) of Retailer (individually and collectively, "**Principal**") identified below possess and will maintain the personal qualifications, experience, skill and commitment necessary to ensure that Retailer will perform its obligations under this Agreement in the most effective manner;
- (ii) The Retailer Manager (or, if there is more than one Retailer Manager, all of them), and no other persons, shall have full authority for the operating management of Retailer in the performance of this Agreement and shall be so involved personally on a full-time basis; the Retailer Manager shall be **Jim and Bev Robinson and Kim Van Deven**;

- (iii) If Retailer is a corporation or partnership, the following persons, and only the following persons, shall be the Principal and shall have ownership and control of all of the issued and outstanding shares or partnership interest of Retailer in the percentage interests identified below:

<u>Name</u>	<u>Home Address</u>	<u>Title</u>	<u>% of Interest</u>
JIM ROBINSON	RR#1 WHEATLEY, ONT.	PRES.	
BEVERLY ROBINSON	" "	SEC/TREAS.	
KIM VAN DE VEN	" "	GEN. MGR.	

- (iv) No changes, directly or indirectly, intentionally or otherwise, may be made to the ownership, or operating management of Retailer without complying with Section H of this Agreement for such changes.

B. OPERATIONS AND FACILITIES

1. Term

Unless previously terminated pursuant to this Agreement, this Agreement shall expire on July 31, 2001 unless Retailer fails to maintain the minimum overall score specified on the attached Schedule "A" ("**Required Minimum Score(s)**"). If Retailer fails to maintain the Required Minimum Score(s), Retailer shall be so notified by Deeley and this Agreement shall expire upon the earlier of:

- (i) one year from the date of delivery of the notice to Retailer that Retailer has failed to maintain the Required Minimum Score(s); or
- (ii) July 31, 2001

(the period from initial notice by Deeley to Retailer that Retailer has failed to maintain the Required Minimum Score(s) until the earlier of the two above-noted dates is referred to hereinafter as the "**Probationary Period**"). If Retailer, during the Probationary Period, re-attains the Required Minimum Score(s), Retailer shall notify Deeley and upon verification by Deeley that Retailer has re-attained the Required Minimum Score(s), the Probationary Period shall expire and the term of

this Agreement shall be reinstated to July 31, 2001 (unless previously terminated pursuant to this Agreement). In the case of any further failure by Retailer to maintain the Required Minimum Score(s) after the expiry of the Probationary Period and reinstatement of the term of this Agreement to July 31, 2001, Retailer shall be so notified by Deeley and this Agreement shall expire upon the earlier of:

- (i) six months from the date of delivery of the notice to Retailer that Retailer has failed to maintain the Required Minimum Score(s) following the expiry of the Probationary Period; or
- (ii) July 31, 2001.

2. **Appointment**

Subject to the terms of this Agreement, Deeley grants Retailer a non-exclusive right to sell Harley-Davidson Motor Company ("HDMC") motorcycles, parts and accessories therefor, MotorClothes, collectibles and other related products (all hereinafter referred to as "Harley-Davidson Products") at retail. Retailer agrees that it will concentrate its sales efforts primarily on persons, businesses and government agencies, residing, doing business or located in the following area:

Wheatley, Ontario and surrounding area
("Territory").

Deeley may, in its sole discretion, appoint other retailers in the Territory.

3. **Retailer Location**

In order that Deeley may establish and maintain an effective network of authorized retailers, Retailer agrees that it shall conduct all of its operations under this Agreement only in and from facilities and at the location(s) approved under this Agreement (including any location approved by an addendum to this Agreement). Retailer or Principal shall not, either directly or indirectly, relocate to or establish any place of business for the temporary or permanent sale or service of Harley-Davidson Products or the conduct of any other responsibilities under this Agreement at any other location, without the express prior written consent of Deeley. Deeley hereby designates and approves only the following location for sale and servicing of Harley-Davidson Products and the display of

Harley-Davidson Properties (as defined in paragraph C.5 of this Agreement):

**R.R. #1
Wheatley, Ontario
N0P 2P0**

(referred to in this Agreement as the “Retailer Location”).

4. Place of Business

Retailer shall maintain a clean, orderly and properly stocked place of business acceptable to Deeley of a size which is in proportion to the volume of Harley-Davidson Products expected to be sold by it in the Territory.

5. Proper Identification

Retailer shall identify its business with current Harley-Davidson identification at Retailer's expense. If permitted by local ordinance, Retailer shall display a current Harley-Davidson internally illuminated outdoor sign or a sign which is equal in prominence and quality in the opinion of Deeley.

6. Hours of Operation

Retailer shall, subject to any applicable laws, regulations, or ordinances, keep its facilities open for business during such days and hours as will most conveniently fulfill the needs of sales and service customers and based on customary hours of similar businesses in the Territory.

7. Retailer Restaurants

Retailer shall not own or operate, in whole or in part, directly, any restaurant or other beverage or food service operation (“**Restaurant**”) at, or in close proximity to, the Retailer Location or any other approved location as set forth from time to time as an “Addendum to Retailer Agreement”, without the prior written consent of Deeley. Nothing in this paragraph is intended to prohibit the Retailer from owning or operating, in whole or in part, directly or indirectly, any Restaurant, provided that such Restaurant is not at or in close proximity to the Retailer Location and does not have a motorcycle theme or use or display the Harley-Davidson Properties (as defined in paragraph C.5 of this Agreement).

8. Prohibited Practices

In recognition of the need to maintain the highest standards of ethical advertising and business practice, neither Deeley nor Retailer will publish or cause or permit to be published any representation or advertising relating to the Harley-Davidson

Products or their servicing which may mislead or deceive the public, impair the goodwill of Deeley, HDMC, Harley-Davidson Properties (as defined in paragraph C.5 of this Agreement), Retailer or the reputation of the Harley-Davidson Products. Retailer shall not represent or sell any custom-built motorcycles (whether new or used) as Harley-Davidson Products. Retailer shall avoid in every way any deceptive, misleading, confusing, illegal or "bait" advertising or business practice. Deeley agrees not to publish or employ any such advertising or practice or encourage Retailer to do so.

C. SALES EFFORT

Retailer shall devote its best efforts to promote the sale of the Harley-Davidson Products only to consumers, police agencies (municipal, provincial, and federal), fraternal groups and other customers located within the Territory assigned to Retailer by personal calls, by intelligent sales presentations, by demonstration of Harley-Davidson Products, by having a listing in the Yellow Pages of Retailer's local telephone directory incorporating an appropriate logotype in a form approved by Deeley, by reasonable use of newspaper, direct mail and other advertising, by encouraging and participating in motorcycle activities designed to further interest in motorcycles and by such additional methods as might be desirable to promote the sales of Harley-Davidson Products. Retailer shall stock an adequate amount of literature for all models of Harley-Davidson motorcycles available from Deeley. Retailer shall also use its best efforts to meet any retail sales objectives and wholesale purchase objectives that Deeley may reasonably set from time to time.

1. Police Sales Effort

Retailer shall devote its best efforts to promote the sale of Harley-Davidson Products in the Territory to municipal, provincial, and federal police agencies and shall furnish Deeley with a police activity report within thirty (30) days of Deeley's written request.

2. Motorcycle Inventory and Demonstrators

Subject to availability from Deeley, Retailer shall keep on hand at all times at least the assortment of new current model Harley-Davidson motorcycles specified on the attached Schedule "B". Subsequent inventory requirements will be set forth from time to time as specified by Deeley.

Retailer further agrees, subject to availability from Deeley, to keep on hand at all times in first class operating condition the assortment of new current model Harley-Davidson motorcycle demonstrators specified by Deeley. Demonstrator requirements will be set forth from time to time as specified by Deeley.

3. Parts and Accessories and MotorClothes Inventories

Subject to availability from Deeley, Retailer shall at all times maintain an inventory of Harley-Davidson parts and accessories and MotorClothes of a quantity and assortment as are in accordance with such reasonable guidelines as may be established by Deeley for Retailer from time to time to meet current and anticipated customer demand in the Territory and to fulfill Retailer's obligations for performing warranty, recall and other services pursuant to this Agreement.

4. Corporate Programs

Retailer agrees to participate in all corporate programs including various advertising and sales promotion programs made available to it by Deeley including, without limiting the foregoing, Harley-Davidson Owners Group of Canada Ltd. In particular, Retailer shall participate at its own expense to the extent and in the manner that Deeley may direct in such co-operative advertising, training programs, store design, and parts and accessories bookings as Deeley may institute from time to time including without limiting the foregoing, the Essential Tools Program. Deeley shall endeavour to provide Retailer with advance notice of such programs.

5. Harley-Davidson Properties

Retailer acknowledges that H-D Michigan, Inc. ("HDMI"), the parent company of HDMC, is the exclusive owner of the trade-marks, trade names and service marks listed in "Exhibit A" (referred to herein as the "**Harley-Davidson Properties**") of the License Agreement attached as Addendum #1 to this Agreement as amended or modified from time to time ("**License Agreement**"). For the limited purposes of the Retailer's performance of its obligations pursuant to this Agreement, Retailer shall enter into such License Agreement. The terms of this License Agreement shall govern all use and display of the Harley-Davidson Properties. Retailer acknowledges that the License Agreement may be terminated by HDMI or Deeley independently from this Agreement. Retailer further acknowledges that Deeley, without the consent of Retailer, may amend or modify the terms and conditions of the License Agreement or offer Retailer a new license agreement.

D. ORDERS AND TERMS OF SALE

1. Purchase and Sale

Deeley agrees to sell to Retailer and Retailer agrees to purchase from Deeley, either directly or through a wholesale finance company approved by Deeley from time to time ("**Finance Company**"), as Retailer may order during the term of this Agreement for resale to the public, such Harley-Davidson Products as Deeley may

have available from time to time. References to Finance Company shall include its successors and assigns.

Retailer recognizes that in order to fulfill its responsibilities under this Agreement, Retailer hereby agrees to accept delivery of those Harley-Davidson Products ordered for current delivery and those Harley-Davidson Products ordered for future delivery when said items are available for delivery. Sales shall be at the prices and on the terms and conditions specifically set forth in this Agreement.

2. Execution of Orders

All orders by Retailer (including orders made through Finance Company) are subject to acceptance or rejection by Deeley in whole or in part. Deeley will use reasonable efforts to fill accepted orders for Harley-Davidson Products; however, all accepted orders are subject to delays or changes occurring in manufacture or shipment. Deeley will not be liable for delays in delivery or for non-delivery. Nothing in this Agreement will obligate Deeley to deliver to Retailer any particular number, type or assortment of Harley-Davidson Products. Furthermore, during any period of shortage of any Harley-Davidson Products due to any cause whatsoever, Deeley shall have the exclusive right to allocate Harley-Davidson Products to Retailer and all other retailers and customers based upon such criteria as Deeley may establish in its sole and absolute discretion from time to time, notwithstanding anything herein to the contrary.

3. Resale of Products

Retailer shall not:

- (i) obtain new Harley-Davidson Products for resale from any person, firm or company other than Deeley, Finance Company, or any other authorized Canadian Harley-Davidson retailer, without the prior written consent of Deeley;
- (ii) be concerned or interested, either directly or indirectly, in the manufacture or wholesale distribution in the Territory of any goods which compete with the Harley-Davidson Products, except that Retailer may sell one-off custom-built motorcycles provided that Retailer does not represent or sell such custom-built motorcycles as Harley-Davidson Products;
- (iii) sell Harley-Davidson Products to any customer where Retailer knows, or should know, that the Products are being purchased for the purpose of resale and not for the personal or primary business use of the customer;

- (iv) sell Harley-Davidson Products to any customer that has not first executed and delivered to Retailer a representation and warranty that Harley-Davidson Products are being purchased by the customer for the personal or primary business use of the customer and not for resale, which representation and warranty shall be in a form determined by Deeley in its sole discretion;
- (v) sell Harley-Davidson Products through a sales agent or to a subdistributor; *Quinta*
- (vi) sell or offer for sale as Harley-Davidson Products any products which are not either Harley-Davidson Products or licensed products purchased from any authorized licensee of Deeley or HDMC; or
- (vii) sell Harley-Davidson Products to any customer where the Retailer knows, or should know, that the customer intends to (a) export said products from Canada, (b) permit the products to be exported from Canada, or (c) enter into or acquiesce in any agreement whereby the products are leased or sold for use outside of Canada.

