

## **Distribution Agreement**

This distribution agreement (“Agreement”) is between Raremoto Ltd., a Serbian company (“Principal”) on the one hand, and Caliber Motors America LLC, a Delaware limited liability company (“Distributor”) on the other hand, and is effective March 1<sup>st</sup> 2010 (the “Effective Date”).

### **Recitals**

A. Whereas, Principal is the developer and manufacturer of certain exhaust systems and related products and spare parts for motorcycles and motor vehicles (“Products”), as set out in Exhibit A; and

B. Whereas, Distributor desires to be the exclusive distributor of Products in the U.S. and Canada (the “Territory”).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### **Terms & Conditions**

**1. Appointment.** Principal appoints Distributor as its exclusive distributor of Products in the Territory. Distributor will not actively offer Products for sale outside the Territory, unless agreed to by Principal (and Distributor will notify Principal of any inquiries made by customers from outside the Territory).

**2. Duration.** This Agreement will commence on the Effective Date and continue for 5 years thereafter, and will renew automatically at the end of that period for further 5-year periods, unless terminated sooner hereunder.

**3. Termination.** This Agreement may be terminated by either party giving the other at least 90 days’ written notice of termination. However, if a party is in breach of the Agreement, the other party may give the breaching party 30 days’ written notice to cure, specifying the breach. If the breaching party fails to cure within those 30 days, the other party may terminate this Agreement by giving the breaching party 14 days’ written notice of termination.

**4. Pricing.** The pricing for Products to Distributor (as per Exhibit A) will be at least 30% less than the manufacturer’s suggested retail price, and may be subject to other discounts or reductions as agreed by the parties (to be determined on a case by case basis).

**5. Best Efforts.** Principal will use best efforts to promptly fill or meet all of Distributor’s orders and/or advise it in advance of any inability to make full or timely delivery of previously ordered Products. Principal will provide marketing support and information to Distributor, including marketing and promotional materials and promptly forward all market and customer leads to Distributor. Distributor will use best efforts to sell Products, appoint dealers and market the Products within the Territory via exhibitions, auctions, motor sport events, as well as media & electronic advertising.

**6. Payment.** Principal will sell Products to Distributor at the pricing in Exhibit A in accordance with Principal’s standard terms and conditions in effect at the time of placement of Distributor’s order (in economically sufficient quantities). Within 10 days of receipt of any shipment, Distributor will inform Principal of any damage to or missing Products (or within 10 days of discovery of any hidden defect). In that case, Principal will either replace the Products at no charge or reduce the price at Distributor’s option. The price shall be paid as per Principal’s invoice and shipments will also contain shipping documents and instruction manuals.

**7. Delivery & Title.** Delivery to Distributor will be CIF, and title to Products shall pass in accordance with the terms set out in Principal’s invoice. Written orders (by e-mail or fax) by Distributor for Products must be confirmed in writing by Principal within 5 business days.

**8. Records & Complaints.** Distributor will maintain records of all Products sold and distributed to dealers and customers within the Territory for a prior 2 year period, which records shall remain confidential, and will provide a breakdown of sales as requested by Principal from time to time in the form of a report. Further, Distributor must advise Principal of any complaints from customers with regard to Products and the parties shall deal promptly with such complaints.

**9. Sales Targets.** The parties may agree on an annual sales target and Distributor shall use best efforts to attain the targets agreed upon, but non-attainment thereof shall not constitute a breach of this Agreement.

**10. Relationship of Parties.** Distributor is an independent contractor, and is not authorized in any way to bind or act on behalf of Principal or make any representations on its behalf, unless specifically authorized to do so in writing. Distributor is free to organise its sales and dealer network, and free to determinate sale prices to its customers on Products, provided these prices are in accordance with applicable laws and regulations.

**11. Trademarks & Copyrights.** Principal grants to Distributor and Distributor hereby accepts a right and license to use and display the Principal's trademarks associated with the Products. Distributor agrees not to do anything or permit any act which might prejudice or adversely affect the ownership rights of Principal's trademarks, copyrights, domain name and other intellectual property rights ("IP Rights"), which belong to, are owned by and are vested in the Principal, and Distributor shall cease to use such IP Rights upon expiration or termination of this Agreement. Distributor acknowledges that it neither has nor shall secure by this Agreement any right or interest in or to such IP Rights. Distributor shall immediately inform the Principal of any imitation of Products or potential infringement of any IP Rights relating to the Products and, at Principal's written request and expense, shall take any action that may be necessary to protect such IP Rights.

**12. No Assignment.** Distributor may not assign this Agreement to any third party without the written consent thereto by the Principal.

**13. Warranty.** Principal warrants that the Products under this Agreement shall be free from defects in material and workmanship at time of shipment to Distributor ("Warranty"). This is the only Warranty as to quality, performance, repair, delivery and replacement of Products. Any Products which have been altered in any way from original design or improperly or defectively assembled or serviced by third parties shall not be covered by this Warranty. Principal will ensure the integrity of its quality for each Product under this Agreement and, if there is a defect in material or workmanship, it will use best efforts to replace or repair Products as soon as possible.

**14. Confidentiality.** Distributor agrees that matters relating to the manufacture, production, distribution and marketing of the Products constitute confidential information and trade secrets of Principal. Further, Distributor shall not reveal such confidential information and trade secrets to any third person or entity, except as permitted by the Agreement.

**15. Indemnity.** Each party shall indemnify, defend and hold harmless the other party from any and all claims, demands, actions, losses, liabilities, damages, obligations, costs or expenses (including attorney's fees) arising out of or in connection with any acts or omissions of such party under this Agreement.

**16. Dispute Resolution.** Any dispute arising out of or related in any way to this Agreement shall be mediated in Orange County, California, before JAMS (Judicial Arbitration & Mediation Services) before a single retired judge or justice. In that event, the dispute shall be governed and interpreted under California law without regard to its choice of law rules and the parties shall bear their own attorney's fees and costs, but shall share equally the fees and costs of the mediator. If the dispute is not resolved at mediation, it shall be subject to binding arbitration in Serbia before an agreed arbitration association (under its commercial arbitration rules). In that event, the dispute shall be governed and interpreted under Serbian

law without regard to its choice of law rules and the parties shall share equally the fees and costs of the arbitrator.

**17. Waiver & Entire Agreement.** Either party’s failure at any time to enforce any provision of this Agreement shall in no way affect its rights thereafter to require complete performance by the other party. This Agreement represents the entire agreement between the parties and supersedes all prior agreements and understandings between them, whether oral or written, and it may not be amended except in writing signed by both parties.

The parties have executed this Agreement on February \_\_\_\_, 2010.

**Raremoto Ltd.**

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By:  
Its:

**Caliber Motors America LLC**

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By:  
Its: