

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) JUNE 20, 2000

TITAN MOTORCYCLE CO. OF AMERICA

(Exact Name of Registrant as Specified in Charter)

NEVADA
(State or Other Jurisdiction
of Incorporation)000-24477
(Commission
File Number)86-0776876
(IRS Employer
Identification No.)2222 WEST PEORIA AVENUE, PHOENIX, ARIZONA
(Address of Principal Executive Offices)85029
(Zip Code)

Registrant's telephone number, including area code (602) 861-6977

(Former Name or Former Address, if Changed Since Last Report)

ITEM 5. OTHER EVENTS.

On June 20, 2000, Titan Motorcycle Co. of America sold 650 shares of Titan's Series C Convertible Preferred Stock and a warrant to purchase 821,053 shares of Titan's common stock to Esquire Trade & Finance Inc. and 650 shares of Titan's Series C Convertible Preferred Stock and a warrant to purchase 821,053 shares of Titan's common stock to Celeste Trust Reg. in a private placement for a total of \$1,300,000 in gross proceeds to Titan.

Unless shareholder approval is obtained, the Series C Convertible Preferred Stock and warrants are convertible at any time into a maximum of 1,750,000 shares of Titan's common stock for Esquire and 1,750,000 shares of Titan's common stock for Celeste. For the first six months after issuance, the Series C Convertible Preferred Stock is convertible at a fixed conversion price of \$.95. Thereafter, the conversion price is adjusted every three months to be the lower of (a) 80% of the average market price for the lowest three trading days during the last ten trading days prior to the adjustment date and (b) either (i) the current conversion price if 80% of the average market price is less than or equal to 200% of the current conversion price, or (ii) \$.95 if 80% of the average market price is more than 200% of the current conversion price. The number of shares of common stock underlying the Series C Convertible Preferred Stock is subject to adjustment for stock splits, stock dividends, combinations, capital reorganizations and similar events relating to Titan's common stock. Subject to certain restrictions in a subordination agreement with Titan's bank, Wells Fargo Bank, N.A., Esquire and Celeste each have the right to force Titan to redeem the Series C Convertible Preferred Stock at a premium upon the occurrence of any of the following events:

1. The amount of common stock reserved for issuance upon conversion of the Series C Convertible Preferred Stock is less than 150% of the number of shares of common stock issuable upon potential conversion of the Series C Convertible Preferred Stock for 10 consecutive trading days and the Company fails to increase the reserved amount above the 150% threshold for 90 days thereafter;
2. The Company is unable to issue sufficient shares of common stock upon conversion of the Series C Convertible Preferred Stock as a result of Nasdaq Rule 4310(c)(25)(H)(i) or Rule 4460(i)(1); or
3. The Company is unable to timely deliver certificates representing the common stock issuable on conversion of the Series C Convertible Preferred Stock.

The net proceeds of the offering will be used for working capital and general corporate purposes.

The terms of the private placement are set forth in full in the Securities Purchase Agreement attached as Exhibit 10.1 to this report. The rights and preferences of the Series C Convertible Preferred Stock are set forth in full in the Certificate of Designations attached as Exhibit 4.1 to this report. The warrants are subject to the terms and conditions of the warrants attached as Exhibits 4.2 and 4.3 to this report. Under the Registration Rights Agreement attached as Exhibit 4.5 to this report, Titan has agreed to prepare and file with the Securities and

Exchange Commission a registration statement covering the resale of the shares underlying the Series C Convertible Preferred Stock and warrants.

In exchange for the waiver of certain terms and conditions related to the placement of Titan's Series C Convertible Preferred Stock, Titan also issued common stock purchase warrants to the Series A and Series B Convertible Preferred Stock investors. Advantage Fund II Ltd. received a warrant to purchase 75,000 shares of Titan's common stock and Koch Investment Group Limited received a warrant to purchase 25,000 shares of Titan's common stock. Titan will include the 100,000 shares of Titan's common stock issuable upon exercise of these warrants in the registration statement covering the resale of the shares underlying the Series C Convertible Preferred Stock and warrants held by Esquire and Celeste. If Titan is unable to include the common stock underlying the Advantage and Koch warrants, it will file a separate registration statement covering these shares.

Five-sixths of the warrants issued to Esquire and Celeste are exercisable at a price of \$1.69 per share; the remaining warrants issued to Esquire and Celeste are exercisable at a price of \$2.26 per share. All of the warrants expire June 30, 2005.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
-----	-----

- | | |
|------|---|
| 4.1 | Certificate of Designations of the Series C Convertible Preferred Stock, as filed on June 15, 2000 |
| 4.2 | Warrant issued to Esquire Trade & Finance, Inc., dated June 20, 2000 |
| 4.3 | Warrant issued to Celeste Trust Reg., dated June 20, 2000 |
| 4.4 | Form of Warrant issued to Advantage Fund II Ltd. and Koch Investment Group Limited, dated June 20, 2000 |
| 4.5 | Registration Rights Agreement with Esquire Trade & Finance Inc. and Celeste Trust Reg., dated as of June 20, 2000 |
| 10.1 | Securities Purchase Agreement with Esquire Trade & Finance Inc. and Celeste Trust Reg., dated as of June 20, 2000 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Titan Motorcycle Co. of America

By: s:/Francis S. Keery/
Francis S. Keery
Chief Executive Officer

Dated: June 21, 2000

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
4.1	Certificate of Designations of the Series C Convertible Preferred Stock, as filed on June 15, 2000
4.2	Warrant issued to Esquire Trade & Finance, Inc., dated June 20, 2000
4.3	Warrant issued to Celeste Trust Reg., dated June 20, 2000
4.4	Form of Warrant issued to Advantage Fund II Ltd. and Koch Investment Group Limited, dated June 20, 2000
4.5	Registration Rights Agreement with Esquire Trade & Finance Inc. and Celeste Trust Reg., dated as of June 20, 2000
10.1	Securities Purchase Agreement with Esquire Trade & Finance Inc. and Celeste Trust Reg., dated as of June 20, 2000

CERTIFICATE OF DESIGNATIONS
OF RIGHTS AND PREFERENCES OF THE
SERIES C CONVERTIBLE PREFERRED STOCK
OF
TITAN MOTORCYCLE CO. OF AMERICA

Pursuant to the authority expressly granted and vested in the Board of Directors (the "BOARD OF DIRECTORS" or the "BOARD") of TITAN MOTORCYCLE CO. OF AMERICA (the "COMPANY") by Section 78.1955 of the General Corporation Law of the State of Nevada (the "Corporation Law") and the provisions of the Company's Restated Articles of Incorporation, as amended, the Board of Directors adopted the following resolution setting forth the designations, powers, preferences and rights of its Series C Convertible Preferred Stock (the "CERTIFICATE OF DESIGNATIONS") on June __, 2000:

RESOLVED: That the designations, powers, preferences and rights of the Series C Convertible Preferred Stock be, and they hereby are, as set forth below:

I. DESIGNATION AND AMOUNT

The designation of this series, which consists of 2,300 shares of Preferred Stock, par value \$.001 per share, is the Series C Convertible Preferred Stock (the "SERIES C CONVERTIBLE PREFERRED STOCK").

II. CERTAIN DEFINITIONS

For purposes of this Certificate of Designation, the following terms shall have the following meanings:

A. "ADDITIONAL CLOSING DATE," "CLOSING DATE" and "INITIAL CLOSING DATE" have the meanings ascribed to them in the Securities Purchase Agreement.

B. "BUY-IN ADJUSTMENT AMOUNT" means the amount equal to the excess, if any, of (i) the Converting Holder's total purchase price (including brokerage commissions, if any) for the Covering Shares over (ii) the net proceeds (after brokerage commissions, if any) received by the Converting Holder from the sale of the Sold Shares. By way of illustration and not in limitation of the foregoing, if the Converting Holder (as defined in Article IV Paragraph B(6)) purchases shares of Common Stock having a total purchase price (including brokerage commissions) of \$11,000 to cover a Buy-In (as defined in Article IV Paragraph B(6)) with respect to shares of Common Stock it sold for net proceeds of \$10,000, the Buy-In Adjustment Amount which the Company will be required to pay to the Converting Holder will be \$1,000.

C. "CAP REGULATIONS" has the meaning ascribed to it in Paragraph E(1) of Article IV hereof.

D. "CLOSING BID PRICE" means the closing bid price of the Common Stock (in U.S. Dollars) on the Principal Trading Market as reported by the Reporting Service. If the Closing Bid Price cannot be calculated for such security on the relevant date on the foregoing basis, the Closing Bid Price of such security on such date shall be the fair market value as reasonably determined by an investment banking firm selected by the Holders of a majority of the then outstanding shares of Series C Convertible Preferred Stock and reasonably acceptable to the Company, with the costs of such appraisal to be borne by the Company. The manner of determining the Closing Bid Price of the Common Stock set forth in the foregoing definition shall apply with respect to any other security in respect of which a determination as to closing bid price must be made hereunder.