If Retailer, after reasonable notice, continues to contravene any of the above, Deeley may, at its option, refuse to supply products to Retailer, reduce the supply of Harley-Davidson Products to Retailer, or terminate this Agreement upon reasonable notice. Any monies credited to, set aside for floor plans, booking orders, or spent on behalf of Retailer by Deeley in respect of co-operative advertising or any other corporate program made available by Deeley in respect of Harley-Davidson Products shall be debited or charged back to Retailer, as appropriate, if those said products are sold by Retailer outside the Territory or if a customer exports Harley-Davidson motorcycles from Canada. Harley-Davidson motorcycles shall be deemed to have been exported by a customer if Deeley, through registration searches or other investigative means, determines that the motorcycle was registered outside Canada or is owned by a non-resident of Canada within one year of the purchase thereof from the Retailer.

4. **Special Equipment**

Deeley is authorized to have installed on any Harley-Davidson motorcycle ordered by Retailer any equipment, accessory, decal or notice required by any applicable federal, provincial or local law, rule or regulation. Retailer shall be entirely responsible for any consequences imposed by law in the event Retailer removes or tampers with any such equipment, accessory, decal or notice.

5. Capital and Credit Requirements

Retailer recognizes that in order to properly fulfill its responsibilities under this Agreement, it is necessary for Retailer to provide and maintain at all times sufficient net working capital, and retail and wholesale credit facilities, the amount of which will depend upon the size of the Retailer's operations as contemplated by this Agreement.

E. PRICES, PAYMENT AND DELIVERY

1. Prices, Policy and Delivery

Retailer shall pay for each of the Harley-Davidson Products the price as determined by Deeley from time to time.

Prices for all said Products shall be F.O.B. Richmond, British Columbia, or Concord, Ontario or point of shipment. Payment shall be:

- (i) cash in advance;
- (ii) C.O.D. (payable with collection charges and exchange);
- (iii) sight draft with bill of lading attached (payable with collection charges and exchange);
- (iv) Finance Company retail and wholesale credit facilities; or
- (v) as otherwise agreed upon by the parties in writing.

For greater certainty, delivery of any Harley-Davidson Products shall be made to Retailer at Richmond, British Columbia, or Concord, Ontario or at the place of shipment if shipped from any place other than Richmond, British Columbia or Concord, Ontario and said Products shall become the property of Retailer at the time shipment is made. In the event of a C.O.D. shipment, the place of delivery shall be deemed to be Richmond, British Columbia, or Concord, Ontario or the place of shipment if shipped from any place other than Richmond, British Columbia or Concord, Ontario, and the carrier or carriers shall be deemed to be Deeley's agent or agents only for the purpose of making collection; title shall be deemed to have passed to Retailer at Richmond, British Columbia or Concord, Ontario or at the place of shipment from any place other than Richmond, British Columbia, or Concord, Ontario, subject only to any security interest, lien, hypothec or charge in favour of Deeley, or Finance Company.

Retailer agrees to pay all drafts or C.O.D.'s on any Harley-Davidson Products within five (5) days from the date of arrival at their destination. Retailer shall pay all costs connected with any reconsignment or return of shipment to Richmond, British Columbia or Concord, Ontario.

2. **Price Change**

Prices of all Harley-Davidson Products shall be subject to change by Deeley without notice. The prices charged for such Products shall be those in effect at the time of delivery of the Products.

3. **Delinquency**

If Retailer is delinquent in payment of any indebtedness or obligations to Deeley or fails to execute and return any security documents requested by Deeley or if Retailer is in default with respect to any provision of this Agreement, then Deeley, in its discretion and in addition to any other rights and remedies it may have under this Agreement or at law, may suspend all pending orders and shipments to Retailer until said delinquency is cured or said security documents are received or until default is cured, as the case may be.

F. SERVICE

1. **Warranty & Recall Service**

Retailer shall maintain adequate facilities for repairing and servicing Harley-Davidson Products and shall have available a reasonable supply of spare Harley-Davidson parts for such products. Retailer agrees to repair and service Harley-Davidson Products, whether sold by Retailer or otherwise, which are covered by HDMC's customer warranty in accordance with HDMC's written product warranty manuals and written instructions, which warranty may be changed by HDMC from time to time upon notice to Retailer. Retailer further agrees to repair and service Harley-Davidson Products, whether sold by Retailer or otherwise, which are covered by any extended warranty program or extended service plan purchased from a vendor authorized by HDMC or Deeley. Except as otherwise permitted by Deeley in writing, Retailer shall use only genuine Harley-Davidson Products in performing warranty and recall service. Retailer agrees to use its best judgment on prioritizing service work, recognizing the importance, however, of providing timely warranty and recall service to customers. All warranty and other claims and service complaints received by Retailer from customers shall be processed and handled by Deeley, who shall assume responsibility for their proper disposition and satisfaction. Retailer will perform all warranty and other services as an independent contractor and will assume responsibility for, and hold Deeley,

HDMC and their affiliates harmless from, all liability and claims (including but not limited to, claims resulting from the negligent or willful acts or omissions of Retailer or Retailer's undue delay in performing warranty service) arising out of, or in connection with, Retailer's performance of warranty, recall, and other services contemplated herein.

2. **Product Warranty**

HDMC or Deeley may establish from time to time, by notice to Retailer, certain written warranties to Retailer and/or to Retailer's customers applicable to Harley-Davidson Products. THERE SHALL BE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS for a particular purpose are made or will be deemed to have been made by HDMC or Deeley with respect to the Harley-Davidson Products, except such written express warranties as are in effect at the time Deeley sells any such Products to Retailer as set forth in the pertinent Deeley sales and/or service documents. Deeley neither assumes, nor authorizes any other persons to assume for it any other obligation or liability in connection with the sale of Harley-Davidson Products. Retailer shall make all sales of Harley-Davidson Products in such manner that retail customers shall acquire all rights accorded under HDMC's written express warranties then in effect. Retailer further agrees to explain said warranties to its retail customers prior to the consummation of any sale of Harley-Davidson Products and to advise its customers in writing that any extended warranty program or extended service plan that may be offered by Retailer is not a warranty of either HDMC or Deeley. Retailer shall also deliver a copy of the customer warranty to its customer at the time of delivery of any Harley-Davidson Products covered by such customer warranty. Retailer shall also register with Deeley all Harley-Davidson motorcycles and any other Harley-Davidson Products sold by Retailer for purposes of establishing warranty protection, providing essential information in the event of a recall of Harley-Davidson Products, and/or providing Deeley with useful market information all in accordance with Deeley's written procedures from time to time.

3. **Pre-Delivery Obligations**

Retailer agrees to uncrate, set up, inspect and test each Harley-Davidson motorcycle received by Retailer in accordance with Deeley's and HDMC's instructions. Retailer agrees to make all necessary repairs and to make certain that each motorcycle is in satisfactory and safe operating condition prior to use or delivery to Retailer's customer or demonstration to a potential Retailer's customer.

4. **Service School**

Retailer and Deeley agree that training of all Retailer employees is critical to providing retail customers a satisfactory sales and service experience and to the success of Retailer and Deeley in conducting business under this Agreement. Therefore, Retailer shall have the right and obligation to send those of its employees as may be eligible to service schools authorized by Deeley or HDMC on terms and under the rules and regulations from time to time established by Deeley.

5. **Design Changes**

Deeley reserves the right to require Retailer to make changes in design or add improvements on any Harley-Davidson Products as may be required by HDMC without incurring any obligations to install them on such Products previously purchased by Retailer.

6. **Claims**

Retailer shall submit claims to Deeley, in such form as may be required by Deeley, for compensation for labour and parts used by Retailer in performing its warranty, recall, and pre-delivery obligations for retail customers under this Agreement. Retailer agrees to furnish Deeley with full information as to its labour rates and related information respecting service matters in such form and at such intervals as may be reasonably requested by Deeley. Retailer shall maintain adequate records and documents supporting each such warranty, recall and pre-delivery claim or any other claims Retailer may make to Deeley pursuant to any advertising promotion or other program of Deeley. In addition to any other rights or remedies Deeley may have under this Agreement or at law, Deeley may charge back to Retailer all payments or credits made by Deeley to Retailer with respect to any warranty, recall, pre-delivery or any other claims whatsoever which were improperly claimed or paid.

Warranty reimbursement rates will be set forth from time to time as specified by Deeley.

7. **Product Modifications**

Deeley recognizes Retailer is an independent business and may sell motorcycle products which are not Harley-Davidson Products. To avoid disparagement of any Harley-Davidson Properties or Harley-Davidson Products and to avoid misleading its customers, Retailer shall, if it sells for installation or installs on any Harley-Davidson motorcycle any item of equipment or parts or accessories that are not Harley-Davidson Products, disclose to its customer, in writing, that such

item of equipment or parts or accessories has not been sold by and manufactured by or for Deeley and that neither Deeley nor HDMC assumes any responsibility therefor. Failure of non-HDMC products or unauthorized modifications to Harley-Davidson Products (including but not limited to, the use of parts or accessories for any application not specified by Deeley) or accidents arising therefrom and the entire consequences thereof, are not the responsibility of Deeley, and Retailer agrees to indemnify, defend and hold harmless Deeley, HDMC and their affiliates against any and all claims, demands, suits, causes of action, damages and expenses (including legal fees on a solicitor and own client basis) whatsoever arising directly or indirectly from Retailer's unauthorized modifications to Harley-Davidson Products or use of non-HDMC products.

G. OTHER RESPONSIBILITIES

1. Financial Reporting

Retailer shall furnish Deeley within four (4) months after the close of each fiscal year of Retailer, or at other intervals set by Deeley, a complete and accurate financial report of its business operation signed by an accredited independent accountant on such forms as may be provided by, or be acceptable to, Deeley. Retailer's financial report shall consist of a balance sheet and a profit and loss statement, and all financial reports shall be in such form as may be reasonably required by Deeley (which will include preparation and presentation in accordance with generally accepted accounting principles in Canada). Retailer shall furnish to Deeley on an ongoing basis as requested by Deeley all information required to enable Deeley to determine whether Retailer has maintained the Required Minimum Score(s). Retailer also agrees to provide all other information as may be reasonably requested by Deeley from time to time. Deeley shall regard all of the information furnished by Retailer under this paragraph as confidential between Retailer, Deeley, and any affiliate of Deeley. Retailer consents to the disclosure of any such information by Deeley to any affiliates of Deeley.

2. Inventory Reports

Retailer shall furnish Deeley with an inventory report in the form determined by Deeley on all new and used Harley-Davidson Products in Retailer's inventory bi-weekly or at other time intervals set by Deeley. Retailer recognizes that this report is of prime importance as it assists Deeley in evaluating current sales and market trends and in determining production and advertising schedules.

3. **Non-Export Agreement**

Retailer shall require that any purchaser of Harley-Davidson motorcycles enter into a Non-Export Agreement with the Retailer, unless said purchaser is personally known to Retailer as a legitimate retail customer purchasing Harley-Davidson motorcycles for personal use in Canada, in a form substantially the same as that attached hereto as Schedule "C". Retailer agrees to provide copies of all non-export agreements entered into by Retailer as may be reasonably requested by Deeley from time to time.

4. **Compliance with Laws**

Retailer shall, at all times, operate and conduct its business in full compliance with all federal, provincial, city or municipal statutes, laws, rules, regulations and ordinances. Retailer shall comply with all requests by Deeley made to implement provisions of federal, provincial and local motor vehicle safety acts and rules, regulations and standards relating to motor vehicle safety, including the forwarding of customer vehicle registration cards to Deeley immediately upon completion of vehicle sale and immediate completion of any Deeley recommended modifications on Products sold by, or delivered or consigned to, Retailer.

5. **Insurance**

Retailer shall, at its own expense, insure all Harley-Davidson Products from the moment that title in such Products is transferred to Retailer until such time as the Products arrive at Retailer's place of business against loss or damage by fire and all other perils for the full value thereof, and further, shall at its own expense, maintain comprehensive general liability insurance against claims for personal injury, death or property damage arising out of the shipment of the Products, such insurance to afford protection to such limits as are from time to time customarily insured against in the shipment of goods similar to the Products. Retailer shall, at its own expense, keep its place of business and any off-site storage facility and all Harley-Davidson Products and all other property located there insured against loss or damage by fire and all other perils for the full value thereof, and further, shall at its own expense, maintain comprehensive general liability insurance against claims for personal injury, death or property damage occurring on, in or about its place of business and any off-site storage facility, arising out of or resulting from the possession, occupation, use and control of said place of business and any off-site storage facility by Retailer, such insurance to afford protection to such limits as are from time to time customarily insured against in the case of similar premises. Retailer shall provide certificates of insurance to Deeley which certificates shall list Deeley, or such other party as Deeley may direct, as a loss payee, additional insured and assignee under all policies referred to above together

with the covenant of the insurers to provide to Deeley, or such other party as Deeley may direct, with at least thirty (30) days' notice prior to any material change or cancellation of any such insurance.

