

10-20-2000

Form PTO-1594

1-31-92

REC



U.S. DEPARTMENT OF COMMERCE
PATENT and TRADEMARK OFFICE

To the Honorable Commissioner of Paten.

101493441

hed original documents or copy thereof.

1. Name Conveying party(ies):

Donald Shift 10-6-00

- Individual(s)
- General Partnership
- Corporation - State
- Other
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached ?

yes no

2. Name and address of receiving party(ies):

Name: *Angel Motorcycles, Inc.*
Internal Address: *6315 Timber Trail*
Edina MN 55439

Street Address: *same as above*

City: State: Zip:

3. Nature of Conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation - State
- Other

Execution Date

12/22/99

If assignee is not domiciled in the U.S., a domestic representative is attached
 Yes No

Additional name(s) address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)
75-463824

B. Trademark Registration No.(s)
2084188

Additional numbers attached? yes no

5. Name and address of party to whom correspondence concerning document should be mailed:

Kampf & Associates, P.A.
901 Foshay Tower
821 Marquette Avenue
Minneapolis, MN 55402

6. Total number of applications and registrations involved:

1

7. Total fee (37 CFR 3.41): \$40.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit Account Number:

(attached duplicate of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document

Nathan Riordan
(name of person signing)

Nat
Signature

1/30/00
Date

Total number of pages including cover sheet, attachments, and documents:

OMB No. 0651-011 (exp. 4/94)

10/20/2000 GT011 00010046 75463824

01 C:481 40.00 DP

Do not detach this portion

Mail document to be recorded with required cover sheet information to:

Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

TRADEMARK
REEL: 002157 FRAME: 0742



STANDARD FORM
STATE OF MINNESOTA
UCC-3 STATEMENT OF
CONTINUATION, ASSIGNMENT, RELEASE, ETC.

For
Filing
Officer

2188937

This statement is presented for filing pursuant to *Minnesota Uniform Commercial Code Minnesota Statutes Chapter 336.9-402* (Type in Black Ink)

99 DEC 29 PM 2:08

SEC. OF STATE
MINNESOTA

1. Original Financing Statement No. 2087905	2. Original File Date Nov. 24, 1999
2. DEBTOR (Name and Address) Horton Motorcycles International Inc. 14252 - 23rd Avenue N Plymouth MN 55447 6462 City West Pkwy, Suite 150 Eden Prairie MN 55344	3. SECURED PARTY (Name and Address) Donald F. Shiff 6400 Flying Cloud Drive Eden Prairie MN 55344

The financing statement described above is changed to show a(n): (Please one function per form with the exception of amendment)

- | | |
|---|---|
| <input type="checkbox"/> 4. CONTINUATION the original financing statement bearing the file number shown above is continued for an additional 5 years. The original statement is still effective. | <input type="checkbox"/> 7. PARTIAL ASSIGNMENT some of the secured party's rights have been assigned to the Assignee whose name and address appear in BOX 10. A description of the collateral subject to the assignment must also be given. |
| <input type="checkbox"/> 5. AMENDMENT the original financing statement bearing the file number shown above is amended as described in BOX 10. See instruction 5 on the reverse side for additional information. | <input type="checkbox"/> 8. PARTIAL RELEASE the secured party releases the collateral described in BOX 10 but retains a security interest in the original financing statement bearing the file number shown above. |
| <input checked="" type="checkbox"/> 6. TOTAL ASSIGNMENT all of the secured party's rights under the original financing statement have been assigned to the assignee whose name and address appear in BOX 10. | <input type="checkbox"/> 9. TERMINATION the secured party of record no longer claims a security interest under the financing statement bearing the file number shown above. |

10.
Angel Motorcycles, Inc.
6315 Timber Trail
Edina MN 55439

EXHIBIT
B

RETURN ACKNOWLEDGMENT COPY TO: (name and address)

Kampf, & Associates, P.A.
821 Marquette Avenue, Suite 901
Minneapolis MN 55402

Donald F. Shiff
Debtor Signature
[Signature] T-CFO
Secured Party
12-22-99
Date

Please do not type outside the bracketed area.