E. "COMMON STOCK" means the Company's common stock, par value \$.001 per share.

F. "CONTROL NOTICE" means a notice given by the Company to a Holder in accordance with Paragraph D of Article VI hereof stating that an event has occurred by reason of events which are outside the control of the Company.

G. "CONVERSION DATE" has the meaning ascribed to it in the Securities Purchase Agreement.

H. "CONVERSION PRICE" means, with respect to any relevant date, the lower of (i) the Initial Conversion Price or (ii) the Variable Conversion Price, each of which amounts shall be subject to adjustment as provided herein.

I. "EFFECTIVE DATE" means the date the relevant Registration Statement for the shares of Common Stock issuable on conversion of the Series C Convertible Preferred Stock and the exercise of the Warrants is declared effective by the Securities and Exchange Commission.

J. "EXISTING VARIABLE CONVERSION PRICE" means the Variable Conversion Price in effect immediately before the relevant Reset Repricing Date.

K. "HOLDER" means a person or entity holding shares of the Series C Convertible Preferred Stock.

L. "INITIAL CONVERSION PRICE" means \$0.95 per share of Common Stock.

M. "JUNIOR SECURITIES" means (i) any class or series of capital stock of the Company authorized prior to the filing of this Certificate of Designations that, by its terms, ranks junior to the Series C Convertible Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary and (ii) all classes or series of capital stock of the Company authorized after the filing of this Certificate of Designations, unless consented

to as provided herein in each instance, each of which shall rank junior to the Series C Convertible Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

N. "LIQUIDATION PREFERENCE" means, with respect to a share of Series C Convertible Preferred Stock, an amount equal to the Stated Value thereof, plus the accrued and unpaid dividends thereon through the date of final distribution.

O. "MARKET PRICE," as of any date, means the average of the Closing Bid Price (in U.S. Dollars) for the lowest three (3) trading days (which need not be consecutive) during the ten (10) consecutive trading days ending on the trading day immediately preceding the relevant date (subject to equitable adjustment for any stock splits, stock dividends, reclassifications or similar events during such 10 trading day period). If market value cannot be calculated as of such date on the foregoing basis, the Market Price shall be the fair market value as reasonably determined by an investment banking firm selected by the Holders of a majority of the then outstanding shares of Series C Convertible Preferred Stock and reasonably acceptable to the Company, with the costs of the appraisal to be borne by the Company. The manner of determining the Market Price of the Common Stock set forth in the foregoing definition shall apply with respect to any other security in respect of which a determination as to market value must be made hereunder.

P. "MATURITY DATE" means the date which is the second anniversary of the relevant Closing Date.

Q. "PARI PASSU SECURITIES" means any class or series of capital stock of the Company hereafter created specifically ranking, by its terms, on parity with the Series C Convertible Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

R. "PRINCIPAL TRADING MARKET" means The Nasdaq SmallCap Market, or if the Common Stock is no longer listed on that market, the principal securities exchange or trading market on which the Common Stock is listed or traded, including the OTCBB or the pink sheets.

S. "REGISTRATION RIGHTS AGREEMENT" has the meaning ascribed to it in the Securities Purchase Agreement.

T. "REGISTRATION STATEMENT" means the Registration Statement(s) to be filed by the Company pursuant to the Registration Rights Agreement for the resale of, among other shares, the Common Stock issuable upon conversion of the Series C Convertible Preferred Stock and exercise of the Warrants and any amendments thereto.

U. "REPORTING SERVICE" means Bloomberg LP or if that service is not then reporting the relevant information regarding the Common Stock, a comparable reporting service of national reputation selected by the Holders of the Series C Convertible Preferred Stock and reasonably acceptable to the Company.

V. "RESET DATE PRICE" means the amount obtained by multiplying 0.8 by the Market Price as of the relevant Reset Pricing Date.

W. "RESET PRICING DATE" means (i) the date which is six months after the applicable Closing Date and (ii) each date which is three months after the immediately preceding Reset Pricing Date. In the month in which it occurs, the calendar date of the Reset Price Date shall be the same date as the calendar date as the applicable Closing Date, unless the Closing Date calendar date does not exist in such Reset Pricing Date month, in which event the calendar date will be the last day of the month in which the Reset Pricing Date occurs (e.g., if a Closing Date is June 14, all Reset Pricing Dates for that Closing Date will be on the 14th of the relevant months; if a Closing Date is July 31, all Reset Pricing Dates will be on the 31st of the relevant month, except for months which do not have 31 days, when the Reset Pricing Date will be the last day of such month).

X. "SECURITIES" means the shares of Series C Convertible Preferred Stock or the Common Stock of the Company into which such shares are converted or convertible, as contemplated hereby.

Y. "SECURITIES PURCHASE AGREEMENT" means that certain Securities Purchase Agreement, dated on or about the date of the filing of this Certificate of Designations, to which the Company and the party or parties to whom shares of Series C Convertible Preferred Stock are issued are parties.

Z. "SENIOR SECURITIES" means each class or series of capital stock of the Company, including, but not necessarily limited to, the Series A Convertible Preferred Stock and the Series B Convertible Preferred Stock, authorized prior to the original filing of this Certificate of Designations that, by its terms, is senior to the Series C Convertible Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

AA. "STATED VALUE" for the Series C Convertible Preferred Stock shall be \$1,000.00 per share.

BB. "TRANSACTION AGREEMENTS" has the meaning ascribed to it in the Securities Purchase Agreement and includes all ancillary documents entered into between the parties to those agreements.

CC. "VARIABLE CONVERSION PRICE" means, with respect to

(i) the period commencing on the first Reset Pricing Date applicable to a given Closing Date, the Reset Date Price as of such Reset Pricing Date, and

(ii) the period commencing any subsequent Reset Repricing Date applicable to such Closing Date, (a) if the Reset Date Price as of that Reset Pricing Date is not more than two hundred percent (200%) of the Existing Variable Conversion Price as of

that Reset Repricing Date, the lower of such Existing Variable Conversion Price or such Reset Date Price, or (b) if the Reset Date Price as of that Reset Pricing Date is more than two hundred percent (200%) of the Existing Variable Conversion Price as of that Reset Pricing Date, the lower of such Reset Date Price or the Initial Conversion Price.

DD. "WARRANTS" means the Warrants to Purchase Common Stock issued to the initial Holders of the Series C Convertible Preferred Stock on a Closing Date or any replacements thereof.

III. DIVIDENDS

A. GENERALLY. The Holders of the Series C Convertible Preferred Stock shall be entitled to receive a 5% per annum dividend payable on the date (the "DIVIDEND PAYMENT DATE") which is the earlier of (i) the first business day after the last calendar day of March, June, September and December of each calendar year or (ii) a Conversion Date. The dividend shall accrue on a daily basis and shall be payable in cash or in Common Stock at the Company's option. Such dividends shall be payable in preference to dividends on any Common Stock or stock of any class ranking, as to dividend rights, junior to the Series C Convertible Preferred Stock, and shall be junior as to payment of dividends to the Senior Securities. Dividends shall be fully cumulative and shall accrue (whether or not declared and whether or not there shall be funds legally available for the payment of dividends) daily (based on a 365-day year) , without interest, and shall be payable on the Dividend Payment Date unless such payment would be in violation of the Corporation Law.

B. DIVIDENDS PAID IN COMMON STOCK. If paid in Common Stock, the number of shares of Common Stock to be received shall be determined by dividing the dollar amount of the dividend by the Conversion Price on the Dividend Payment Date. If the dividend is to be paid in Common Stock, the Common Stock shall be delivered to the Holder, or per Holder's instructions, (i) if being issued in connection with a conversion, at the same time the Conversion Certificates pursuant to Paragraph B(1) of Article IV of this Certificate of Designations are to be delivered, and (ii) with respect to all other instances, within five (5) business days after the Dividend Payment Date (such fifth business date, a "DELIVERY DATE"). The certificates representing the dividends so paid are referred to as "CONVERSION CERTIFICATES."

C. DIVIDENDS PAID IN CASH. If the dividend is to be paid in cash, the Company shall make such payment on the Dividend Payment Date. If the dividend is not paid on the Dividend Payment Date, the dividend must be paid in Common Stock in accordance with the provisions of this Certificate of Designations, unless the Holder consents otherwise in each specific instance.

IV. CONVERSION

A. CONVERSION AT THE OPTION OF THE HOLDER. Subject to the limitations on conversions contained in Paragraph C of this Article IV, each Holder of shares of Series C Convertible Preferred Stock may, at any time and from time to time convert (an "OPTIONAL CONVERSION") each of its shares of Series C Convertible Preferred Stock into a number of fully paid and nonassessable shares of Common Stock determined in accordance with the following formula:

STATED VALUE OF SHARES TO BE CONVERTED
CONVERSION PRICE

B. MECHANICS OF CONVERSION. To effect a conversion of shares of the Series C Convertible Preferred Stock, the Holder must deliver or fax a Notice of Conversion in the form attached hereto as Exhibit A ("NOTICE OF CONVERSION") to the Company (to the attention of the President, with copies to the Chief Financial Officer of the Company, the Company's transfer agent and the Company's counsel, all as identified by notice given by the Company to the Holder from time to time) as provided in this Paragraph. The Notice of Conversion shall be executed by the Holder of one or more shares of Series C Convertible Preferred Stock and shall evidence such Holder's intention to convert all or a portion of such shares. The date of conversion (the "CONVERSION DATE") shall be deemed to be the date on which the Holder faxes or otherwise delivers a Notice of Conversion to the Company, provided that the Holder must deliver to the Company the certificate or certificates representing the shares being converted (the "CONVERTED SHARES") no later than five (5) business days thereafter.

1. DELIVERY OF COMMON STOCK UPON CONVERSION. Certificates representing the Common Stock issuable on conversion of the Series C Convertible Preferred Stock (the "CONVERSION CERTIFICATES") will be delivered to the Converting Holder at the address specified in the Notice of Conversion (which may be the Converting Holder's address for notices as contemplated by the Securities Purchase Agreement or a different address), via express courier, by electronic transfer or otherwise, within five (5) business days (such fifth business day, a "DELIVERY DATE") after the later of (i) the date on which the Notice of Conversion is delivered to the Company as contemplated in this Paragraph or the Maturity Date, or (ii) the date on which the Converted Shares are delivered to the Company.

2. TAXES. The Company shall pay any and all taxes which may be imposed upon the Company with respect to the issuance and delivery of the shares of Common Stock upon the conversion of the Series C Convertible Preferred Stock other than transfer taxes due upon conversion, if such Holder has transferred to another party the Series C Convertible Preferred Stock or the right to receive Common Stock upon the Holder's conversion thereof or any or income taxes due on the part of the Holder. The Company shall have the right to withhold any taxes as required by the United States federal or state tax laws.

3. NO FRACTIONAL SHARES. If any conversion of Series C Convertible Preferred Stock would result in the issuance of a fractional share of Common Stock, such fractional share shall be disregarded and the number of shares of Common Stock issuable upon conversion of the Series C Convertible Preferred Stock shall be rounded up or down to the nearest whole share, it being understood that .5 of one share shall be rounded up to the next highest share.

4. CONVERSION DISPUTES. In the case of any dispute with respect to a conversion, the Company shall promptly issue such number of shares of Common Stock as are not disputed in accordance with Paragraph A of Article IV above. If such dispute involves the calculation of the Conversion Price, the Company shall first discuss such discrepancy with the Converting Holder. If the Company and the Converting Holder are unable to agree upon the Conversion Price calculation, the Company shall promptly submit the disputed calculations to independent auditors, which shall be one of the top six nationally recognized accounting firms selected by the Holder (unless the Holders and the Company mutually agree to a different firm). The auditors, at the expense of the party or parties in error (as determined by the auditors), shall audit the calculations and notify the Company and the Holder of the results within five (5) business days following the date it receives the disputed calculations. The auditor's calculation shall be deemed conclusive, absent manifest error. The Company shall then issue the appropriate number of shares of Common Stock in accordance with Paragraph A of Article IV above.

5. CERTAIN DEFAULTS. In the event the Company breaches the provisions of Section 4(g) of the Securities Purchase Agreement, the Conversion Price shall be amended to be equal to (x) 90% of (y) the amount determined in accordance with the provisions of this Certificate of Designations and the Transaction Agreements without regard to this provision.

6. DELAY IN DELIVERING CONVERSION CERTIFICATES. The Company understands that a delay in the delivery of the Conversion Certificates beyond the Delivery Date could result in economic loss to a Holder. As compensation to a Holder for such loss, the Company agrees that the Conversion Price will be adjusted to equal seventy-nine percent (79%) of the Conversion Price applicable immediately before the application of this provision, and the Company will then be obligated to issue Conversion Certificates based on the Conversion Price as so adjusted. In addition, and not in lieu of the foregoing, the Company agrees, if there is a further delay in the delivery of the Conversion Certificates (as adjusted in accordance with this provision) so that such Conversion Certificates are not received within five (5) business days after the Delivery Date, to pay late payments to such Holder for late delivery of Conversion Certificates in accordance with the following schedule (where "No. Business Days Late" is defined as the number of business days beyond five (5) business days after the Delivery Date):

No. Business Days Late	Late Payment For Each \$10,000 of Liquidation Preference or Dividend Amount Being Converted
-----	-----

1	\$100
2	\$200
3	\$300
4	\$400
5	\$500
6	\$600
7	\$700
8	\$800
9	\$900
10	\$1,000
>10	\$1,000 +\$200 for each Business Day Late beyond 10 days

The Company shall pay any payments incurred under this Paragraph in immediately available funds upon demand. For purposes of this Paragraph B(5) of Article IV, in connection with a Mandatory Conversion or Automatic Conversion (as those terms are defined below), the term "Delivery Date" shall refer to the earlier of (i) the Delivery Date determined in relation to a Notice of Conversion actually submitted by the Holder to the Company or (ii) the fifth business date after written notice from the Holder that the delivery of shares to the Holder in connection with a Mandatory Conversion or Automatic Conversion has not been accomplished. The Company shall pay any payments incurred under this Paragraph in immediately available funds upon demand. Nothing herein shall limit the Holder's right to pursue actual damages for the Company's failure to issue and deliver the Conversion Certificates to the Holder. Furthermore, in addition to any other remedies which may be available to a Holder, in the event that the Company fails for any reason to effect delivery of such Conversion Certificates within five (5) business days after the Delivery Date, the Converting Holder will be entitled to revoke the relevant Notice of Conversion by delivering a notice to such effect to the Company whereupon the Company and the Converting Holder shall each be restored to their respective positions immediately prior to delivery of such Notice of Conversion; provided, however, that any payments contemplated by this Paragraph B(6) which have accrued through the date of such revocation notice shall remain due and owing to the Converting Holder notwithstanding such revocation.

7. BUY-IN. If, by the relevant Delivery Date, the Company fails for any reason to deliver the Conversion Certificates and after such Delivery Date, the Holder of the Series C Convertible Preferred Stock being converted (a "CONVERTING HOLDER") purchases, in an arm's-length open market transaction or otherwise, shares of Common Stock (the "COVERING SHARES") in order to make delivery in satisfaction of a sale of Common Stock by the Converting Holder (the "SOLD SHARES"), which delivery such Converting Holder anticipated to make using the shares to be issued upon such conversion (a "BUY-IN"), the Converting Holder shall have the right, to require the Company to pay to the Converting Holder, in addition to and not in lieu of the amounts due under Paragraph B(5) of Article IV hereof

(and in addition to all other amounts contemplated in other provisions of the Transaction Agreements, and not in lieu of any such other amounts), the Buy-In Adjustment Amount. The Company shall pay the Buy-In Adjustment Amount to the Converting Holder in immediately available funds immediately upon demand by the Converting Holder.

8. DWAC CERTIFICATE DELIVERY. In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Company's transfer agent is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer program, upon request of a Converting Holder and his/her compliance with the provisions contained in this paragraph, so long as the certificates therefor do not bear a legend and the Converting Holder thereof is not obligated to return such certificate for the placement of a legend thereon, the Company shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Converting Holder by crediting the account of Converting Holder's prime broker with DTC through its Deposit Withdrawal Agent Commission system.

9. CONVERSION OBLIGATIONS AND DEFAULT.

a. Until such time as a court of competent jurisdiction shall have issued a binding injunction prohibiting the Company from issuing shares of Common Stock to the Holder on the Holder's conversion of shares of the Series C Convertible Preferred Stock, the Company will timely honor all such conversions effected by the Holder in accordance with the terms of the Securities Purchase Agreement and this Certificate of Designations, subject only to the limitations as to manner of exercise provided herein and to the provisions of Paragraphs E(1) and (2) of this Article IV. In furtherance of the foregoing, and not in limitation thereof, if at any time, a Holder shall elect to convert a share of the Series C Convertible Preferred Stock, the Company may not refuse to effect such conversion based on any claim that the Holder (or anyone associated with the Holder) has been engaged in any violation of law, unless a binding injunction for a court of competent jurisdiction, issued on notice to the Holder of the hearing with respect to the issuance of such injunction, restraining or enjoining conversion of all of the shares of Series C Convertible Preferred Stock shall have been sought and obtained and the Company shall have posted a bond in favor of the Holder in the amount of one hundred thirty percent (130%) of the stated value of the shares of Series C Convertible Preferred Stock held by the Holder which are subject to such injunction. The bond referred to in the immediately preceding sentence shall remain in effect at least until thirty (30) days after the completion of the proceedings relating to the dispute between the Holder and the Company with respect to such conversion or right to effectuate conversions. The proceeds of such bond shall be payable to the Holder to offset any amounts owed to the Holder as reflected in any judgment obtained by the Holder in its favor in connection with such dispute.

b. If, at any time:

(I) the Company challenges, disputes or denies the right of a Holder of Series C Convertible Preferred Stock to effect a conversion of the Series C Convertible Preferred Stock Preferred Stock into Common Stock or otherwise dishonors or rejects any Notice of Conversion delivered in accordance with the terms of the Securities Purchase Agreement or this Certificate of Designations (subject to the provisions of Paragraph B(4) of this Article IV with respect to certain disputes relating to calculations of the number of shares to be issued and subject to the Cap Regulations) or any exercise of any Warrant in accordance with its terms ("WARRANT EXERCISE"), or

(II) any third party who is not and has never been an affiliate of such Holder commences any lawsuit or proceeding or otherwise asserts any claim before any court or public or governmental authority, which lawsuit, proceeding or claim seeks to challenge, deny, enjoin, limit, modify, delay or dispute the right of such Holder to effect the conversion of the Series C Convertible Preferred Stock into Common Stock, and the Company refuses to honor any such Notice of Conversion or Warrant Exercise,

then such Holder shall have the right, by written notice to the Company, to require the Company to redeem each share of Series C Convertible Preferred Stock for which a Notice of Conversion has been refused pursuant to Paragraphs B(8)(a) or (b) above for cash, at an amount per share equal to the Redemption Amount (as defined in Article VI Paragraph B), pursuant to the provisions of Article VI hereof.