6. **Data Transmission Systems**

Retailer agrees to maintain and utilize a computer system that meets the Retailer's internal business needs and permits direct communication between Retailer and Deeley. Deeley may establish from time to time reasonable standards and policies as it believes are necessary or advisable with respect to such system. Deeley will not be liable for any interruptions or loss of data due to any cause whatsoever to said computer system, notwithstanding anything herein to the contrary.

7. **Year 2000 Compliant**

Retailer represents, warrants and covenants that its internal computer software, hardware, data, systems, facilities, supplies, products or other materials used in Retailer's business ("Systems") and the Systems of Retailer's suppliers and contractors which Retailer uses in Retailer's business (other than Deeley), are and shall be at all times Year 2000 Compliant. "**Year 2000 Compliant**" means, with respect to any hardware, firmware, software, data, files or other item, that the item will operate and interface (both internally and externally) without error, interruption, inconsistency, malfunction or inaccuracy with respect to time, dates, years, centuries or leap years, including without limitation correctly and unambiguously using, recognizing, calculating, comparing, manipulating, managing, inputting, outputting, transferring, communicating, storing, retrieving, sorting, sequencing, displaying, referencing and indicating time, dates, years, centuries (including without limitation single century and multi-century formulas) and leap years, prior to, during and beyond year 2000.

8. **Confidentiality**

Retailer shall strictly maintain the confidentiality of all non-public information and documents provided to it by or on behalf of Deeley or HDMC, or to which it has access through Deeley or HDMC, including information and documents in any form or format now or hereafter without limitation developed regarding product development, new products, production and delivery schedules, pricing, marketing plans, methods of accessing internal information (electronically or otherwise) and other proprietary matters. Retailer shall not disclose any such information or documents to any other person, including competitors or customers.

9. Security Documents

Retailer acknowledges and agrees that (i) any document or instrument evidencing a security interest, charge, hypothec or other lien given by Retailer to Deeley (collectively, the "Security") secures payment and performance of all Obligations (as defined therein), including without limitation, all debts, liabilities and obligations of Retailer to Deeley under this Agreement, and (ii) the term "Dealer Agreement" when used in the Security shall mean the Dealer Agreement (as defined therein) and this Agreement. Retailer further agrees, from time to time at the request of Deeley, Retailer shall grant to Deeley for and on account of all present and future indebtedness of Retailer to Deeley, a security interest, charge, hypothec or other lien, in and to all such properties and assets of Retailer as Deeley shall determine. The nature of the terms and conditions incident to such security interest, charge, hypothec or other lien and the documents and instruments reflecting it shall be in the sole and absolute discretion of Deeley. In the event that Retailer is a corporation or partnership, Deeley may at the time of making of this Agreement or otherwise require the personal guarantee of Principal (or, if there is more than one Principal, any or all of them), and the terms and conditions of the guarantee or guarantees shall be in the sole and absolute discretion of Deeley.

H. CHANGES IN RETAILER OWNERSHIP

- (i) Retailer shall give Deeley prior written notice and complete explanation of (a) any proposed transfer of the principal assets of Retailer that are required for the conduct of its business, and (b) any proposed change, however accomplished, in the direct or indirect ownership or operating management of Retailer;
- (ii) No transfer or change of (a) a majority of Retailer's assets or ownership shall be effective against Deeley unless and until Deeley gives its prior written consent (which consent may be given or withheld in Deeley's sole and absolute discretion), and the change is set forth in a new retailer agreement or a written amendment to this Agreement duly executed by Retailer and Deeley, or (b) a minority of Retailer's ownership shall be effective against Deeley unless and until the transferee shall have assumed all of the obligations of the transferor under any guarantee delivered by the transferor to Deeley or, at the request of Deeley, executed and delivered a new guarantee in form and substance satisfactory to Deeley;
- (iii) Deeley will not approve a proposed change, execute an amendment to this Agreement or enter into a new retailer agreement unless Retailer makes

arrangements acceptable to Deeley to satisfy any indebtedness owing to Deeley or Finance Company;

- (iv) Retailer shall give Deeley immediate notice of the departure, death or incapacity of Retailer Manager, Retailer, or any Principal;
- (v) Retailer shall not, directly or indirectly, in whole or in part, own and/or operate any Harley-Davidson retail store in excess of the number permitted by Deeley's policy on multiple ownership;
- (vi) No corporation offering its shares to the public, may, directly or indirectly, in whole or in part, own and/or operate any Harley-Davidson retail store;
- (vii) Subject to the next sentence, when Retailer submits to Deeley a proposal pursuant to paragraph H(i) to sell or otherwise transfer a majority of Retailer's assets or ownership, Deeley has a right of first refusal enabling Deeley to assume the buyer's rights and obligations under any such proposal and/or buy/sell agreement, to purchase the Retailer assets, stock or other form of ownership interest(s), including any leasehold interest or realty, and to cancel this Agreement and all rights granted to Retailer. Where any of the shareholders or partners of Retailer identified in Section A(iii) have a right of first refusal over the shares or partnership interest of Retailer pursuant to a unanimous shareholder agreement or partnership agreement, as the case may be, such shareholder(s) or partner(s) shall be entitled to exercise such right prior to Deeley exercising its rights under this paragraph H(vii); provided that any transfer of shares or partnership interests resulting from the exercise of a right of first refusal remains subject to Deeley's consent in accordance with paragraph H(ii). Deeley may exercise its rights under this paragraph H(vii) within thirty (30) days after Deeley's receipt of all data and documentation required by it to evaluate the proposed sale, transfer, or other change in ownership, which Retailer agrees promptly to provide, including but not limited to information reflecting other agreements or understandings between the parties to the proposal and/or buy/sell agreement. Deeley's rights under this Section H may be assigned by it to any third party and Deeley hereby guarantees the full payment to Retailer and/or any Principal of the purchase price by such assignee.

Notwithstanding the foregoing, if the proposed successor owner is the spouse or an adult child of any Principal, Deeley agrees to waive its personal qualification standard (except as to any matter referred to in subparagraph I.1(viii)).

I. TERMINATION OF AGREEMENT

1. Default

This Agreement may be terminated prior to its expiration:

- (i) by either party upon the institution of voluntary bankruptcy proceedings by or against the other party, or if the other party shall make an assignment for the benefit of creditors, have a receiver-manager appointed, become insolvent, or otherwise suffer a substantial impairment of its financial reputation and standing;
- (ii) by Deeley, if Retailer shall fail after reasonable written notice of default to perform its financial obligations to Deeley, Finance Company, or a subsidiary or associate of Deeley or Finance Company;
- (iii) by either party, if Deeley or Retailer requires a license or permit to perform any material responsibility under this Agreement in any jurisdiction where this Agreement is to be performed and if either party fails to secure and maintain such license or permit, or if such license or permit is suspended or revoked, irrespective of the cause or reason;
- (iv) by Deeley, if Retailer, after reasonable written notice, fails to have on order or in stock the number and assortment of Harley-Davidson Products referred to in paragraph C.2 and C.3;
- (v) by Deeley, for any failure by Retailer to comply with Section H of this Agreement;
- (vi) by Deeley, if Retailer submits to it any false or fraudulent application, claim report or record;
- (vii) by Deeley, if Retailer, after reasonable notice, breaches any term or condition or provision of this Agreement or fails to fulfill any of its obligations under this Agreement, the License Agreement, or any security agreement delivered pursuant to this Agreement;
- (viii) by Deeley, if Retailer, Retailer Manager or any Principal engages in any conduct which Deeley, acting reasonably, concludes is prejudicial to the marketing and sale of Harley-Davidson Products; for greater certainty, such prejudicial conduct includes, but is not limited to, the conviction of Retailer, Retailer Manager, or any Principal of an offense under the Criminal Code of Canada;

- (ix) by Deeley, if Retailer fails, in the reasonable opinion of Deeley, to participate in any of the corporate programs;
- (x) by Deeley, if the distributorship agreement between Deeley and HDMC, pursuant to which Deeley has the exclusive right to purchase from HDMC for resale in Canada, the Harley-Davidson Products, expires or for any reason whatsoever terminates without being renewed;
- (xi) by Deeley, effective ninety (90) days after the departure (for any reason whatsoever), death or incapacity of Retailer Manager (or, if more than one, any one or more of them), unless Retailer locates another Retailer Manager acceptable to Deeley within such 90 day period;
- (xii) by Deeley, on the death or incapacity of Retailer, if Retailer is an individual; or
- (xiii) by Deeley, on sixty (60) days written notice to Retailer, if any dispute, disagreement or controversy among any of the managers, officers, directors or Principal of Retailer, in the reasonable opinion of Deeley, adversely affects the ownership, operation, management, reputation, business, goodwill or interests of Retailer or Deeley, or to impair the goodwill associated with the Harley-Davidson Properties.

2. Consequences of Termination of Agreement

On termination or expiry of this Agreement, if a new agreement is not entered into by mutual agreement of the parties:

- (i) an automatic termination of the License Agreement and any other addendum attached to this Agreement shall be effected;
- (ii) Retailer shall pay forthwith to Deeley or Finance Company, as appropriate, all sums due for Harley-Davidson Products purchased or services rendered;
- (iii) Retailer will immediately discontinue use of and remove from its premises and vehicles (other than Harley-Davidson Products) any of the Harley-Davidson Properties, words, insignia or combinations thereof including any signs, labels, stationery, advertising and reading material which, in the opinion of HDMC or Deeley, is an improper use or reflects adversely on the reputation or brand image of Harley-Davidson Products or HDMC, HDMC or Deeley, or any of their affiliates. Retailer shall comply with this provision within thirty (30) days from the date of termination of this

Agreement. If Retailer shall refuse or neglect to comply with this provision, Retailer shall reimburse Deeley for all costs, fees and other expenses incurred by Deeley in connection with legal or any other action taken by Deeley to require Retailer to comply (including legal fees on a solicitor and own client basis);

- (iv) all unfilled orders for Harley-Davidson Products previously accepted by Deeley shall be canceled and Deeley shall remit to Retailer any net balance due to Retailer; and
- (v) Deeley shall not be obligated to repurchase from Retailer any Harley-Davidson Products in Retailer's inventory at the date of termination of this Agreement.

J. MISCELLANEOUS

1. No Agency

Retailer is an independent contractor and is not an agent or employee of Deeley, and Retailer shall **not**:

- (i) make any representation to others in which the relationship of principal-agent, or employer-employee may be presumed; or
- (ii) attempt to assume or create any obligations on behalf of Deeley.

For greater certainty, Retailer has no authority either to bind Deeley to any obligation or to represent Deeley in any circumstance, and Retailer agrees not to so bind or represent Deeley. Retailer shall at all times indemnify and hold and save harmless Deeley, HDMC and their affiliates and the officers, directors, agents and employees of the foregoing, from and against any and all suits, claims (including but not limited to claims for personal injury and property damage), damages, charges and expenses (including legal fees on a solicitor and own client basis) which may arise directly or indirectly out of the acts or omissions of Retailer, and its agents, representatives or employees or the granting or cancellation of Retailer's right to sell Harley-Davidson Products.

2. Good Faith

Retailer acknowledges that each of its obligations under this Agreement is reasonable, proper and fundamental for the purpose of this Agreement and that its failure to fulfill any of them shall constitute a material breach of this Agreement. Retailer acknowledges that any such failure, occurrence or event of default

constitutes a reasonable, fair, good, due and just cause and provocation for termination or non-renewal of this Agreement by Deeley. Retailer further acknowledges and agrees that any written communication from Deeley to Retailer respecting Retailer's alleged failure to fulfill any of its responsibilities under this Agreement shall not be considered to constitute or be evidence of coercion or intimidation, or threat thereof, or to be unreasonable, unfair, or to be not in good faith.

3. No Waiver

The failure of either party to enforce at any time any of the provisions of this Agreement or to exercise an option which is herein provided or to require at any time performance by the other party of any of the provisions hereof shall neither be construed to be a waiver of such provision nor affect in any way the validity of this Agreement or the right of the party to thereafter enforce each and every such provision.

4. Entire Agreement

This Agreement, including the schedules and the addendums, represents the entire agreement between the parties, superseding all prior agreements between the parties, and provided that any Security and any guarantee given of the obligations of Retailer continue to exist and remain in full force and effect. In consideration of the execution of this Agreement and such sales of Harley-Davidson Products as Deeley may make to Retailer, the parties waive, abandon, and relinquish any claims of any kind and nature whatsoever arising from, or in connection with, any such prior agreements other than the Security, provided however, that nothing herein contained shall be deemed a waiver of any claim arising out of a prior written settlement between the parties or prior sale of Products or services by Deeley or Retailer. This Agreement and any modification, amendment or change thereto shall not be valid or binding against Deeley unless signed by the Chief Executive Officer, or the Chief Operating Officer of Deeley.