Approved by Secretary of State of Minnesota

Dec 22 99 05:31a
Dec 22 99 08:25a

MINNEAPPL CAPITAL LTD.
Kampf & Associates Kampf

612-947-0071
612-339-0273

P. 3
P. 2

SALE AND ASSIGNMENT OF SECURITY AGREEMENTS

THIS SALE AND ASSIGNMENT (the "Agreement") is made and entered into this ___ day of December, 1999 ("Effective Date"), by and among Donald F. Shift ("Shift"), an individual, NMI Investments, LLC, a Minnesota limited liability company ("NMI") and Angel Motorcycles Inc ("Buyer"), a corporation organized under the laws of the State of Minnesota

1. RECITALS

(a) Shift is the holder of two Secured Promissory Notes ("Secured Promissory Notes") from Norton Motors International Inc., each in the amount of Fifty Thousand Dollars (\$50,000) for a total of One Hundred Thousand Dollars (\$100,000), dated November 30, 1998 and December 4, 1998, respectively. Pursuant to the Secured Promissory Notes, Shift holds a Security interest in and to all technology and prototype development of motorcycle models currently being developed by Norton Motors International Inc., including (i) the rights to manufacture and market such motorcycles at the discretion of the secured party, and (ii) all engines, and (iii) all Norton and other trademarks owned by Norton Motors International Inc. Shift filed a UCC-1 Financing Statement on December 2, 1998 and amended on July 19, 1999 to reflect the transfer of assets from Norton Motors International Inc. to Norton Motorcycles, Inc. The Secured Promissory Notes are in default and Shift demanded full payment by Norton Motorcycles, Inc. on November 17, 1999.

(b) NMI has advanced Seven Hundred Twenty Thousand Dollars (\$720,000) ("Advances") under a Bridge Facility to Norton Motorcycles, Inc. NMI holds a Security interest in and to all technology and prototype development of motorcycle models currently being developed by Norton Motors International Inc., including (i) the rights to manufacture and market such motorcycles at the discretion of the secured party, and (ii) all engines, and (iii) all Norton and other trademarks owned by Norton Motors International Inc. NMI filed a UCC-1 Financing Statement on November 24, 1999. Norton Motorcycles, Inc. has defaulted on its obligations under the Bridge Facility and NMI sent notice of such default with a demand to cure on November 23, 1999.

(c) Shift and NMI (collectively, the "Sellers") have agreed to transfer, assign and sell, among other things, all of their respective rights in the Secured Promissory Notes and Advances and the related Security interests in the named collateral to Buyer.

2. AGREEMENT

(a) Secured Promissory Notes. For good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Shift does hereby transfer, assign and sell to Buyer all rights and interests throughout the world to the Secured Promissory Notes and the Security interests in the collateral described therein and in the related UCC-1 Financing Statement, including the rights to sue for and collect all amounts owing for its own use and enjoyment and for the use and enjoyment of its successors, assigns or legal representatives. Buyer will issue 12% Convertible Debentures in the principal sum of One Hundred Thousand Dollars (\$100,000.00) due July 31, 2000 (Attachment A). Buyer will pay interest of twelve percent (12%) quarterly, the first such payment due on or before February 1, 2000. Interest accrued but not paid on the Secured Promissory Notes as of the effective date of this

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Kampf & Associates Kampf

612-339-0273

P. 4



Dec 22 99 09:32a
Dec 22 99 08:25a

MINNEAPPL CAPITAL LTD.
Kampf & Associates Kampf

612-947-0071
612-339-0273

P. 3

Assignment

Convertible Debentures until July 31, 2000, by providing
(\$10,000.00) payment of interest accrued and not paid through July 31, 2000, in
immediately available funds on or before July 31, 2000 (including all interest accrued but
unpaid since the original advance).