10. CONVERSION IN BANKRUPTCY. The Holder of any Series C Convertible Preferred Stock shall be entitled to exercise its conversion privilege with respect to the Series C Convertible Preferred Stock notwithstanding the commencement of any case under 11 U.S.C. Section 101 et seq. (THE "BANKRUPTCY Code"). In the event the Company is a debtor under the Bankruptcy Code, the Company hereby waives, to the fullest extent permitted, any rights to relief it may have under 11 U.S.C. Section 362 in respect of such Holder's conversion privilege. The Company agrees, without cost or expense to such Holder, to take or to consent to any and all action necessary to effectuate relief under 11 U.S.C. Section 362.

C. AUTOMATIC CONVERSION UPON MATURITY. Any shares of Series C Convertible Preferred Stock not previously converted or redeemed as of the Maturity Date, shall be deemed to be automatically converted (an "AUTOMATIC CONVERSION") up to an amount contemplated by Paragraphs E(1) or (2), as may be applicable, of this Article IV (or from time to time thereafter as such additional conversions may be made consistent with said provisions), without further action of

any kind (including, but not necessarily limited to, the giving of a Notice of Conversion) by the Holder, as of the Maturity Date at the Conversion Price applicable on the Maturity Date.

D. MANDATORY CONVERSION. Subject to the terms of this Section D, the Company, at its option, may force the conversion of any or all of the then outstanding shares of Series C Convertible Preferred Stock by written notice of such conversion (a "MANDATORY CONVERSION NOTICE") sent to each of the Holders of the Series C Convertible Preferred Stock (a "MANDATORY CONVERSION"). The Company may issue a Mandatory Conversion Notice if, and only if, all of the following requirements are met:

1. REGISTRATION STATEMENT AVAILABLE. The Registration Statement must be effective and available for the resale of all of the shares of Common Stock issuable upon the proposed Mandatory Conversion.

2. BREACH OF REPRESENTATIONS AND WARRANTIES. The Company shall not have materially breached any of its agreements or representations contained in the Transaction Agreements.

3. REQUIRED COMMON STOCK MARKET PRICE. The closing bid price of the Common Stock for each of the twenty (20) consecutive trading days ending on the trading day immediately before the Company issues a Mandatory Conversion Notice (such twenty trading days, the "MANDATORY PERIOD") shall be at least \$1.90 (adjusted to take into account any reverse stock split effected after the Initial Closing Date).

4. REQUIRED COMMON STOCK VOLUME. The average trading volume of the Common Stock during the Mandatory Period shall be at least 50,000 shares per trading day (adjusted to take into account any stock split effected after the Initial Closing Date, except that with respect to a reverse stock split, the adjustment shall not be greater than a ratio of 1:4).

5. CONVERSION LIMITATION. Such Mandatory Conversion (including any accrued dividends being paid by the issuance of Common Stock as contemplated by this Certificate of Designations) shall not be inconsistent with the provisions of the immediately following Section E, which shall apply to Mandatory Conversions.

If a Mandatory Conversion Notice is timely and properly given, the Series C Convertible Preferred Shares indicated in such notice shall be deemed converted, without further action of the Holder, as of the date the Mandatory Conversion Notice is so given. In such event, the fifth business day after the date the Mandatory Conversion Notice is so given shall be deemed to be the relevant "DELIVERY DATE" with respect to the Mandatory Conversion.

E. LIMITATIONS ON CONVERSIONS. The conversion of shares of Series C Convertible Preferred Stock shall be subject to the following limitations (each of which limitations shall be applied independently):

1. CAP REGULATIONS. Without shareholder approval, the Company may not issue shares of Common Stock in excess of (i) the number of authorized shares, or (ii) the number of shares that may be issued in compliance with the applicable rules and regulations of its Principal Trading Market, including, but not necessarily limited to, Nasdaq Rule 4310(c)(25)(H)(i) or Rule 4460(i)(1), as may be applicable, which would limit the issuance of Common Stock on conversion of the Series C Convertible Preferred Stock to 19.99% of the number of outstanding shares of Common Stock on the Initial Closing Date (the limitations referred to in clauses (i) and (ii) of this Paragraph E(1), collectively, the "CAP REGULATIONS"). Without limiting the other provisions of the Securities Purchase Agreement or this Certificate of Designations, (i) the Company will take all steps reasonably necessary to be in a position to issue shares of Common Stock on conversion of the Series C Convertible Preferred Stock without violating the Cap Regulations. If at any time after the Company's 2000 Annual Meeting, which will be held on or about July 26, 2000 (the "MEETING DATE"), the then authorized shares or the maximum number of shares of Common Stock that may be issued upon conversion of all of the then outstanding Series C Convertible Preferred Stock pursuant to the Cap Regulations (the "CAP AMOUNT") is less than the number of shares of Common Stock which would then be otherwise potentially issuable upon conversion of all of the then outstanding shares of Series C Convertible Preferred Stock without regard to such Cap Regulations (a "TRADING MARKET TRIGGER EVENT"), the Company shall immediately notify the Holders of Series C Convertible Preferred Stock of such occurrence and shall take immediate action (including, if necessary, seeking the approval of its shareholders to authorize the authorization or issuance of the full number of shares of Common Stock which would be issuable upon the conversion of the then outstanding shares of Series C Convertible Preferred Stock but for the Cap Amount) to effectuate either or both of an increase in the authorized shares of the Company or the elimination of any prohibitions under applicable law or the rules or regulations of any stock exchange, interdealer quotation system or other self-regulatory organization with jurisdiction over the Company or any of its securities on the Company's ability to authorize or issue shares of Common Stock in excess of the Cap Amount ("TRADING MARKET PROHIBITIONS"). In this event, the Holder of a share of Series C Convertible Preferred Stock which can not be converted as a result of the Cap Regulations, after all such shares of Series C Convertible Preferred Stock that can be converted under the Cap Amount have been converted (each such share, an "UNCONVERTED SHARE"), shall have the option, exercisable in such Holder's sole and absolute discretion, to elect either of the following remedies:

a. If permitted by the Cap Regulations, require the Company to issue shares of Common Stock in accordance with such holder's Notice of Conversion at a conversion purchase price equal to the average of the closing price per share of Common Stock for any three (3) trading days (which need not be consecutive, but

subject to certain equitable adjustments to account for certain events, such as stock splits or reverse splits, occurring during such period) during the 60 trading days ending on the trading day immediately preceding the date of the Notice of Conversion; or

b. Require the Company to redeem each Unconverted Share for cash, at an amount per share equal to the Redemption Amount, pursuant to the provisions of Article VI hereof, subject to the Company's right to cure in Paragraph D of Article VI hereof.

A Holder of more than one Unconverted Share may elect one of the above remedies with respect to some of such Unconverted Shares and the other remedy with respect to other Unconverted Shares. Anything herein to the contrary notwithstanding, the remedy contained in clauses (a) and (b) of this Paragraph E(1) of this Article IV shall not be available to the Holder of such shares until after the Meeting Date. If the Cap Regulations no longer apply to limit the Company's issuance of shares of Common Stock in connection with the Series C Convertible Preferred Stock or the transactions contemplated by the Transaction Agreements, the remedies contained in clauses (x) and (y) of this Paragraph E(1) of this Article IV shall not be exercisable by a Holder.