5. Governing Law and Severability

This Agreement is to be governed by and construed according to the laws of the Province of Ontario. If any provision of this Agreement should be held invalid or unenforceable for any reason whatsoever or to violate any applicable law, such provision shall be deemed deleted from this Agreement, and the remainder of this Agreement shall be valid and enforceable without such provision.

6. Assignability

Deeley may assign any of its rights and duties hereunder, either in whole or in part, without the notice to or the consent of Retailer.

7. Notices

Any notice required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or registered mail, or (iii) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below, which addresses may be changed by reasonable notice given in accordance with this paragraph J.7:

To Deeley: Fred Deeley Imports Ltd.
13500 Verdun Place
Richmond, B.C.
V6V 1V4

Facsimile: (604) 273-2029

or

830 Edgeley Blvd.
Concord, Ontario
L4K 4X1

Facsimile: (905) 660-3372

To Retailer:

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is any day except Saturday, Sunday or any day on which banks are generally not open for business in Ontario, British Columbia or the province in which the Retailer Location is located ("**Business Day**") and the communication is so delivered, faxed or sent prior to 4:30 p.m. Eastern Standard Time on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

8. Time of Essence

Time shall be of the essence of this Agreement.

9. Language

The parties have required that this Agreement and all documents and notices relating to this Agreement be written in the English language. Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.

10. Headings

Paragraph headings and other headings are for convenience and do not constitute a part of this Agreement.

EXECUTED AS OF THE 14 DAY OF June, 1987.

If Retailer is a corporation or partnership:

Retailer: ROBINSON MOTORCYCLES LIMITED c/s

By: *Jim Robinson*
I have the authority to bind the corporation/partnership

Title: PRESIDENT.

If Retailer is an individual:

Retailer: _____

Witness: _____

Print name: _____

Print name: _____

FRED DEELEY IMPORTS LTD.

By: *Malcolm H. Hunter*
Malcolm H. Hunter

Title: Chief Operating Officer

SCHEDULE A

[Required Minimum Score(s)]

The Trev Deeley Award criteria shall be the vehicle used to evaluate retailer performance and said criteria may be modified from time to time at the sole and absolute discretion of Fred Deeley Imports Ltd.

The minimum acceptable level of performance shall be an overall score of 65% based upon the following categories:

- Motorcycle Sales/Facilities
- Service Department
- Parts and Accessories Department
- Financial Responsibility
- Marketing/Customer satisfaction

SCHEDULE B

[Assortment of new current model
Harley-Davidson motorcycles]

<u>MARKET SIZE</u>	<u>UNIT ALLOCATION</u>	<u>MINIMUM QUANTITY</u>
RURAL	40 & under	4
SUBURBAN	41 to 74	8
METRO	75 to 149	14
MAJOR METRO	150 & over	20

SCHEDULE C

[Non-export Agreement]

To: ROBINSON MOTORCYCLES LIMITED,
a corporation doing business as Robinson Motorcycles
“Retailer”

Re: Non-export of Harley-Davidson Motorcycle

WHEREAS the undersigned customer has agreed to purchase from the Retailer the following motorcycle (the “Vehicle”):

Vehicle Identification number: _____ Year: _____

Make: _____ Model: _____

for use in Canada and not for export.

IN CONSIDERATION of the sale of the Vehicle to the undersigned customer and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the undersigned customer:

1. Warrants that the Vehicle is for use in Canada and not for export;
2. Will not within one year of the delivery of the Vehicle unless otherwise agreed in writing, either directly or indirectly:
 - (a) export the Vehicle from Canada;
 - (b) permit the Vehicle to be exported from Canada; or
 - (c) enter into or acquiesce in any agreement whereby the Vehicle is leased or sold for use outside of Canada;
3. Agrees to indemnify and save harmless Retailer of and from any loss arising out of, under or pursuant to any inaccuracy of the warranty in paragraph 1 or any breach of the obligations in paragraph 2 and, without limiting the foregoing, agrees to indemnify Retailer for any claims, demands, costs or expenses which it may incur or become responsible for, arising out of the export of the Vehicle from Canada. Without limiting the generality of the foregoing, the undersigned agrees to indemnify Retailer for any debits or charges against the Retailer made

SCHEDULE C (cont'd)

by Fred Deeley Imports Ltd. (the “**Distributor**”) with respect to any monies credited to, set aside for, the Retailer for floor plans or booking orders, or paid on behalf of the Retailer by the Distributor in respect of co-operative advertising or any other corporate program made available by the Distributor in respect of any Harley-Davidson motorcycles, parts and accessories, MotorClothes, and other related products, where such debit or charge was made or imposed by the Distributor as a result of a breach by the undersigned of any provision of this Agreement.

Dated at _____ this _____ day of _____
(Year)

Witness

Name (Please print) & Signature

Witness

Name (Please print) & Signature

ADDENDUM #1 TO RETAILER AGREEMENT

LICENSE AGREEMENT

EFFECTIVE AS OF THE 14 DAY OF June, 1999.

BETWEEN:

FRED DEELEY IMPORTS LTD.,
a corporation incorporated under the laws of British Columbia
("Deeley"),

and

ROBINSON MOTORCYCLES LIMITED,
a corporation doing business as Robinson Motorcycles
("Retailer").

WHEREAS, H-D Michigan, Inc., a corporation organized and existing under the laws of the state of Michigan, United States of America, located at 315 West Huron Street, Suite 400, Ann Arbor, Michigan, 48103 U.S.A. (hereinafter "HDMI") is the owner of the trademarks, trade names and service marks listed in "Exhibit A" hereof (hereinafter called the "Harley-Davidson Properties"); and

WHEREAS, HDMI has granted Harley-Davidson Motor Company, a corporation organized and existing under the laws of the state of Wisconsin, United States of America, located at 3700 West Juneau Avenue, Milwaukee, Wisconsin 53208 U.S.A. (hereinafter "HDMC"), the exclusive right to use and sub-license (upon consent of HDMI) the use of the Harley-Davidson Properties; and

WHEREAS, HDMC has granted Deeley, a sub-license to use and further sub-license (upon consent of HDMI) the Harley-Davidson Properties in Canada in association with the provision of various wares and services; and

WHEREAS Retailer, has entered into a Retailer Agreement with Deeley pursuant to which Retailer may operate a retail store at the location(s) designated and approved under the Retailer Agreement that would utilize and display the Harley-Davidson Properties as part of its business operations, interior or exterior store signage, advertising and promotional materials, trading style and/or trade name for a retail store to sell motorcycles, motorcycle parts and accessories, clothing and collectibles, and to provide motorcycle repair, maintenance and club membership services.

NOW THEREFORE, IN CONSIDERATION of the sum of \$1.00, and the mutual covenants and promises set out below, the receipt and sufficiency of which is hereby acknowledged by each party to the other, Deeley and Retailer hereby agree as follows:

1. Deeley, acting on behalf of, and with the consent of HDMI as the owner of the Harley-Davidson Properties, hereby grants to Retailer the non-exclusive right to use the Harley-Davidson Properties, as set out in the attached "Exhibit A", or any other trademarks or service marks subsequently agreed to in writing by Deeley in association with the performance of retail store services of selling HDMC motorcycles, parts and accessories therefor, MotorClothes, collectibles and other related products (hereinafter "**Harley-Davidson Products**"), and providing repair and maintenance services relating to HDMC motorcycles, and motorcycle club membership services for owners of HDMC motorcycles. All images, graphics, trademarks, trade dress, logos, artwork, slogans, text, domain names, and other works of authorship created by or on behalf of Retailer for use in connection with Retailer's authorized retail store shall belong exclusively to HDMI, and Retailer hereby assigns all right, title, and interest in and to said works to HDMI. Retailer agrees that it will limit its use of the Harley-Davidson Properties in accordance with this grant, and will not use the Harley-Davidson Properties on or in association with any wares whatsoever or any other services.
2. Deeley, acting on behalf of, and with the consent of HDMI as the owner of the Harley-Davidson Properties, further grants to Retailer the non-exclusive right to use only the trade names Harley, Harley-Davidson, H-D and HD, as separately listed in "Exhibit A", as part of its unregistered trade name or trading style, if necessary. Retailer acknowledges that it does not have the right to use, incorporate or register any of the trademarks, service marks or trade names listed in "Exhibit A" in its registered trade name, trading style or corporate name.
3. The right to use the Harley-Davidson Properties pursuant to this License Agreement extends only to the Retailer's Territory as set forth in paragraph B.2. of the underlying Retailer Agreement. Retailer agrees that it will not use the Harley-Davidson Properties for any purpose outside the scope of this Territory.
4. The term of this agreement shall coincide with the term as set forth in paragraph B.1. of the underlying Retailer Agreement.
5. Retailer acknowledges that the authenticity and quality of Harley-Davidson Products is important to the consumer, and therefore, agrees not to purchase or sell or offer for sale any products bearing the Harley-Davidson Properties or any trademark, trade-dress of goods, or copyright of HDMI from any source other than Deeley or sources expressly approved by Deeley. In addition, Retailer shall not create or have created on its behalf any products to be sold at Retailer's

authorized HDMC retail store or elsewhere utilizing the Harley-Davidson Properties, Retailer's trade name or any of the other trademarks or any variations or stylized representations thereof. Retailer shall not engage in any conduct or take part in any activity which, with reference to the Harley-Davidson Properties, might tend to impair the validity or enforceability of any of the Harley-Davidson Properties or which might tend to disparage the Harley-Davidson Properties or Deeley or HDMC or which might be considered unfair competition or an infringement or other violation of HDMC's rights; or which would be likely to cause any confusion, mistake or deception as to whether any third party is an authorized Harley-Davidson Retailer or is otherwise sponsored or affiliated with Deeley or HDMC if that party is not or whether any third party's products are licensed, sponsored or approved by or originate with Deeley or HDMC if they are or do not. Retailer shall not have any rights against Deeley or HDMC for damages or any other remedy by reason of Deeley's or HDMC's alleged failure to prosecute any alleged infringements or imitations by others of the Harley-Davidson Properties.

6. Retailer agrees that it will only display the Harley-Davidson Properties under such guidelines and directions, including the use of any relevant trademark or copyright notices, as may be requested of Retailer from time to time by Deeley. In the event Deeley gives Retailer any guidelines or directions regarding the use, advertising or display of the Harley-Davidson Properties, or regarding the character or quality of the services provided under the Harley-Davidson Properties, Retailer agrees that it will follow such guidelines and directions promptly. Retailer specifically agrees that it will, on all advertising and printed materials, including letterhead, use a notice as specified by Deeley or HDMC identifying Retailer as a licensee of the Harley-Davidson Properties.
7. Upon request, Retailer shall submit to Deeley, HDMC and/or HDMC representative samples of all advertising and promotional materials which bear the Harley-Davidson Properties as created by or for Retailer.
8. Deeley, HDMC, HDMC and/or their authorized representatives shall have the right of access to the premises of Retailer to inspect the Retailer's premises to confirm that the Harley-Davidson Properties are being used properly, and to evaluate the character and quality of the services provided under those Properties to ensure that they conform with the approved standards as set forth from time to time by Deeley, HDMC or HDMC.
9. Retailer acknowledges that the Harley-Davidson Properties and the goodwill relating thereto are the sole and exclusive property of HDMC, and agrees that it will not, at any time, during or after the termination of this agreement, do or refrain from doing any act to contest, directly or indirectly, the validity or ownership of the Harley-Davidson Properties, or to dilute the value of the

goodwill attaching to such Properties. Retailer shall not in any manner represent that it has any ownership rights in the Harley-Davidson Properties, or any other trademark, trade name, service mark, copyright or dress of goods of HDMI.

10. In the event that any infringement of the Harley-Davidson Properties shall come to the attention of Retailer, Retailer agrees to promptly notify Deeley of the infringement in writing. Retailer also agrees to fully cooperate and assist Deeley, HDMC or HDMI in connection with any matter pertaining to the protection, registration, licensing, or enforcement of rights in the Harley-Davidson Properties, or any intellectual property right, whether in the Courts, administrative agencies, or otherwise, and to make available to Deeley, HDMC, HDMI or their representatives all of Retailer's records, files and other information pertaining to goods sold or services rendered under the Harley-Davidson Properties, including the furnishing of relevant evidence, documentation and testimony available to Retailer. Retailer shall have no right to commence action against third parties for infringement of any of the Harley-Davidson Properties, for passing off, or for any other action pertaining to the Properties, without the prior written consent of Deeley and HDMI.
11. Retailer shall have no right to assign or sub-license any of its rights under this agreement. Any such attempt to assign or sub-license these rights shall be grounds for immediate termination of this License Agreement.
12. This License Agreement may be terminated prior to its expiration in accordance with the provisions of paragraph I.1 of the underlying Retailer Agreement. Deeley or HDMI may each independently exercise the right to terminate this License Agreement in the same circumstances Deeley would be allowed to terminate the underlying Retailer Agreement, and this is regardless of Deeley's actual exercise of that right. Retailer acknowledges that Deeley, without the consent of Retailer, may amend or modify the terms and conditions of this License Agreement or offer Retailer a new license agreement.
13. In the event of a breach of any of the terms of this License Agreement, Deeley may notify Retailer, and Retailer shall have one month from such notice within which to remedy such breach to the satisfaction of Deeley and HDMI. In the event that Retailer fails to remedy such breach to the satisfaction of Deeley and HDMI, or makes persistent breaches of the terms of this agreement, Deeley or HDMI may terminate this License Agreement forthwith.
14. Upon expiration or termination of this License Agreement, Retailer agrees that it will immediately cease all use, advertising and display of the Harley-Davidson Properties, or any similar designations, or any other trademark, service mark, trade name, dress of goods or copyright of HDMI or Deeley, whether as a

trademark, service mark, trade name or otherwise, and for greater certainty agrees that it will:

- a) cease all use of the Harley-Davidson Properties on all signage;
- b) cease all use of the Harley-Davidson Properties on all printed material, and deliver up or destroy under oath all printed material of any type whatsoever bearing the Harley-Davidson Properties;
- c) cancel any registration or record of any corporate name, business name, or trading style required by law that includes any of the Harley-Davidson Properties; and
- d) at the election of Deeley or HDMI, cancel any telephone listings, electronic mail addresses and domain names that include any of the Harley-Davidson Properties or, if possible, transfer them to Deeley or to a person nominated by Deeley.

Retailer shall comply with this provision no later than thirty (30) days from the date of termination or expiration of this License Agreement. Furthermore, should Retailer not perform all of the obligations set forth in this provision, Retailer hereby grants Deeley, HDMI and their representatives the Power of Attorney to take all steps necessary to fully perform each and every obligation set forth in this provision.

15. Following expiration or termination of this License Agreement, Retailer shall have no right to use, as a trademark, service mark, electronic mail address, domain name, trade name, corporate name or otherwise, any word, design, or combination thereof, which is, in whole or in part, similar to any of the Harley-Davidson Properties, or any other trademark, service mark, trade name, corporate name, dress of goods or copyright of HDMI, HDMC, or Deeley.
16. Retailer recognizes and agrees that the above provisions regarding expiration and termination are reasonable and necessary to protect the value, integrity, reputation, and brand image of HDMC, HDMI and the Harley-Davidson Properties, and agrees that Deeley and/or HDMI (as owner of the Harley-Davidson Properties) may enforce such provisions by injunction, including interlocutory injunction, in any court of competent jurisdiction.
17. It is agreed that clauses 9, 10, 11, 14, 15, 16 and 20 shall survive termination of this agreement.

18. Any notice required or permitted by this License Agreement, or given in connection therewith, shall be in writing and may be given by prepaid registered mail or by fax in accordance with the provisions of paragraph J.7 of the Retailer Agreement to the addresses set out below:

Fred Deeley Imports, Ltd. 830 Edgeley Blvd. Concord, Ontario L4K 4X1 Canada	or	Fred Deeley Imports, Ltd. 13500 Verdun Place Vancouver, British Columbia V6V 1V4 Canada
Phone: 905-660-3500 Fax: 905-660-3372		Phone: 604-273-5421 Fax: 604-273-2029

Retailer:

ROBINSON MOTORCYCLES LIMITED
R.R. #1
Wheatley, Ontario
N0P 2P0
Canada

Phone: 519-825-4222
Fax: 519-825-4222

19. This License Agreement is to be governed by and construed according to the laws of the Province of Ontario. If any provision of this License Agreement should be held invalid or unenforceable for any reason whatsoever or to violate any applicable law, such provision shall be deemed deleted from this License Agreement, and the remainder of this License Agreement shall be valid and enforceable without such provision.
20. This agreement shall be binding upon and shall enure the benefit of the parties hereto, and any successors and assigns of Deeley.

IN WITNESS WHEREOF the parties hereto have executed this License Agreement as of the 14 day of June, 1999.

If Retailer is a corporation or partnership:

Retailer: ROBINSON MOTORCYCLES LIMITED c/s

By: Jim Robinson
I have the authority to bind the corporation/partnership

Title: PRESIDENT

If Retailer is an individual:

Retailer: _____

Witness: _____

Print name: _____

Print name: _____

FRED DEELEY IMPORTS LTD.

By: Malcolm H. Hunter
Malcolm H. Hunter

Title: Chief Operating Officer

EXHIBIT A

Trade Marks

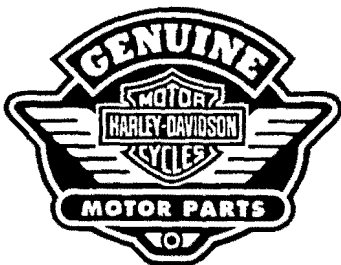
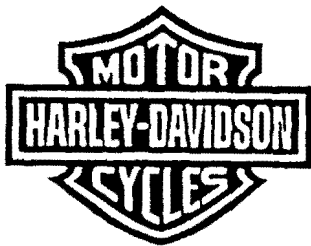
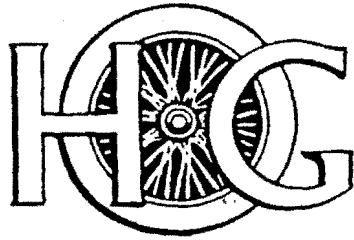
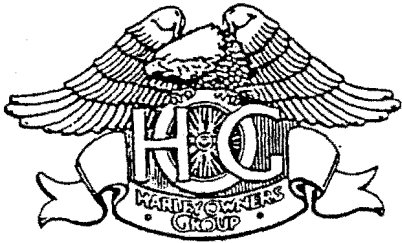


EXHIBIT A (CONT.)

Trade Names

HARLEY-DAVIDSON	HOG TALES
ALUMINATOR	HUGGER
AN AMERICAN LEGEND	LADIES OF HARLEY
BAD BOY	LEGENDARY
BADLANDER	LEGENDARY HARLEY-DAVIDSON
BIKER BLUES	LOW GLIDE
BUDDY SEAT	LOW RIDER
DIAMOND BACK	LOW-BOY
DISC GLIDE	MOTORCLOTHES
DYNA	POWER BLEND
DYNA GLIDE	PRE-LUXE
EAGLE IRON	RIDE FREE
ELECTRA GLIDE	ROAD KING
ELECTRA GLIDE ROAD KING	ROADSTER
EVOLUTION	SCREAMIN' EAGLE
FAT BOB	SOFTAIL
FAT BOY	SPORT GLIDE
H-D	SPORTSTER
HD-240	SPRINGER
HD	STURGIS
HARLEY	SUPER GLIDE
HARLEY CHROME	THE ENTHUSIAST
HARLEY OWNERS GROUP	THE LEGEND ROLLS ON
HARLEY WOMEN	THINGS ARE DIFFERENT ON A HARLEY
HERITAGE SOFTAIL	TOUR GLIDE
HOG	TOUR-PAK
H.O.G.	ULTRA CLASSIC
WIDE GLIDE	WILLIE G.

GUARANTOR CONFIRMATION

WHEREAS:

- a. The undersigned (the "Guarantor") has guaranteed payment of all debts and liabilities of **ROBINSON MOTORCYCLES LIMITED** ("Retailer") to **FRED DEELEY IMPORTS LTD.** ("Deeley") pursuant to a guarantee made by the Guarantor in favour of Deeley (the "Guarantee");
- b. The Guarantee was made in connection with the entering into by Retailer and Deeley of a dealer agreement (the "**Original Dealer Agreement**") pursuant to which Deeley granted Retailer a non-exclusive right to sell certain Harley-Davidson products at retail; and
- c. Following the expiration of the Original Dealer Agreement, Retailer and Deeley have entered into a new retailer agreement (the "**Retailer Agreement**") pursuant to which Deeley grants Retailer a non-exclusive right to sell certain Harley-Davidson products at retail.

NOW THEREFORE, in consideration of Deeley continuing to deal with or supply merchandise to Retailer, the Guarantor hereby acknowledges and consents to the entering into by Retailer and Deeley of the Retailer Agreement and confirms that its guarantee continues in full force and effect and guarantees the Liabilities (as defined in the Guarantee), including without limitation, all debts and liabilities of Retailer under the Retailer Agreement.

DATED: June 14, 1999

Guarantor: Jim Robinson

Print Name: _____

This following term is paramount to any of the terms in this new "Retailer Agreement" and in the "Guarantee" agreement dated and signed May 10, 1996.;

It is further agreed that upon any default wherein Fred Deeley Imports Ltd. reclaims to Robinson for the product, Deeley may only take product which was their own product. In the case of any outstanding amount of money owing to Deeley by Robinson, Robinson has 30 days from receiving written notice to pay in full the debt owing to Deeley. If Robinson has not paid the debt owing within 30 days, then Deeley may proceed under the original terms of this agreement to recover only the amount of the debt owed by Robinson.

Jim Robinson
Jim Robinson

Malcolm Hunter
Malcolm Hunter

GUARANTOR CONFIRMATION

WHEREAS:

- a. The undersigned (the "**Guarantor**") has guaranteed payment of all debts and liabilities of **ROBINSON MOTORCYCLES LIMITED** ("**Retailer**") to **FRED DEELEY IMPORTS LTD.** ("**Deeley**") pursuant to a guarantee made by the Guarantor in favour of Deeley (the "**Guarantee**");
- b. The Guarantee was made in connection with the entering into by Retailer and Deeley of a dealer agreement (the "**Original Dealer Agreement**") pursuant to which Deeley granted Retailer a non-exclusive right to sell certain Harley-Davidson products at retail; and
- c. Following the expiration of the Original Dealer Agreement, Retailer and Deeley have entered into a new retailer agreement (the "**Retailer Agreement**") pursuant to which Deeley grants Retailer a non-exclusive right to sell certain Harley-Davidson products at retail.

NOW THEREFORE, in consideration of Deeley continuing to deal with or supply merchandise to Retailer, the Guarantor hereby acknowledges and consents to the entering into by Retailer and Deeley of the Retailer Agreement and confirms that its guarantee continues in full force and effect and guarantees the Liabilities (as defined in the Guarantee), including without limitation, all debts and liabilities of Retailer under the Retailer Agreement.

DATED: June 30, 1999

Guarantor: Bev Robinson

Print Name: Bev Robinson

This following term is paramount to any of the terms in this new "Retailer Agreement" and in the Guarantee" agreement dated and signed May 10, 1996.;

It is further agreed that upon any default wherein Fred Deeley Imports Ltd. reclaims to Robinson for the product, Deeley may only take product which was their own product. In the case of any outstanding amount of money owing to Deeley by Robinson, Robinson has 30 days from receiving written notice to pay in full the debt owing to Deeley. If Robinson has not paid the debt owing within 30 days, then Deeley may proceed under the original terms of this agreement to recover only the amount of the debt owed by Robinson.

Bev Robinson
Bev Robinson

Malcolm Hunter
Malcolm Hunter

GUARANTOR CONFIRMATION

WHEREAS:

- a. The undersigned (the "**Guarantor**") has guaranteed payment of all debts and liabilities of **ROBINSON MOTORCYCLES LIMITED** ("**Retailer**") to **FRED DEELEY IMPORTS LTD.** ("**Deeley**") pursuant to a guarantee made by the Guarantor in favour of Deeley (the "**Guarantee**");
- b. The Guarantee was made in connection with the entering into by Retailer and Deeley of a dealer agreement (the "**Original Dealer Agreement**") pursuant to which Deeley granted Retailer a non-exclusive right to sell certain Harley-Davidson products at retail; and
- c. Following the expiration of the Original Dealer Agreement, Retailer and Deeley have entered into a new retailer agreement (the "**Retailer Agreement**") pursuant to which Deeley grants Retailer a non-exclusive right to sell certain Harley-Davidson products at retail.

NOW THEREFORE, in consideration of Deeley continuing to deal with or supply merchandise to Retailer, the Guarantor hereby acknowledges and consents to the entering into by Retailer and Deeley of the Retailer Agreement and confirms that its guarantee continues in full force and effect and guarantees the Liabilities (as defined in the Guarantee), including without limitation, all debts and liabilities of Retailer under the Retailer Agreement.