The Convertible Debentures are secured by a pledge of the Security interests hereby
transferred, to wit, "all technology and prototype development of motorcycle models currently
being developed by Norton Motors International Inc., including (i) the rights to manufacture and
market such motorcycles at the discretion of the secured party, and (ii) all engines, and (iii) all
Norton and other trademarks owned by Norton Motors International Inc."

(b) NMI Advances. For good and valuable consideration the receipt and sufficiency of
which is hereby acknowledged, NMI does hereby transfer, assign and sell to Buyer all rights
and interests throughout the world in the Advances and the Security interests in the collateral
described therein and in the related UCC-1 Financing Statement, including the rights to sue for
and collect all amounts owing for its own use and enjoyment and for the use and enjoyment of
its successors, assigns or legal representatives. Buyer will issue 12% Convertible Debentures
in the principal sum of Seven Hundred Twenty Thousand Dollars (\$720,000.00) due July 31,
2000 (Attachment B). Buyer will pay interest of twelve percent (12%) quarterly, the first such
payment due on or before February 1, 2000. Interest accrued but not paid on the advances as
of the effective date of this Assignment shall be added to the principal sum of Seven Hundred
Twenty Thousand Dollars (\$720,000). Buyer may extend the term of the Convertible
Debentures until July 31, 2001, by providing notice in writing to NMI no later than June 30,
2000, and by payment of Ten Thousand Dollars (\$10,000) plus payment of interest accrued
and not paid through July 31, 2000, in immediately available funds on or before July 31, 2000.

The Convertible Debentures are secured by a pledge of the Security interests hereby
transferred, to wit, "all technology and prototype development of motorcycle models currently
being developed by Norton Motors International Inc., including (i) the rights to manufacture and
market such motorcycles at the discretion of the secured party, and (ii) all engines, and (iii) all
Norton and other trademarks owned by Norton Motors International Inc."

(c) Buyer's Additional Consideration. Buyer agrees to immediately pursue all legal
remedies to enforce and obtain title to the Security interests hereby acquired at its own
expense. Buyer also agrees to use its best efforts to realize the value of the rights and assets
so obtained. In the event Buyer determines that the highest realizable value can be obtained
by selling the interests hereby acquired to a third party, the gross proceeds of such transaction
or transactions shall be applied as stated herein.

Gross proceeds shall include all consideration, whether in cash or obligations to pay or other
assets or forms of payment, received in exchange for the rights and interests to all technology
and prototype development of motorcycle models currently being developed by Norton Motors
International Inc., including (i) the rights to manufacture and market such motorcycles, and (ii)
all engines, and (iii) all Norton and other trademarks.

D.L.
J.P.L. (5)

Gross proceeds shall be distributed in the order that follows: (i) to pay reasonable commissions and fees of brokers or agents securing the sale; (ii) to pay the remaining principal balance of the Convertible Debentures issued to Shift and NMI, including accrued interest, in proportion to the balances owing if proceeds are insufficient to pay the entire balances of principal and interest; (iii) to pay reasonable expenses incurred by Buyer to prepare and market the rights and interests for sale, including attorneys' fees, advertising and promotion, accounting and administrative expenses, and engineering and development costs necessary to render the rights and interests salable. Any proceeds remaining after such distribution shall be paid Fifty Percent (50%) to Buyer (to be divided between Buyer and Shift as mutually agreed) and Fifty Percent (50%) to NMI.