2. NO TEN PERCENT HOLDERS. Notwithstanding any other provision hereof, or any of the Transaction Agreements, in no event (except (i) as specifically provided in this Certificate of Designations as an exception to this provision, (ii) while there is outstanding a tender offer for any or all of the shares of the Company's Common Stock, or (iii) on at least sixty-five (65) days' advance written notice from the Holder) shall the Holder be entitled to convert any share of Series C Convertible Preferred Stock, or shall the Company have the obligation to convert such share (and the Company shall not have the right to pay dividends on shares of Series C Convertible Preferred Stock in shares of Common Stock or require a Mandatory Conversion), to the extent that, after such conversion or issuance of stock in payment of dividends, the sum of (a) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Series C Convertible Preferred Stock or any unexercised portion of the Warrants or any other unexercised right held by the Holder subject to a similar limitation), and (b) the number of shares of Common Stock issuable upon the conversion of the shares of Series C Convertible Preferred Stock with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 9.99% of the outstanding shares of Common Stock (after taking into account the shares to be issued to the Holder upon such conversion). For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "1934 ACT"). If the Holder transfers or assigns any shares of the Series C Convertible Preferred Stock to a party who or which would not be considered such an affiliate, such assignment shall be made subject to the transferee's

or assignee's specific agreement to be bound by the provisions of this Paragraph D(2) of Article IV as if such transferee or assignee were the original Holder hereof. Nothing herein shall preclude the Holder from disposing of a sufficient number of other shares of Common Stock beneficially owned by the Holder so as to thereafter permit the continued conversion of the shares of Series C Convertible Preferred Stock.

V. RESERVATION OF SHARES OF COMMON STOCK

A. RESERVED AMOUNT. Upon the initial issuance of the shares of Series C Convertible Preferred Stock, the Company shall reserve out of the authorized but unissued shares of Common Stock for issuance upon conversion of the Series C Convertible Preferred Stock such number of shares equal to 200% of the number of shares which would be issuable if all of the authorized shares of Series C Convertible Preferred Stock were converted in their entirety on the Initial Closing Date based on the Conversion Price in effect on that date and thereafter the number of authorized but unissued shares of Common Stock so reserved (the "RESERVED AMOUNT") shall not be decreased, but may be increased pursuant to Paragraph B of this Article V, and shall at all times be sufficient to provide for the conversion of the Series C Convertible Preferred Stock outstanding at the then current Conversion Price thereof. The Reserved Amount shall be allocated to the holders of Series C Convertible Preferred Stock as provided in Article X Paragraph E.

B. INCREASES TO RESERVED AMOUNT. If the Reserved Amount for any 10 consecutive trading days (the last of such 10 trading days being the "AUTHORIZATION TRIGGER DATE") shall be less than 150% of the number of shares of Common Stock issuable upon potential conversion of the then outstanding shares of Series C Convertible Preferred Stock, the Company shall immediately notify the holders of Series C Convertible Preferred Stock of such occurrence and shall take immediate action (including, if necessary, seeking shareholder approval to authorize the issuance of additional shares of Common Stock) to increase the Reserved Amount to 200% of the number of shares of Common Stock then issuable upon conversion of the outstanding Series C Convertible Preferred Stock. In the event the Company fails to so increase the Reserved Amount within 90 days after an Authorization Trigger Date (such event being the "RESERVED AMOUNT TRIGGER EVENT"), each Holder of Series C Convertible Preferred Stock shall thereafter have the option, exercisable in whole or in part at any time and from time to time by delivery of a Redemption Notice (as defined in Article VI Paragraph C) to the Company, to require the Company to purchase for cash, at an amount per share equal to the Redemption Amount, a portion of the holder's Series C Convertible Preferred Stock such that, after giving effect to such purchase, the holder's allocated portion of the Reserved Amount equals or exceeds 200% of the total number of shares of Common Stock issuable to such Holder upon conversion of its Series C Convertible Preferred Stock. If the Company fails to redeem any of such shares within five (5) business days after its receipt of such Redemption Notice, then such Holder shall be entitled to the remedies provided in Article VI Paragraph C.

C. LIMITATIONS ON REDEMPTION RIGHT. Notwithstanding the provisions of Paragraph B of this Article V, the holders of Series C Convertible Preferred Stock shall have no right to require the Company to effect a redemption of their outstanding shares of Series C Convertible Preferred Stock as provided in Paragraph B of this Article V so long as (i) the Company has not, at any time, decreased the Reserved Amount below that number of shares of Common Stock computed as set forth in Paragraphs A and B of this Article V ; (ii) the Company shall have taken immediate action following the applicable Authorization Trigger Date (including, if necessary, seeking stockholder approval to authorize the issuance of additional shares of Common Stock) to increase the Reserved Amount to 200% of the number of shares of Common Stock then issuable upon conversion of the outstanding Series C Convertible Preferred Stock; and (iii) the Company continues to use its commercially reasonable good faith best efforts (including the resolicitation of stockholder approval, if necessary, to authorize the issuance of additional shares of Common Stock) to increase the Reserved Amount to 200% of the number of shares of Common Stock then issuable upon conversion of the outstanding Series C Convertible Preferred Stock. The Company will be deemed to be using "its commercially reasonable good faith best efforts" to increase the Reserved Amount so long as it solicits stockholder approval to authorize the issuance of additional shares of Common Stock not less than two (2) times during each twelve month period following the applicable Authorization Trigger Date during which any shares of Series C Convertible Preferred Stock remain outstanding; provided that no such limitation on the redemption rights set out in Paragraph B of this Article V shall be effective if the Company fails to obtain stockholder approval after two (2) attempts.

VI. REDEMPTION

A. REDEMPTION BY HOLDER. In the event that any of the following occur (individually, a "REDEMPTION EVENT"):

1. CAP REGULATIONS. The Company's inability to issue sufficient shares of Common Stock upon conversion of Unconverted Shares in accordance with Paragraph E(1) of Article IV hereof.

2. CONVERSION DEFAULT. The Company's inability to deliver Conversion Certificates under Paragraph B(9) of Article IV hereof.

then, upon the occurrence of any such Redemption Event, each Holder of shares of Series C Convertible Preferred Stock shall thereafter have the option, exercisable in whole or in part at any time and from time to time by delivery of a notice requesting the redemption of all or part of such Holder's shares of Series C Convertible Preferred Stock (a "REDEMPTION NOTICE") to the Company while such Redemption Event continues, to require the Company to purchase for cash any or all of the then outstanding shares of Series C Convertible Preferred Stock held by such Holder for an amount per share equal to the Redemption Amount in effect at the time of the redemption hereunder.

B. DEFINITION OF REDEMPTION AMOUNT. The "REDEMPTION AMOUNT" with respect to a share of Series C Convertible Preferred Stock being redeemed (a "REDEEMED SHARE") means an amount payable in cash, equal to the 130% of the stated value of the Redeemed Share plus accrued but unpaid dividends thereon.

C. REDEMPTION DEFAULTS. If the Company fails to pay any Holder the Redemption Amount with respect to any share of Series C Convertible Preferred Stock within twenty-five (25) business days after its receipt of Redemption Notice, then the Holder of Series C Convertible Preferred Stock delivering such Redemption Notice shall be entitled to interest on the Redemption Amount at a per annum rate equal to the lower of 15% and the highest interest rate permitted by applicable law from the date on which the Company receives the Redemption Notice until the date of payment of the Redemption Amount hereunder. In the event the Company is not able to redeem all of the shares of Series C Convertible Preferred Stock subject to Redemption Notices delivered prior to the date upon which such redemption is to be effected, the Company shall redeem shares of Series C Convertible Preferred Stock from each Holder pro rata, based on the total number of shares of Series C Convertible Preferred Stock outstanding at the time of redemption included by such Holder in all Redemption Notices delivered prior to the date upon which such redemption is to be effected relative to the total number of shares of Series C Convertible Preferred Stock outstanding at the time of redemption included in all of the Redemption Notices delivered prior to the date upon which such redemption is to be effected.

D. CONTROL NOTICES. 1. Notwithstanding any other provision of this Certificate of Designations to the contrary, if the Company would be required, at the request of a Holder or pursuant to a provision herein, to redeem any shares of Series C Convertible Preferred Stock or otherwise make a cash payment in exchange for Series C Convertible Preferred Stock in an amount equal to the Redemption Amount by reason of events which are outside the control of the Company, the Company will have the right to give a Control Notice to the Holder within three (3) business days after such request is made by a Holder or the event giving rise to the such requirement as contemplated by such provision occurs. If the Company timely gives such Control Notice to the Holder, then in lieu of such cash payment or redemption, the Company agrees that the Conversion Price will be adjusted to equal 79% of the Conversion Price applicable at that time before application of this Paragraph D of this Article VI.

2. An event shall be deemed to have been outside the control of the Company if either a requirement of the Company to redeem or a right of any Holder to require redemption of, Series C Convertible Preferred Stock would result in the Company being required to classify the Series C Convertible Preferred Stock as redeemable preferred stock on a balance sheet of the Company prepared in accordance with Generally Accepted Accounting Principles and Regulation S-X of the Securities and Exchange Commission. If as a result of any of the adjustments to the Conversion Price required by this Section the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all of the outstanding shares of Series C Convertible Preferred Stock, such insufficiency shall be deemed to be covered by the applicable Control Notice and the Company shall have no obligation to redeem any shares of Series C Convertible Preferred

Stock by reason thereof. The Company thereupon will use its best efforts to increase the authorized number of shares of Common Stock so as to enable the Company to issue the appropriate number of shares, after taking into account the adjustment in the Conversion Price contemplated by this Paragraph B of this Article VI.