DATED: June 30, 1999

Guarantor: Kim Van Deven

Print Name: Kim Van Deven

This following term is paramount to any of the terms in this new "Retailer Agreement" and in the Guarantee" agreement dated and signed May 10, 1996.;

It is further agreed that upon any default wherein Fred Deeley Imports Ltd. reclaims to Robinson for the product, Deeley may only take product which was their own product. In the case of any outstanding amount of money owing to Deeley by Robinson, Robinson has 30 days from receiving written notice to pay in full the debt owing to Deeley. If Robinson has not paid the debt owing within 30 days, then Deeley may proceed under the original terms of this agreement to recover only the amount of the debt owed by Robinson.

Kim Van Deven
Kim Van Deven

Malcolm Hunter
Malcolm Hunter

THIS IS **EXHIBIT "E"**
REFERRED TO IN THE AFFIDAVIT
OF **Kim Van Deven**
SWORN BEFORE ME ON
May 21, 2004



A COMMISSIONER, ETC.

Fred Deeley Imports Ltd.

Exclusive Harley-Davidson Distributor/Distributeur Excluzif

July 9, 2001

Robinson Motorcycles
Attn: Bev Robinson
R.R. 1
Wheatley, ON
N0P 2P0

Dear Bev *& Jim*

Retailer Agreement 3 Year Extension!

Your current Retailer Agreement expires July 31, 2001. We are delighted to offer you a three (3) year extension with no changes to the terms.

To accept this extension please *sign all three (3) copies* of the attached "**Retailer Extension Agreement**" where indicated.

Please *return all three (3) copies* to us in the enclosed prepaid courier envelope, *before July 31*, to ensure that your agreement does not lapse.

We will sign and return one copy to you for your records.

A copy of your current Retailer Agreement, labeled as Schedule "A", is enclosed for your reference.

If you have any questions about the extension agreement please contact Buzz, Malcolm, or me.

See you in Hamilton. Good Selling!

FRED DEELEY IMPORTS LTD.

Per:

Rick Hanna

Rick Hanna, CA
Chief Financial Officer



13500 Verdun Place, Richmond, B.C. V6V 1V2
830 Edgeley Blvd., Concord, Ont. L4K 4X1

Telephone (604) 273-5421
Telephone (905) 660-3500

Fax (604) 273-2029
Fax (905) 660-3372

RETAILER EXTENSION AGREEMENT

THIS AGREEMENT made the 31 day of July, 2001

BETWEEN:

FRED DEELEY IMPORTS LTD.

a company incorporated under the laws of
the Province of British Columbia
("Deeley")

- and -

ROBINSON MOTORCYCLES LIMITED

("Retailer")

WHEREAS:

- A. Deeley and Retailer hereto are parties to a Retailer Agreement (the "Retailer Agreement"), dated June 14, 1999 and attached as Schedule "A" hereto.
- B. The term of the Retailer Agreement is scheduled to expire July 31, 2001;
- C. The parties wish to extend the Retailer Agreement for a further period of three (3) years commencing on August 1, 2001 upon the terms and conditions set forth herein.

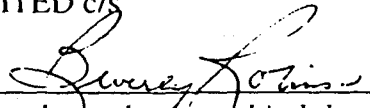
NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants of the parties and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereto agree as follows:

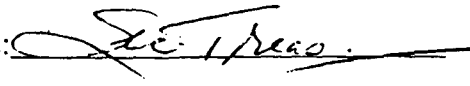
- 1. The Retailer Agreement is hereby extended upon the terms and conditions set out therein for a term commencing on the 1st day of August 2001 and ending on the 31st day of July, 2004.
- 2. The Retailer Agreement shall remain in full force, unamended save for the aforementioned extension of its term.
- 3. This Agreement and the Retailer Agreement together constitute the entire agreement between the parties relating to the subject matter hereof.
- 4. This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

If Retailer is a corporation or partnership:

Retailer: ROBINSON MOTORCYCLES LIMITED c/s

By: 
I have the authority to bind the corporation / partnership

Title: 

If Retailer is an individual:


Retailer: _____
(Please sign)

Print Name: _____

Witness: _____
(Please sign)

Print Name: _____

FRED DEELEY IMPORTS LTD.

By: 
Name: Malcolm H. Hunter
Title: Chief Operating Officer

THIS IS **EXHIBIT "F"**
REFERRED TO IN THE AFFIDAVIT
OF **Kim Van Deven**
SWORN BEFORE ME ON
May 21, 2004



A COMMISSIONER, ETC.

ROBINSON MOTORCYCLE LIMITED

FINANCIAL STATEMENTS

January 31, 2000
(Unaudited - See Notice to Reader)



ENNS DERKSEN

Chartered Accountants

Victor E. Penner, B. Comm., CA
Melchior Pace, B. Comm., CA
David H. Cornies, B.A., CA
Jeff Kelly, B. Comm., CA

NOTICE TO READER

We have compiled the balance sheet of Robinson Motorcycle Limited as at January 31, 2000 and the statements of income and retained earnings and cash flow for the year then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these financial statements may not be appropriate for their purposes.

Enns Derksen

ENNS DERKSEN
July 24, 2000
Leamington, Ontario

ROBINSON MOTORCYCLE LIMITED

BALANCE SHEET

as at January 31, 2000

(Unaudited - See Notice to Reader)

	<u>2000</u>	<u>1999</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 144,720	\$ 436,772
Accounts receivable	4,145	15,499
Income taxes receivable	8,928	7,973
Inventories (Notes 1 and 2)	803,066	622,181
Advances to related companies (Note 4)	<u>131,590</u>	<u>264,091</u>
	<u>1,092,449</u>	<u>1,346,516</u>
CAPITAL ASSETS (Notes 1 and 3)	<u>190,748</u>	<u>153,039</u>
INVESTMENT (Note 5)	<u>96,434</u>	<u>30,000</u>

Approved on behalf of the Board of Directors

_____ Director

_____ Director

\$ 1,379,631 \$ 1,529,555

(Unaudited - See Notice to Reader)

	<u>2000</u>	<u>1999</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 24,145	\$ 123,163
Customer deposits	89,675	35,150
Advances from shareholders (Note 6)	<u>186,196</u>	<u>335,036</u>
	<u>300,016</u>	<u>493,349</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL		
Authorized		
880 6% Class A, non-voting, non-cumulative, redeemable preference shares		
2,000 Class B, voting, non-redeemable preference shares		
1,000 common shares		
Issued		
2,000 Class B preference shares	2,000	2,000
901 common shares	<u>8,983</u>	<u>8,983</u>
	10,983	10,983
RETAINED EARNINGS	<u>1,068,632</u>	<u>1,025,223</u>
	<u>1,079,615</u>	<u>1,036,206</u>
	<u>\$ 1,379,631</u>	<u>\$ 1,529,555</u>

ROBINSON MOTORCYCLE LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS**

for the year ended January 31, 2000

(Unaudited - See Notice to Reader)

	<u>2000</u>	<u>1999</u>
SALES		
Parts and labour	\$ 337,175	\$ 320,553
Motorcycles	1,179,513	1,294,570
Interest	14,251	28,669
Miscellaneous	1,500	2,173
	<u>1,532,439</u>	<u>1,645,965</u>
 COST OF SALES		
Inventory, beginning of the year	622,181	694,101
Purchases	1,396,448	1,210,264
Wages and benefits	100,796	101,866
	<u>2,119,425</u>	<u>2,006,231</u>
Inventory, end of the year	803,066	622,181
	<u>1,316,359</u>	<u>1,384,050</u>
 GROSS PROFIT	<u>216,080</u>	<u>261,915</u>
 EXPENSES		
Advertising	29,787	27,308
Amortization	13,978	11,368
Automotive	21,493	17,517
Bad debts recovered	(538)	(19,774)
Cleaning	1,246	1,093
Executive remuneration	26,000	103,733
Insurance	11,758	11,915
Interest and bank charges	6,677	4,022
Office supplies	4,558	3,035
Professional services	3,175	3,597
Rent	1,800	1,800
Repairs and maintenance	6,471	4,332
Shop supplies	4,822	3,208
Taxes and licences	5,043	3,663
Telephone	6,701	9,648
Travel and promotion	8,090	13,080
Utilities	7,007	7,508
	<u>158,068</u>	<u>207,053</u>
 NET INCOME BEFORE INCOME TAXES	58,012	54,862
Income taxes	14,603	16,593
 NET INCOME	43,409	38,269
 RETAINED EARNINGS, BEGINNING OF THE YEAR	<u>1,025,223</u>	<u>986,954</u>
 RETAINED EARNINGS, END OF THE YEAR	<u>\$1,068,632</u>	<u>\$1,025,223</u>

ROBINSON MOTORCYCLE LIMITED**STATEMENT OF CASH FLOW**

for the year ended January 31, 2000

(Unaudited - See Notice to Reader)

	<u>2000</u>	<u>1999</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income	\$ 43,409	\$ 38,269
Item not involving cash		
Amortization	<u>13,978</u>	<u>11,368</u>
	<u>57,387</u>	<u>49,637</u>
Changes in non-cash working capital components		
Accounts receivable	11,354	19,398
Income taxes receivable/payable	(955)	(8,279)
Inventories	(180,885)	71,920
Advances to related companies	132,501	33,599
Accounts payable and accrued liabilities	(99,018)	14,971
Customer deposits	54,525	(41,252)
Advances from shareholders	<u>(148,840)</u>	<u>45,250</u>
	<u>(231,318)</u>	<u>135,607</u>
	<u>(173,931)</u>	<u>185,244</u>
INVESTING ACTIVITIES		
Capital asset additions	(51,687)	(9,272)
Advances to 1037042 Ontario Limited	<u>(66,434)</u>	<u>-</u>
	<u>(118,121)</u>	<u>(9,272)</u>
INCREASE (DECREASE) IN CASH	(292,052)	175,972
CASH, BEGINNING OF THE YEAR	<u>436,772</u>	<u>260,800</u>
CASH, END OF THE YEAR	<u>\$ 144,720</u>	<u>\$ 436,772</u>

ROBINSON MOTORCYCLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2000

(Unaudited - See Notice to Reader)

1. SIGNIFICANT ACCOUNTING POLICIES

a) Inventories

Motorcycle and parts inventory is stated at the lower of cost or wholesale market value and is determined substantially using the first-in, first-out method.

b) Capital Assets

Capital assets are stated at cost. Amortization is provided for on the declining balance basis at the following rates:

Equipment	20%
Automotive	30%
Leaseholds	1/10 S.L.

2. INVENTORIES

The following is a summary of the inventories:

	<u>2000</u>	<u>1999</u>
Motorcycles	\$657,138	\$492,141
Parts	<u>145,928</u>	<u>130,040</u>
	<u>\$803,066</u>	<u>\$622,181</u>

3. CAPITAL ASSETS

The major categories of capital assets net of related accumulated amortization are as follows:

	<u>2000</u>	<u>1999</u>
Land	\$135,498	\$110,498
Equipment	13,896	7,615
Automotive	29,153	20,370
Leasehold improvements	<u>12,201</u>	<u>14,556</u>
	<u>\$190,748</u>	<u>\$153,039</u>

4. ADVANCES TO RELATED COMPANIES

Advances to Farmers' Oil & Gas Inc. are unsecured, bear interest at 6% per annum and have no specified terms of repayment.

	<u>2000</u>	<u>1999</u>
	\$ 81,590	\$214,091

Advances to Landowners Oil & Gas Inc. are unsecured, non-interest bearing and have no specified terms of repayment.

	<u>50,000</u>	<u>50,000</u>
	<u>\$131,590</u>	<u>\$264,091</u>

ROBINSON MOTORCYCLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

January 31, 2000

(Unaudited - See Notice to Reader)

4. ADVANCES TO RELATED COMPANIES (Continued)

Interest received from Farmers' Oil & Gas Inc. during the year was \$4,052 (1999 - \$13,401). The companies are all related through family ownership.

5. INVESTMENT

Investment in 1037042 Ontario Limited is stated at cost.

6. ADVANCES FROM SHAREHOLDERS

Advances from the shareholders are unsecured, non-interest bearing and have no specified terms of repayment.

THIS IS EXHIBIT "G"
REFERRED TO IN THE AFFIDAVIT
OF **Kim Van Deven**
SWORN BEFORE ME ON
May 21, 2004


A COMMISSIONER, ETC

ROBINSON MOTORCYCLE LIMITED

FINANCIAL STATEMENTS

**January 31, 2002
(Unaudited - See Notice to Reader)**



Collins Barrow

Chartered Accountants

Collins Barrow Enns Derksen
92 Talbot Street East
Leamington, Ontario, Canada
N8H 1L3

T. 519-326-2666

F. 519-326-7008

email: general@ennsderksen.com
website: www.collinsbarrow.com

NOTICE TO READER

We have compiled the balance sheet of Robinson Motorcycle Limited as at January 31, 2002 and the statements of income and retained earnings and cash flow for the year then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these financial statements may not be appropriate for their purposes.