3. DEFAULT AND REMEDIES

- (a) It shall be an Event of Default under this Agreement if:
 - (i) Buyer fails to make any payment required under this Agreement or the Convertible Debentures when due and such failure shall remain unremedied for five (5) days; or
 - (ii) Buyer defaults in the due performance or observance of any term, covenant, agreement or warranty contained herein or the within the Convertible Debentures, and such default shall continue for a period of thirty (30) days after written notice thereof from Shift and/or NMI to Buyer; or
 - (iii) A proceeding seeking an order for relief under the Bankruptcy Code is commenced by or against the Buyer; or
 - (iv) Buyer becomes insolvent or generally fails to pay, or admit in writing its inability to pay its debts as they become due.
- (b) Upon the occurrence of any Event of Default described above, all obligations shall be and become immediately due and payable without any declaration, notice, presentment, protest, demand or dishonor of any kind (all of which are hereby waived). Upon the occurrence of an Event of Default, Sellers shall have all the rights and remedies of a secured party under the Commercial Code and may require Buyer to accessible the collateral and make it available to Sellers at a place designated by Sellers, and Sellers shall have the right to take immediate possession of the collateral and may enter any of the premises of the Buyer or wherever the collateral is located with or without process of law. Upon the occurrence of an Event of Default, Sellers, without further demand, at any time or times, may sell or deliver any or all of the collateral at public or private sale, for cash, upon credit or otherwise, at such prices and upon such terms as Sellers deem advisable, at their sole discretion. Any requirement under the Commercial Code or other applicable law of reasonable notice will be met if such notice is mailed to Buyer at least ten (10) days before the date of sale.

4. RELEASES AND INDEMNIFICATIONS

(a) Release by Sellers. Sellers (Shift and NMI) agree to release, remise and forever discharge Buyer and each other, their predecessors, successors, assignors and assignees, and their customers, and the officers, directors, shareholders, agents, attorneys, representatives, and employees, if any, from any and all liability, and covenants never to sue them, for actions, claims, damages, costs, expenses and demands that Sellers now have or may hereafter have concerning or arising out of the interests being transferred. Furthermore, Shift agrees to release, remise and forever discharge John Tasted from any and all liability

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and covenants never to sue him for actions, claims, damages, costs, expenses and demands that Shift now has or may hereafter have concerning or arising from in his role as member of the Board of Directors and President of Norton Motorcycles, Inc.

(b) Release and Indemnification by Buyer. Buyer agrees to release, remise and forever discharge Sellers (Shift and NMI), their predecessors, successors, assigns and assignees, and their customers, and the officers, directors, shareholders, agents, attorneys, representatives, and employees, if any, from any and all liability, and covenants never to sue them, for actions, claims, damages, costs, expenses and demands that Buyer now has or may hereafter have concerning or arising out of the interests being transferred, including without limitation, a full release as set forth above of John Tasted in his role as member of the Board of Directors and President of Norton Motorcycles, Inc. Furthermore, Buyer agrees to indemnify and hold harmless NMI and John Tasted against any and all claims made against them by former, current or future shareholders of Buyer and NMI whether such claims arose prior to or after the effective date of this Agreement.

6. REPRESENTATIONS AND WARRANTIES OF SELLERS

(a) Shift. Shift represents and warrants to Buyer that the statements contained herein are correct and complete as of the date of this Agreement.

(i) Status and Authority. Shift is an individual with full power and authority to perform his obligations hereunder.

(ii) Binding Obligation. This Agreement constitutes the valid and legally binding obligations of Shift, enforceable in accordance with its terms and conditions. The execution of this Agreement and the consummation of the transactions contemplated hereby do not violate the provisions of any material contract, arrangement or instrument to which Shift is legally bound, or any order, decree, judgment, regulation or law of any court or governmental body having jurisdiction over Shift, which could materially and adversely affect the transaction contemplated by this Agreement.

(iii) The Secured Promissory notes are valid and unencumbered by any liens and obligations whatsoever.

(b) NMI. NMI represents and warrants to Assignee that the statements contained herein are correct and complete as of the date of this Agreement.

(i) Status. NMI is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Minnesota. NMI has all requisite power and authority, corporate and otherwise, to own its properties and assets and conduct its business.

(ii) Authority. This Agreement, the execution and delivery hereof by NMI, the assignment of the interests by NMI as herein provided and the performance by NMI of its obligations and undertakings hereunder have been duly authorized and approved by all requisite corporate actions.