VII. LIQUIDATION PREFERENCE

A. LIQUIDATION EVENT. If the Company shall commence a voluntary case under the U.S. Federal bankruptcy laws or any other applicable bankruptcy, insolvency or similar law, or consent to the entry of an order for relief in an involuntary case under any law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due, or if a decree or order for relief in respect of the Company shall be entered by a court having jurisdiction in the premises in an involuntary case under the U.S. Federal bankruptcy laws or any other applicable bankruptcy, insolvency or similar law resulting in the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order shall be unstayed and in effect for a period of 60 consecutive days and, on account of any such event, the Company shall liquidate, dissolve or wind up, or if the Company shall otherwise liquidate, dissolve or wind up, including, but not limited to, the sale or transfer of all or substantially all of the Company's assets in one transaction or in a series of related transactions (a "LIQUIDATION EVENT"), no distribution shall be made to the holders of any shares of capital stock of the Company (other than Senior Securities and Pari Passu Securities) upon liquidation, dissolution or winding up unless prior thereto the holders of shares of Series C Convertible Preferred Stock shall have received the Liquidation Preference with respect to each share. If, upon the occurrence of a Liquidation Event, the assets and funds available for distribution among the holders of the Series C Convertible Preferred Stock and holders of Pari Passu Securities shall be insufficient to permit the payment to such holders of the preferential amounts payable thereon, then the entire assets and funds of the Company legally available for distribution to the Series C Convertible Preferred Stock and the Pari Passu Securities shall be distributed ratably among such shares in proportion to the ratio that the Liquidation Preference payable on each such share bears to the aggregate Liquidation Preference payable on all such shares.

B. EXCLUSIONS. The purchase or redemption by the Company of stock of any class, in any manner permitted by law, shall not, for the purposes hereof, be regarded as a liquidation, dissolution or winding up of the Company. Neither the consolidation or merger of the Company with or into any other entity nor the sale or transfer by the Company of less than substantially all of its assets shall, for the purposes hereof, be deemed to be a liquidation, dissolution or winding up of the Company.

VIII. ADJUSTMENTS TO THE CONVERSION PRICE

A. SALE. The Conversion Price shall be subject to adjustment from time to time as follows: If, for as long as any shares of Series C Convertible Preferred Stock remain outstanding, the Company enters into a merger (other than where the Company is the surviving entity) or consolidation with another corporation or other entity or a sale or transfer of all or substantially all of the assets of the Company to another person (collectively, a "SALE"), the Company will require, in the agreements reflecting such transaction, that the surviving entity expressly assume the obligations of the Company hereunder. Notwithstanding the foregoing, if the Company enters into a Sale and the holders of the Common Stock are entitled to receive stock, securities or property in respect of or in exchange for Common Stock, then as a condition of such Sale, the Company and any such successor, purchaser or transferee will agree that the Series C Convertible Preferred Stock may thereafter be converted on the terms and subject to the conditions set forth above into the kind and amount of stock, securities or property receivable upon such merger, consolidation, sale or transfer by a Holder of the number of shares of Common Stock into which then outstanding shares of Series C Convertible Preferred Stock might have been converted immediately before such merger, consolidation, sale or transfer, subject to adjustments which shall be as nearly equivalent as may be practicable. In the event of any such proposed Sale, the Holder hereof shall have the right to either (i) convert all of any of the outstanding Series C Convertible Preferred Stock (without regard to the limits contemplated by Paragraph E(2) of Article IV hereof) by delivering a Notice of Conversion to the Company within 15 days of receipt of notice of such Sale from the Company or (ii) if the surviving entity in the transaction is not a publicly traded entity listed on a Principal Trading Market, demand a redemption of all or any of the outstanding Series C Convertible Preferred Stock for the Redemption Amount by delivering a notice to such effect to the Company within fifteen (15) days of receipt of notice of such Sale from the Company. Anything in this Paragraph to the contrary notwithstanding, if the Sale is for cash consideration of at least \$5.00 per share (adjusted for capital transactions occurring after the Initial Closing Date) with or without other consideration (a "CASH SALE"), the Holder shall be deemed to have converted all outstanding shares of Series C Convertible Preferred Stock (and the Company shall be deemed to have elected to pay all accrued but unpaid dividends thereon in Common Stock) immediately before the consummation of such Cash Sale, without regard to any of the limitations contemplated by Paragraph E of Article IV.

B. SPIN OFF. The Company agrees that for as long as shares of Series C Convertible Preferred Stock remain outstanding, the Company will not, without the consent of the Holder, spin off or otherwise divest itself of a part of its business or operations or dispose all or of a part of its assets in a transaction (the "SPIN OFF") in which the Company does not receive just compensation for such business, operations or assets, but causes securities of another entity (the "SPIN OFF SECURITIES") to be issued to security holders of the Company. If, for any reason, prior to the Conversion Date or the date of payment of the Redemption Amount hereunder, the Company, with the consent of the Holder, consummates a Spin Off, then the Company shall cause (i) to be reserved Spin Off Securities equal to the number thereof which would have been issued to the Holder had all of the holder's shares of Series C Convertible Preferred Stock outstanding on the

record date (the "RECORD DATE") for determining the amount and number of Spin Off Securities to be issued to security holders of the Company (the "OUTSTANDING SERIES C CONVERTIBLE PREFERRED STOCK") been converted as of the close of business on the trading day immediately before the Record Date (the "RESERVED SPIN OFF SHARES"), and (ii) to be issued to the Holder on the conversion of all or any of the Outstanding Series C Convertible Preferred Stock, such amount of the Reserved Spin Off Shares equal to (x) the Reserved Spin Off Shares multiplied by (y) a fraction, of which (a) the numerator is the principal amount of the Outstanding Series C Convertible Preferred Stock then being converted, and (b) the denominator is the principal amount of the Outstanding Series C Convertible Preferred Stock.

C. STOCK SPLITS, ETC. If, at any time while any shares of Series C Convertible Preferred Stock remain outstanding, the Company effectuates a stock split or reverse stock split of its Common Stock or issues a dividend on its Common Stock consisting of shares of Common Stock, the Conversion Price and any other amounts calculated as contemplated by this Certificate of Designations shall be equitably adjusted to reflect such action. By way of illustration, and not in limitation, of the foregoing (i) if the Company effectuates a 2:1 split of its Common Stock, thereafter, with respect to any conversion for which the Company issues the shares after the record date of such split, any market price from a date prior to such split which was used in any of the calculation of the Conversion Price shall be deemed to be one-half of what it had been calculated to be immediately prior to such split; (ii) if the Company effectuates a 1:10 reverse split of its Common Stock, thereafter, with respect to any conversion for which the Company issues the shares after the record date of such reverse split, any market price from a date prior to such split which was used in any of the calculation of the Conversion Price shall be deemed to be ten times what it had been calculated to be immediately prior to such split; and (iii) if the Company declares a stock dividend of one share of Common Stock for every 10 shares outstanding, thereafter, with respect to any conversion for which the Company issues the shares after the record date of such dividend, any market price from a date prior to such record date which was used in any of the calculation of the Conversion Price shall be deemed to be such amount multiplied by a fraction, of which the numerator is the number of shares (10 in the example) for which a dividend share will be issued and the denominator is such number of shares plus the dividend share(s) issuable or issued thereon (11 in the example).

D. NOTICE OF ADJUSTMENTS. Upon the occurrence of each adjustment or readjustment of the Initial Conversion Price pursuant to this Article VIII, the Company, at its expense, shall promptly compute such adjustment or readjustment and prepare and furnish to each Holder of Series C Convertible Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any Holder of Series C Convertible Preferred Stock, furnish to such Holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Initial Conversion Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon conversion of a share of Series C Convertible Preferred Stock.

IX. VOTING RIGHTS

A. GENERALLY. The holders of the Series C Convertible Preferred Stock have no voting power whatsoever, except as otherwise provided by the Corporation Law.

B. CLASS VOTING. To the extent that under the Corporation Law the vote of the holders of the Series C Convertible Preferred Stock, voting separately as a class or series, as applicable, is required to authorize a given action of the Company, the affirmative vote or consent of the holders of at least a majority of the then outstanding shares of the Series C Convertible Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of the holders of at least a majority of the then outstanding shares of Preferred Stock (except as otherwise may be required under the Corporation Law, a "Required Interest") shall constitute the approval of such action by the class. To the extent that under the Corporation Law holders of the Series C Convertible Preferred Stock are entitled to vote on a matter with holders of Common Stock, voting together as one class, each share of Series C Convertible Preferred Stock shall be entitled to a number of votes equal to the number of shares of Common Stock into which it is then convertible (subject to the limitations contained in Article IV Paragraph E) using the record date for the taking of such vote of shareholders as the date as of which the Conversion Price is calculated.