Collins Barrow Enns Derksen LLP

COLLINS BARROW ENNS DERKSEN LLP

July 29, 2002

Leamington, Ontario



A member of
Moore's Rowland International
an association of independent
accounting firms throughout
the world

ROBINSON MOTORCYCLE LIMITED

BALANCE SHEET

as at January 31, 2002

(Unaudited - See Notice to Reader)

	<u>2002</u>	<u>2001</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 950,521	\$ 317,063
Accounts receivable	40,638	33,397
Income taxes receivable	-	2,863
Inventory (Note 1)	<u>902,760</u>	<u>1,185,001</u>
	<u>1,893,919</u>	<u>1,538,324</u>
CAPITAL ASSETS (Note 2)	<u>204,388</u>	<u>184,820</u>

Approved on behalf of the Board of Directors

_____ Director

_____ Director

\$ 2,098,307 \$ 1,723,144

(Unaudited - See Notice to Reader)

	<u>2002</u>	<u>2001</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 138,204	\$ 83,012
Customer deposits	50,288	106,510
Income taxes payable	45,574	-
Advances from shareholders	117,445	80,813
Advances from related companies (Note 3)	<u>477,788</u>	<u>337,788</u>
	<u>829,299</u>	<u>608,123</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL		
Authorized		
880 6% Class A, non-voting, non-cumulative, redeemable preference shares		
2,000 Class B, voting, non-redeemable preference shares		
1,000 common shares		
Issued		
2,000 Class B preference shares	2,000	2,000
901 common shares	<u>8,983</u>	<u>8,983</u>
	10,983	10,983
RETAINED EARNINGS	<u>1,258,025</u>	<u>1,104,038</u>
	<u>1,269,008</u>	<u>1,115,021</u>
	<u>\$ 2,098,307</u>	<u>\$ 1,723,144</u>

ROBINSON MOTORCYCLE LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS**

for the year ended January 31, 2002

(Unaudited - See Notice to Reader)

	<u>2002</u>	<u>2001</u>
SALES		
Motorcycles	\$ 2,284,503	\$ 1,416,846
Parts and labour	500,543	405,724
Interest	26,192	12,898
Miscellaneous	<u>1,500</u>	<u>1,500</u>
	<u>2,812,738</u>	<u>1,836,968</u>
 COST OF SALES		
Inventory, beginning of the year	1,185,001	803,066
Purchases	1,964,664	1,863,507
Wages and benefits	74,183	97,430
Shop supplies	<u>7,367</u>	<u>4,504</u>
	3,231,215	2,768,507
Inventory, end of the year	<u>902,760</u>	<u>1,185,001</u>
	<u>2,328,455</u>	<u>1,583,506</u>
 GROSS PROFIT	<u>484,283</u>	<u>253,462</u>
 EXPENSES		
Advertising, travel and promotion	49,523	42,240
Amortization	16,686	16,054
Automotive	18,698	17,351
Bad debts	-	126
Insurance	9,502	8,545
Interest and bank charges	5,419	5,466
Management remuneration	126,000	86,167
Office supplies	4,922	3,351
Professional services	3,867	3,175
Rent	3,780	1,800
Repairs and maintenance	9,451	5,714
Taxes and licences	3,502	731
Telephone	6,688	6,452
Utilities	<u>9,060</u>	<u>7,693</u>
	<u>267,098</u>	<u>204,865</u>
 NET INCOME BEFORE INCOME TAXES	217,185	48,597
Income taxes	<u>63,198</u>	<u>13,191</u>
 NET INCOME	153,987	35,406
 RETAINED EARNINGS, BEGINNING OF THE YEAR	<u>1,104,038</u>	<u>1,068,632</u>
 RETAINED EARNINGS, END OF THE YEAR	<u>\$ 1,258,025</u>	<u>\$ 1,104,038</u>

ROBINSON MOTORCYCLE LIMITED**STATEMENT OF CASH FLOW**

for the year ended January 31, 2002

(Unaudited - See Notice to Reader)

	<u>2002</u>	<u>2001</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income	\$ 153,987	\$ 35,406
Item not involving cash		
Amortization	<u>16,686</u>	<u>16,054</u>
	<u>170,673</u>	<u>51,460</u>
Changes in non-cash working capital components		
Accounts receivable	(7,241)	(29,252)
Income taxes receivable/payable	48,437	6,065
Inventory	282,241	(381,935)
Advances to/from related companies	140,000	469,378
Accounts payable and accrued liabilities	55,192	58,867
Customer deposits	(56,222)	16,835
Advances from shareholders	<u>36,632</u>	<u>(105,383)</u>
	<u>499,039</u>	<u>34,575</u>
	<u>669,712</u>	<u>86,035</u>
INVESTING ACTIVITIES		
Capital asset additions	(36,254)	(10,126)
Investments	<u>-</u>	<u>96,434</u>
	<u>(36,254)</u>	<u>86,308</u>
INCREASE IN CASH	633,458	172,343
CASH, BEGINNING OF THE YEAR	<u>317,063</u>	<u>144,720</u>
CASH, END OF THE YEAR	<u>\$ 950,521</u>	<u>\$ 317,063</u>

ROBINSON MOTORCYCLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2002

(Unaudited - See Notice to Reader)

1. INVENTORY

The following is a summary of the inventory:

	<u>2002</u>	<u>2001</u>
Motorcycles	\$ 762,994	\$ 1,004,495
Parts and accessories	<u>139,766</u>	<u>180,506</u>
	<u>\$ 902,760</u>	<u>\$ 1,185,001</u>

2. CAPITAL ASSETS

The major categories of capital assets net of related accumulated amortization are as follows:

	<u>2002</u>	<u>2001</u>
Land	\$ 135,498	\$ 135,498
Equipment	9,202	12,163
Automotive	30,699	27,313
Leasehold improvements	<u>28,989</u>	<u>9,846</u>
	<u>\$ 204,388</u>	<u>\$ 184,820</u>

3. ADVANCES TO (FROM) RELATED COMPANIES

Advances to (from) Farmers' Oil & Gas Inc. are unsecured, bear interest at 6% per annum and have no specified terms of repayment.

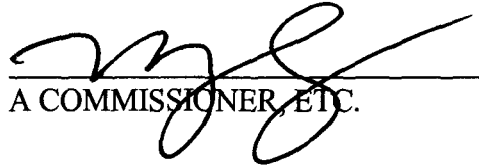
	<u>2002</u>	<u>2001</u>
	\$ (626,922)	\$ (486,922)

Advances to Landowners Oil & Gas Inc. are unsecured, non-interest bearing and have no specified terms of repayment.

	<u>149,134</u>	<u>149,134</u>
	<u>\$ (477,788)</u>	<u>\$ (337,788)</u>

Interest received from Farmers Oil & Gas Inc. during the year was \$1,445 (2000 - \$4,052). The companies are all related through family ownership.

THIS IS EXHIBIT "H"
REFERRED TO IN THE AFFIDAVIT
OF **Kim Van Deven**
SWORN BEFORE ME ON
May 21, 2004


A COMMISSIONER, ETC.

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Schedule of Selling and Administrative Expenses	3
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Robinson Motorcycle Limited

Financial Statements

January 31, 2003



Demers Hutson & Co.

CHARTERED ACCOUNTANTS • BUSINESS CONSULTANTS

Notice to Reader

We have compiled the balance sheet of **Robinson Motorcycle Limited** at January 31, 2003 and the statements of earnings and retained earnings for the year then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Demers Hutson & Co.

Chartered Accountants

Chatham, Ontario.
July 30, 2003.

Robinson Motorcycle Limited
Statement of Earnings and Retained Earnings
Year Ended January 31

2003 2002

Sales		
Motorcycles	\$ 2,772,679	\$ 2,284,504
Parts and labour	<u>618,974</u>	<u>500,543</u>
	3,391,653	2,785,047
Cost of Sales		
Inventory - beginning of year	902,760	1,185,001
Purchases	2,937,903	1,956,886
Shop wages and benefits	98,033	74,183
Shop supplies	4,472	7,367
Freight and duty	8,776	7,779
Inventory - end of year	<u>(1,164,673)</u>	<u>(902,760)</u>
	2,787,271	2,328,456
Gross Profit	<u>604,382</u>	<u>456,591</u>
Selling and Administrative Expenses (Page 3)	323,777	261,678
Earnings before Other Income (Expense)	<u>280,605</u>	<u>194,913</u>
Other Income (Expense)		
Interest income	10,659	26,192
Bank charges and fees	(5,514)	(5,419)
Miscellaneous income	<u>1,500</u>	<u>1,500</u>
	6,645	22,273
Earnings Before Income Taxes	<u>287,250</u>	<u>217,186</u>
Income Taxes		
Current provision	65,856	63,198
Net Earnings	<u>\$ 221,394</u>	<u>\$ 153,988</u>
Retained Earnings		
Balance at beginning of year	\$ 1,258,023	\$ 1,104,035
Net earnings	221,394	153,988
Dividends paid	(61,089)	0
Refundable dividend tax recovered	<u>20,363</u>	<u>0</u>
Balance at end of year	<u>\$ 1,438,691</u>	<u>\$ 1,258,023</u>

Unaudited
 Notice to Reader Appended



Demers Hutson & Co.

Robinson Motorcycle Limited
Schedule of Selling and Administrative Expenses
Year Ended January 31

2003

2002

Expenses

Salaries and bonuses	\$ 176,000	\$ 126,000
Insurance	11,253	9,502
Repairs and maintenance - buildings	21,928	7,908
Automotive	12,380	18,698
Telephone	6,676	6,688
Utilities	8,738	9,060
Office expense	5,336	4,921
Rent	3,780	3,780
Taxes and licenses	2,236	3,502
Memberships	1,678	1,710
Cleaning	1,617	1,543
Advertising, travel & promotion	50,912	47,813
Professional fees	3,225	3,867
Amortization	<u>18,018</u>	<u>16,686</u>

Page 2

323,777

261,678

Unaudited
Notice to Reader Appended

Robinson Motorcycle Limited

Balance Sheet

At January 31,

2003

2002

Assets

Current

Cash	\$	182,098	\$	200,519
Term deposits		926,000		750,000
Accounts receivable		33,288		40,638
Inventory				
Motorcycles		997,172		762,994
Parts		167,500		139,766
Due from Landowners Oil & Gas Consulting Services Ltd.		149,134		149,134
Income taxes recoverable		19,474		0
		<u>2,474,666</u>		<u>2,043,051</u>

	<u>Cost</u>	<u>Accumulated Amortization</u>		
Capital				
Automotive equipment	30,699	9,210	21,489	30,699
Equipment	12,341	2,154	10,187	9,202
Leaseholds	28,989	6,654	22,335	28,989
Land	135,498	0	135,498	135,498
	<u>207,527</u>	<u>18,018</u>	<u>189,509</u>	<u>204,388</u>
			<u>\$ 2,664,175</u>	<u>\$ 2,247,439</u>

On behalf of the Board

Director

Director

Unaudited
Notice to Reader Appended

Robinson Motorcycle Limited
Balance Sheet
At January 31,

2003

2002

Liabilities

Current

Accounts payable and accrued liabilities	\$ 307,420	\$ 138,204
Deposits	126,764	50,288
Due to Farmers Oil & Gas Inc.	626,922	626,922
Due to shareholders	153,395	117,445
Income taxes payable	<u>0</u>	<u>45,574</u>
Total liabilities	1,214,501	978,433

Shareholders' Equity

Capital Stock

Authorized:

880 6% Class A, non-voting, non-cumulative, redeemable preference shares; and
 2,000 Class B, voting, non-redeemable preference shares; and
 1,000 Common shares.

Issued:

2,000 Class B preference shares	2,000	2,000
901 Common shares	<u>8,983</u>	<u>8,983</u>
	10,983	10,983

Retained Earnings

Page 3

1,438,691 **1,258,023**

Total shareholders' equity

1,449,674 **1,269,006**


\$ 2,664,175 **\$ 2,247,439**

Unaudited
 Notice to Reader Appended



Demers Hutson & Co.

THIS IS EXHIBIT "I"
REFERRED TO IN THE AFFIDAVIT
OF **Kim Van Deven**
SWORN BEFORE ME ON
May 21, 2004


A COMMISSIONER, ETC.