(iii) Binding Obligation. This Agreement constitutes the valid and legally binding obligations of NMI, enforceable in accordance with its terms and conditions. The execution of this Agreement and the consummation of the transactions contemplated hereby do not violate the provisions of any material contract, arrangement or instrument to which NMI is legally bound, or any order, decree, judgment, regulation or law of any

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court or governmental body having jurisdiction over NMI, which could materially and adversely affect the transaction contemplated by this Agreement.
(v) The Secured Advances are void and unenforceable by any liens or obligations whatsoever.
(v) NMI and John Tasted agree that they not actively seek other purchasers of the collateral except in conjunction with Angel.

6. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers that the statements contained herein are correct and complete as of the date of this Agreement.

- (a) Status. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota.
(b) Authority. The execution, delivery and performance of this Agreement and all documents to be executed and delivered by Buyer in connection herewith, and the consummation of the transactions contemplated by the transactions hereby, have been duly authorized by all necessary corporate action of Buyer. Buyer has the full right and power to execute and deliver this Agreement and to consummate the transactions contemplated hereby.
(c) Binding Obligation. This Agreement and all documents executed in connection herewith have been duly executed and delivered by Buyer, and constitute the legal, valid and binding obligations of Buyer, enforceable in accordance with their terms. All documents to be executed by Buyer in connection herewith, and the consummation of the transactions contemplated hereby, do not and will not violate the provisions of any material contract, arrangement or instrument to which Buyer is legally bound, or any order, decree, judgment, regulation or law of any court or governmental body having jurisdiction over Buyer, which could materially and adversely affect the transaction contemplated by this Agreement.
(d) Capabilities. Buyer represents and warrants to Sellers that it possesses the financial and technical resources to perform its obligations pursuant to this Agreement and the Convertible Debentures.
(e) Disclosure. Buyer represents and warrants that it will clearly disclose and identify the Security Interests of the Sellers to potential lenders and investors.

7. MISCELLANEOUS

- (a) Entire Agreement. This Agreement, including the documents referred to herein, constitutes the entire agreement among the parties and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, to the extent they relate in any way to the subject matter hereof. No purported amendment, modification, or waiver of any provision hereof shall be binding unless set forth in a written document signed by all parties. Any waiver shall be limited to the circumstances or event specifically made subject thereto and shall not be deemed a waiver of any other term hereof or of the same circumstance or event upon any recurrence thereof.
(b) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors and permitted assigns. No party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other parties.

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(c) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(d) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(e) Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (i) on the day of delivery, if personally delivered, (ii) three days after mailed, if sent by United States certified first-class mail, return receipt requested, postage prepaid, or (iii) one day after deposit, if sent by Federal Express or another nationally recognized overnight delivery service, in each case addressed to the parties at the following addresses, which addresses may be changed by written notice given pursuant to this section:

To Shift: Donald F. Shift

Copy to:

To KMT: John Tattad

Copy to:

William I. Kampf
Kampf & Associates, PA
501 Foshay Tower
521 Marquette Avenue South
Minneapolis, MN 55402

To Buyer: John Silseth
Angel Motorcycles Inc.

(f) Severability and Interpretation. In the event that any provision of this Agreement is held invalid by a court of competent jurisdiction, the remaining provisions shall nonetheless be enforceable according to their terms. Any provision held overbroad as written shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable under applicable law, and enforced as amended. This Agreement shall be construed without any regard to any presumption or other rule requiring construction hereof against the party causing the Agreement to be drafted.

8

(g) Governing Law. This Agreement and the legal relations between the parties shall be governed by and construed and enforced in accordance with the laws of the State of Minnesota.

executed in the manner appropriate to each, at as of the day and year above written.

SELLERS

Donald F. Shift
Donald F. Shift

Date: 12/22/99

NMS Investments, LLC
By: [Signature]
Title: CEO

Date: 12/22/99

BUYER

Angel Motorcycles Inc.
By: [Signature]
Title: CEO

Date: 12/22/99

[Handwritten initials]