X. MISCELLANEOUS

A. RANK. The Series C Convertible Preferred Stock shall rank (i) prior to the Company's Common Stock; (ii) prior to any Junior Securities; (iii) junior to any Senior Securities, including, but not necessarily limited to, the Series A Convertible Preferred Stock and the Series B Convertible Preferred Stock; and (iv) pari passu with any Pari Passu Securities; provided, however, that no additional Senior or Pari Passu Securities shall be created without the written consent of a Required Interest.

B. CANCELLATION OF SERIES C CONVERTIBLE PREFERRED STOCK. If any shares of Series C Convertible Preferred Stock are converted or redeemed pursuant to this Certificate of Designations, the shares so converted shall be canceled, shall return to the status of authorized, but unissued preferred stock of no designated series, and shall not be issuable by the Company as Series C Convertible Preferred Stock.

C. LOST OR STOLEN CERTIFICATES. Upon receipt by the Company of (i) evidence of the loss, theft, destruction or mutilation of any Series C Convertible Preferred Stock certificate(s) and (ii) (y) in the case of loss, theft or destruction, of indemnity (without any bond or other security) reasonably satisfactory to the Company, or (z) in the case of mutilation, upon surrender and cancellation of the Series C Convertible Preferred Stock certificate(s), the Company shall execute and deliver new Series C Convertible Preferred Stock certificate(s) of like tenor and date. However, the Company shall not be obligated to reissue such lost or stolen Series C Convertible Preferred Stock certificate(s) if the Holder contemporaneously requests the Company to convert such Series C Convertible Preferred Stock.

D. ALLOCATION OF CAP AMOUNT AND RESERVED AMOUNT. The initial Cap Amount and Reserved Amount shall be allocated pro rata among the holders of Series C Convertible Preferred Stock based on the number of shares of Series C Convertible Preferred Stock issued to each Holder. Each increase to the Cap Amount and the Reserved Amount shall be allocated pro rata among the holders of Series C Convertible Preferred Stock based on the number of shares of Series C Convertible Preferred Stock held by each Holder at the time of the increase in the Cap Amount or Reserved Amount. In the event a Holder shall sell or otherwise transfer any of such holder's shares of Series C Convertible Preferred Stock, each transferee shall be allocated a pro rata portion of such transferor's Cap Amount and Reserved Amount. Any portion of the Cap Amount or Reserved Amount which remains allocated to any person or entity which does not hold any Series C Convertible Preferred Stock shall be allocated to the remaining holders of shares of Series C Convertible Preferred Stock, pro rata based on the number of shares of Series C Convertible Preferred Stock then held by such holders.

E. PAYMENT OF CASH; DEFAULTS. Whenever the Company is required to make any cash payment to a Holder under this Certificate of Designations (upon redemption or otherwise), such cash payment shall be made to the Holder on the date specified herein or, if not so specified, within five (5) business days after delivery by such Holder of a notice specifying that the Holder elects to receive such payment in cash and the method (e.g., by check, wire transfer) in which such payment should be made. If such payment is not delivered within the relevant time period, such Holder shall thereafter be entitled to interest on the unpaid amount at a per annum rate equal to the lower of 15% and the highest interest rate permitted by applicable law until such amount is paid in full to the Holder.

F. STATUS AS STOCKHOLDER. Upon submission of a Notice of Conversion by a Holder of Series C Convertible Preferred Stock, (i) the shares covered thereby (other than the shares, if any, which cannot be issued because their listing or issuance would exceed such holder's allocated portion of the Reserved Amount or Cap Amount) shall be deemed converted into shares of Common Stock and (ii) the holder's rights as a Holder of such converted shares of Series C Convertible Preferred Stock shall cease and terminate, excepting only the right to receive certificates for such shares of Common Stock and to any remedies provided herein or otherwise available at law or in equity to such Holder because of a failure by the Company to comply with the terms of this Certificate of Designations.

[Balance of page intentionally left blank]

G. AMENDMENTS. This Certificate of Designations may only be amended with the written consent of the holders of eighty-five (85%) percent of the outstanding Series C Convertible Preferred Stock and the vote or action of any other party or class entitled to vote or act thereon.

NOTICE OF CONVERSION

(To be Executed by the Registered Holder
in order to Convert the Series C Convertible Preferred Stock)

TO:	TITAN MOTORCYCLE CO. OF AMERICA 2222 West Peoria Avenue Phoenix, AZ 85029 Attn: Frank Keery, President	VIA TELECOPIER TO: (602) 331-0941
CC:	Titan Motorcycle Co. of America Attn: Chief Financial Officer	(602) 331-0941 () -
	 <hr/> (Company's Transfer Agent) Snell & Wilmer LLP Attn: Richard B. Stagg, Esq. (Company's Counsel)	 (602) 382-6070

FROM: _____ ("Holder")

DATE: _____ (the "Conversion Date")

RE: Conversion of _____ shares (the "Converted Shares") of the Series C Convertible Preferred Stock ("Series C Convertible Preferred Stock") of TITAN MOTORCYCLE CO. OF AMERICA (the "Company") into _____ shares (the "Conversion Shares") of Common Stock (defined below)

CONVERSION DATE: _____

The captioned Holder hereby gives notice to the Company, pursuant to the Certificate of Designations of Series C Convertible Preferred Stock of TITAN MOTORCYCLE CO. OF AMERICA (the "Certificate of Designations"), that the Holder elects to convert the Converted Shares into fully paid and non-assessable shares of Common Stock, \$.001 par value (the "Common Stock"), of the Company as of the Conversion Date specified above. Said conversion shall be based on the following Conversion Price (the lower of the two alternatives is checked):

[] \$ _____, representing the Initial Conversion Price
(as defined in the Certificate of Designations)

[] \$ _____, representing the Variable Conversion Price (as defined in the Certificate of Designations)

A schedule of the closing bid prices of the Common Stock for the ten trading days prior to the relevant Reset Pricing Date, as reported on the Principal Trading Market as reported by the Reporting Service (as those terms are defined in the Certificate of Designations), is attached for your reference in determining the Conversion Price.

Based on this Conversion Price, the number of Conversion Shares indicated above should be issued in the following name(s):

Name and Record Address	Conversion Shares
_____	_____
_____	_____
_____	_____

As contemplated by the Certificate of Designations and the Securities Purchase Agreement, dated June , 2000 (the "Securities Purchase Agreement"), to which the Company and the Holder are parties, this Notice of Conversion is being sent by facsimile to the telecopier number and officer indicated above, with a copy to the Company's counsel.

The Holder has previously surrendered or will surrender (or cause to be surrendered) the certificate(s) for the Converted Shares, duly endorsed, to the Company at the address indicated above by express courier within five (5) business days after delivery or facsimile transmission of this Notice of Conversion.

The certificates representing the Conversion Shares (together with certificate(s) representing the shares of Series C Convertible Preferred Stock not converted hereby) should be transmitted by the Company to the Holder via express courier or by electronic transfer within the time contemplated by the Certificate of Designations after receipt of this Notice of Conversion (by facsimile transmission or otherwise) and the certificate(s) representing the Converted Shares to:

As contemplated by Article III of the Certificate of Designations, the Company should also pay all accrued but unpaid dividends on the Converted Shares to the Holder. If being paid in cash,

such payment should be made by wire transfer as follows:

If being paid in Common Stock as contemplated by said Article, such shares should be issued in the name of the Holder and delivered in the same manner as, and together with, the Conversion Shares.

With the conversion effected hereby, the Holder is in compliance with the provisions of Paragraph E(2) of Article IV of the Certificate of Designations.

The Holder hereby affirms that the Holder is in compliance with the provisions of Section 2(i) of the Securities Purchase Agreement.

(Print name of Holder)

By: _____
(Signature of Authorized Person)

(Printed Name and Title)

THESE SECURITIES (THE "SECURITIES") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES OR AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

TITAN MOTORCYCLE CO. OF AMERICA

COMMON STOCK PURCHASE WARRANT

1. Issuance; Certain Definitions. In consideration of good and valuable consideration, the receipt of which is hereby acknowledged by TITAN MOTORCYCLE CO. OF AMERICA, a Nevada corporation (the "Company"), ESQUIRE TRADE & FINANCE INC. or registered assigns (the "Holder") is hereby granted the right to purchase at any time until 5:00 P.M., New York City time, on June 30, 2005 (the "Expiration Date"), Eight Hundred Twenty-One Thousand Fifty-Three (821,053) fully paid and nonassessable shares of the Company's Common Stock, par value \$.001 per share (the "Common Stock") at an initial exercise price per share (the "Exercise Price") provided below, subject to further adjustment as set forth herein. This Warrant is being issued pursuant to the terms of that certain Securities Purchase Agreement, dated as of June 20, 2000 (the "Securities Purchase Agreement"), to which the Company and Holder (or Holder's predecessor in interest) are parties. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Securities Purchase Agreement.