The 2003 Trev Deeley Award

Evaluation Criteria

Retailer: Robinson Motorcycles

Date: 10-27-03

OPERATIONS		Max Points	Score
1	Submits financial stmt reviewed by designated Acct. within 4 months of fiscal yr end	60	0
	Submits required benchmarking information within 40 days of each quarter end	60	0
3	Maintains "open to buy" credit lines throughout model year	75	75
4	Submits succession plan by 06/01/2003	25	25
	Submits updated 3 yr business plan by 05/31/2003	20	20
6	Participates in Sample Program	10	10
7	Retailer is an exclusive H-D retailer	25	25
8	Financial responsibility: Excellent (75 pts) - Consistently pays on time Needs improvement (0 pts) - Pays other than above	75	75
OPERATIONS SUBTOTAL		350	230

B FACILITY		Max Points	Score
1	Facility has status of Approved Retail Environment by 06/30/2003 Must have had facelift within the last 5 years to maintain status	125	0
2	Approved Signage:	75	0
B	FACILITY SUBTOTAL	200	0

C CUSTOMER SERVICE		Max Points	Score
1	Dealership hours of operation during 2003 model year: <i>starting point is basic 40 hr week</i> 2000 to 2249 hrs = 25 pts 2250 to 2399 hrs = 50 pts 2400 to 2699 hrs = 75 pts 2700+ hrs = 100 pts	100	100
2	Maintains and participates in H-D Demo program throughout 2003	50	50
3	Maintains active HOG Chapter	50	50
4	Effective use of 85% or more of available co-op funding	30	30
5	Provides Deeley approved in-store retail financing	15	15
6	Provides Deeley approved extended service contracts	15	15
7	Conducts quarterly customer events including annual Open House <i>Date of Open House: 10 points each quarter - Max 40 points</i>	40	40
8	CSI Sales Survey Q. 10d - Very Satisfied 90%	100	100
9	CSI Service Survey Q. 11e - Very Satisfied 90%	100	100
C CUSTOMER SERVICE SUBTOTAL		500	500

D PERFORMANCE		Max Points	Score
1	Retailer accepts shipments of motorcycles equal to its annual allocation as agreed upon jointly by the Retailer and Deeley H-D Canada	50	50
2	Retailer retails 99% of units by August 1, 2003 (Total RSWR's divided by 2003 Objective)	50	50
3	Retailer increases 2003 model year net wholesale P&A and General Merchandise purchases over prior year by ___% 1 point for each % increase to 14.9%. 15% or greater increase = 30 points	30	30
4	Ratio of Genuine facings to Aftermarket. If over 95% Genuine: 20 pts	20	20
D PERFORMANCE SUBTOTAL		150	150

E	PEOPLE	Max Points	Score
----------	---------------	-------------------	--------------

TRAINING			
1	100% of Technicians enrolled in Technician Recognition Program by 06/15/2003	40	0
2	100% of permanent (full or part time) P&A/General Merchandise staff employed prior to 04/15/2003 completed/passed PACE tapes #25 to the most recent by 06/15/2003	40	0
3	At least 1 employee attends Managing for Future Success or approved equivalent during the 2003 model year	40	0
4	Dealership has currently trained F&I staff	20	20
TRAINING Subtotal		140	20

RETENTION			
1	Has current written job descriptions for all full time employees by 05/01/2003	20	0
2	Has employee handbook (policies & procedures manual) by 05/01/2003	10	0
RETENTION Subtotal		30	0

EVENT ATTENDANCE			
1	Retailer Principal or G.M. attends 2003 NMAM Name:	20	20
2	Retailer Principal or G.M. attends 2003 WDM/HDU Name:	20	20
3	Dealership personnel attends 2003 HDU/EXPO Name:	20	20
4	Retailer principal or G.M. attends Spring Town Hall mtg. during 2003 model year Name:	20	20
EVENT ATTENDANCE Subtotal		80	80

E	PEOPLE SUBTOTAL	250	100
----------	------------------------	------------	------------

The 2003 Trev Deeley Award

Evaluation Criteria

Retailer: Robinson Motorcycles

Date: 10-27-03

SUBTOTAL RECAP

Category	%	Max Points	Score
A. Operations	24%	350	230
B. Facility	14%	200	0
C. Customer Service	35%	500	500
D. Performance	10%	150	150
E. People	17%	250	100
TOTAL POINTS	100%	1450	980

Percentage **68%**

Date:

Retailer:

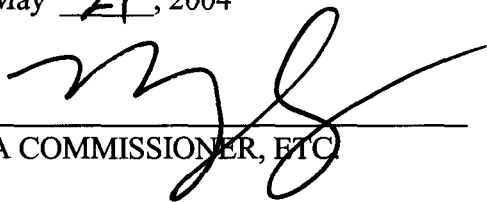
Retailer Signature:

D.M. Signature:

For purposes of the Trev Deeley Award, Deeley Harley-Davidson Canada reserves the right, at their discretion, to disqualify or exclude dealerships that are not in good standing with regard to credit delinquency, litigation, export sales, non-qualified Police/Shrine and/or P&A wholesaling activities to unauthorized outlets.

New retailers who were opened in the current model year are not eligible to win the Trev Deeley Award.

THIS IS **EXHIBIT "J"**
REFERRED TO IN THE AFFIDAVIT
OF **Kim Van Deven**
SWORN BEFORE ME ON
May 21, 2004



A COMMISSIONER, ETC.

Fred Deeley Imports Ltd.

Exclusive Harley-Davidson Distributor/Distributeur Exclusif

January 16, 2004

Beverley Robinson
Robinson Motorcycle Ltd.
RR#1
Wheatley, Ontario
N0P 2P0



Dear Beverley:

Re: Retailer Agreement with Fred Deeley Imports Ltd.

As you are aware, your Retailer Agreement executed on June 14, 1999, which was subsequently extended by the Retailer Extension Agreement dated July 31, 2001 (collectively referenced hereinafter as the "Retailer Agreement"), will expire on July 31, 2004.

As a courtesy to you, and further to discussions held with you on this matter, we take this opportunity to inform you that we will not be offering you either a new retail contract or an extension of the existing one, upon the expiry of the Retailer Agreement on July 31, 2004. Additionally, for further clarification, all rights granted under the Retailer Agreement to use the Harley-Davidson trademarks and trade names will concurrently end upon expiry of the Retailer Agreement.

If you have any questions or comments in regard to the foregoing, I invite you to contact me at 604-273-5421.

Yours truly,
FRED DEELEY IMPORTS LTD.

Per:

A handwritten signature in black ink, appearing to read 'Malcolm H. Hunter'.

Malcolm H. Hunter
Chief Operating Officer

MHH/ja

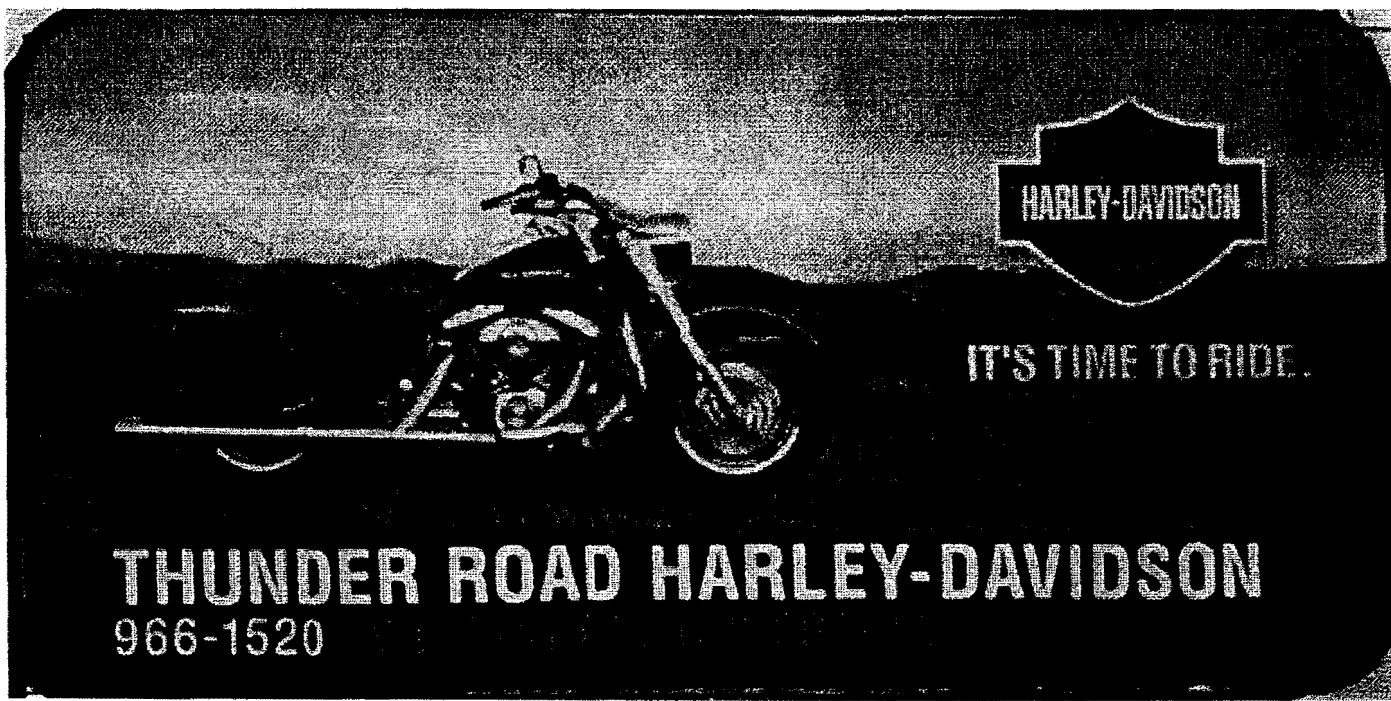
cc: Judy Chan - Blake, Cassels & Graydon LLP.
Michel Marchand - Fred Deeley Imports Ltd.



THIS IS **EXHIBIT "K"**
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ing to a local tourism expert.

"A strike would be detrimental," said director of the Convention and Visitor starting to see some positive growth in in the fourth quarter.

"A long strike would be devastating industry, especially now that we are weather."

As the gaming hall's 10th birthday ap said, it is obvious what the casino contr

In 1993, the year before the casino o site close to where the new Art Gall stands, Windsor attracted three million

In 2000, the city set a record with 9.1 per-cent increase.

Though annual visitors fell to six m such factors as 9-11, border security, SA Canadian dollar — tourism still far out

Last strike

"We recall the last time the casino wa tainly know how it impacted busines Fran Funaro, executive director of the Association.

"It was very slow and very quiet."

Orr said the local tourism industry people — many on a seasonal basis, w and generates an estimated \$600 millio food, lodging, transportation and enter

He said the casino boosts Windsor's t thing else.

"Casino Windsor no question is our and our No. 1 trip motivator," Orr said vator, visitors will just stop coming, be tives now to casino gaming in Windsor.

The MGM Grand, Greektown and M troit will naturally try to scoop Windso

"Once people change their behaviou tures of habit," he said.

"It's very difficult to get them to char lot of money to lure them back. Plus, back at all."

Yet one local establishment hopes t city, thanks to horse betting and 750 slo

"It will be business as usual at Wind Vesci, director of corporate relations and Gaming Corporation which runs t

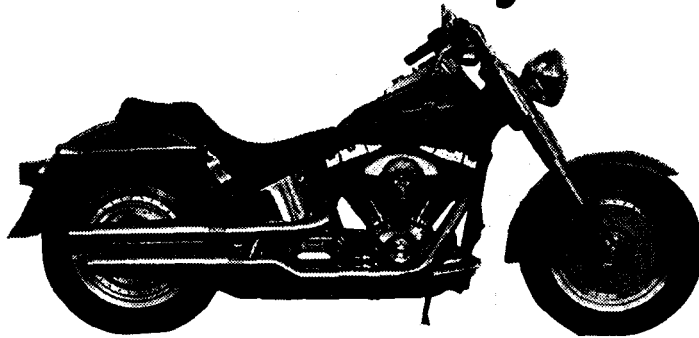
"We do expect an uptick in business that things will be resolved soon at Cas



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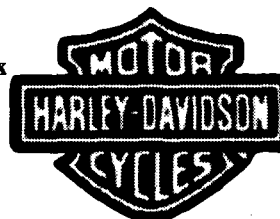
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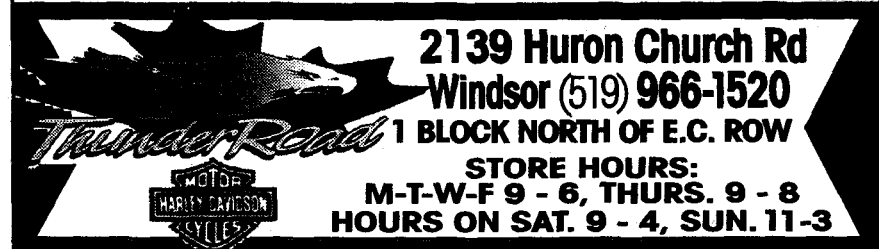
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Encore	Fri.	496849
Pick 3	Fri.	988

In the event of any discrepancy betw official winning numbers, the latter



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