2. Exercise of Warrants.

2.1 General. This Warrant is exercisable in whole or in part at any time and from time to time. Such exercise shall be effectuated by submitting to the Company (either by delivery to the Company or by facsimile transmission as provided in Section 8 hereof) a completed and duly executed Notice of Exercise (substantially in the form attached to this Warrant Certificate) as provided in this paragraph. The date such Notice of Exercise is faxed to the Company shall be the "Exercise Date," provided that the Holder of this Warrant tenders this Warrant Certificate to the Company within five (5) business days thereafter. The Notice of Exercise shall be executed by the Holder of this Warrant and shall indicate the number of shares then being purchased pursuant to such exercise. Upon surrender of this Warrant Certificate, together with appropriate payment of the Exercise Price for the shares of Common Stock purchased, the Holder shall be entitled to receive a certificate or certificates for the shares of Common Stock so purchased. If the Notice of Exercise elects a "cash" exercise, the Exercise Price per share of Common Stock for the shares then being exercised shall be payable in cash or by certified or official bank check. If the Notice of Exercise elects a "cashless" exercise, the Holder shall thereby be entitled to receive a number of shares of Common Stock equal to (x) the excess of the Current Market Value (as defined below) over the total cash exercise price of the portion of the Warrant then being exercised, divided by (y) the Market Price of the Common Stock as of the trading day immediately prior to the Exercise Date. For the

purposes of this Warrant, the terms (Q) "Current Market Value" shall mean an amount equal to the Market Price of the Common Stock as of the trading day immediately prior to the Exercise Date, multiplied by the number of shares of Common Stock specified in such Notice of Exercise, and (R) "Market Price of the Common Stock" shall an amount equal to the closing price of the Common Stock as reported by Bloomberg, LP or, if not so reported, as reported by the securities exchange or automated quotation system on which the Common Stock is listed or on the over-the-counter market for the relevant date. The Holder shall be deemed to be the holder of the shares issuable to it in accordance with the provisions of this Section 2.1 on the Exercise Date.

2.2 Limitation on Exercise. Notwithstanding the provisions of this Warrant, the Securities Purchase Agreement or of the other Transaction Agreements, in no event (except (i) as specifically provided in this Warrant as an exception to this provision, (ii) while there is outstanding a tender offer for any or all of the shares of the Company's Common Stock, or (iii) on at least sixty-five (65) days' advance written notice from the Holder) shall the Holder be entitled to exercise this Warrant, or shall the Company have the obligation to issue shares upon such exercise of all or any portion of this Warrant (and the Company shall not have the right to require a Mandatory Exercise, as defined below), to the extent that, after such exercise the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Preferred Stock or unexercised portion of the Warrants), and (2) the number of shares of Common Stock issuable upon the exercise of the Warrants with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 9.99% of the outstanding shares of Common Stock (after taking into account the shares to be issued to the Holder upon such exercise). For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, except as otherwise provided in clause (1) of such sentence. The Holder, by its acceptance of this Warrant, further agrees that if the Holder transfers or assigns any of the Warrants to a party who or which would not be considered such an affiliate, such assignment shall be made subject to the transferee's or assignee's specific agreement to be bound by the provisions of this Section 2.2 as if such transferee or assignee were the original Holder hereof.

2.3 Exercise Price. The Exercise Price shall initially be:

(a) with respect to five-sixths of the shares covered by this Warrant, \$1.69; and

(b) with respect to the balance of the shares covered by this Warrant, \$2.26.

2.4 Mandatory Exercise.

(a) Company's Right to Issue Mandatory Exercise Notice.

Subject to the terms of this Section 2.4, at its option, the Company may one time , by written notice (a "Mandatory Exercise

Notice") given to the Holder, accelerate the Expiration Date to a date which is with respect to up to fifty percent (50%) of the shares covered by this Warrant to a date (the "Mandatory Shares Expiration Date") which is at least ten (10) business days after the date the Mandatory Exercise Notice is given. The exercise of the Warrant contemplated by the Mandatory Exercise Notice is referred to as the "Mandatory Exercise." The number of shares specified in the Mandatory Exercise Notice is referred to as the "Mandatory Exercise Shares." The Company may issue a Mandatory Exercise Notice if, and only if, all of the following requirements are met:

(i) Registration Statement Available. The Registration Statement must have been effective and available for the resale of all of the shares of Common Stock issuable upon the Mandatory Exercise at all times during the twenty (20) consecutive trading days ending on the trading day immediately before the Company issues a Mandatory Exercise Notice (such twenty trading days, the "Mandatory Period").

(ii) Required Common Stock Market Price. The closing bid price of the Common Stock for each trading day of the Mandatory Period shall be at least \$2.85 (adjusted to take into account any stock split effected after the Initial Closing Date).

(iii) Required Common Stock Volume. The average trading volume of the Common Stock during the Mandatory Period shall be at least 50,000 shares per trading day (adjusted to take into account any stock split effected after the Initial Closing Date, except that with respect to a reverse stock split, the adjustment shall not be greater than a ratio of 1:4).

(iv) Conversion Limitation. The exercise of the Warrant contemplated by the Mandatory Exercise Notice shall not be inconsistent with the provisions of Section 2.2 hereof, which shall apply to Mandatory Exercise.

(b) Holder's Exercise. Upon the proper issuance of a Mandatory Exercise Notice, the Holder may, on or before the Mandatory Expiration Date:

(i) exercise this Warrant for all or any of the Mandatory Exercise Shares at an applicable Exercise Price, and/or

(ii) with respect to the balance of the Mandatory Exercise Shares (the "Unexercised Shares"), give written notice to the Company as to which Exercise Price applied to the Unexercised Shares.

To the extent the Holder does not exercise this Warrant with respect to Unexercised Shares on or before the Mandatory Expiration Date, the Holder's rights under this Warrant with respect to the Unexercised Shares shall expire.

3. Reservation of Shares. The Company hereby agrees that at all times during the term of this Warrant there shall be reserved for issuance upon exercise of this Warrant such number of shares of its Common Stock as shall be required for issuance upon exercise of this Warrant (the "Warrant Shares").

4. Mutilation or Loss of Warrant. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) receipt of reasonably satisfactory indemnification and affidavit, and (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will execute and deliver a new Warrant of like tenor and date and any such lost, stolen, destroyed or mutilated Warrant shall thereupon become void.

5. Rights of the Holder. The Holder shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or equity, and the rights of the Holder are limited to those expressed in this Warrant and are not enforceable against the Company except to the extent set forth herein.

6. Protection Against Dilution.

6.1 Adjustment Mechanism. If an adjustment of the Exercise Price is required pursuant to this Section 6, the Holder shall be entitled to purchase such number of additional shares of Common Stock as will cause (i) the total number of shares of Common Stock Holder is entitled to purchase pursuant to this Warrant, multiplied by (ii) the adjusted Exercise Price per share, to equal (iii) the dollar amount of the total number of shares of Common Stock which the Holder is entitled to purchase before adjustment, multiplied by the total Exercise Price before adjustment.

6.2 Capital Adjustments. In case of any stock split or reverse stock split, stock dividend, reclassification of the Common Stock, recapitalization, merger or consolidation, or like capital adjustment affecting the Common Stock of the Company, the provisions of this Section 6 shall be applied as if such capital adjustment event had occurred immediately prior to the date of this Warrant and the original Exercise Price had been fairly allocated to the stock resulting from such capital adjustment; and in other respects the provisions of this Section shall be applied in a fair, equitable and reasonable manner so as to give effect, as nearly as may be, to the purposes hereof. A rights offering to stockholders shall be deemed a stock dividend to the extent of the bargain purchase element of the rights.

6.3 Adjustment for Spin Off. If, for any reason, prior to the exercise of this Warrant in full, the Company spins off or otherwise divests itself of a part of its business or operations or disposes all or a part of its assets in a transaction (the "Spin Off") in which the Company does not receive compensation for such business, operations or assets, but causes securities of another entity (the "Spin Off Securities") to be issued to security holders of the Company, then

(a) the Company shall cause (i) to be reserved Spin Off Securities equal to the number thereof which would have been issued to the Holder had all of the Holder's unexercised Warrants outstanding on the record date (the "Record Date") for determining the amount and number of Spin Off Securities to be issued to security holders of the Company (the "Outstanding Warrants") been exercised as of the close of business on the trading day immediately before the Record Date (the "Reserved Spin Off Shares"), and (ii) to be issued to the Holder on the exercise of all or any of the Outstanding Warrants, such amount of the Reserved Spin Off Shares equal to (x) the Reserved Spin Off Shares multiplied by (y) a fraction, of which (I) the numerator is the amount of the Outstanding Warrants then being exercised, and (II) the denominator is the amount of the Outstanding Warrants; and

(b) the Exercise Price on the Outstanding Warrants shall be adjusted immediately after consummation of the Spin Off by multiplying the Exercise Price by a fraction (if, but only if, such fraction is less than 1.0), the numerator of which is the average Market Price of the Common Stock for the five (5) trading days immediately following the fifth trading day after the Record Date, and the denominator of which is the average Market Price of the Common Stock on the five (5) trading days immediately preceding the Record Date; and such adjusted Exercise Price shall be deemed to be the Exercise Price with respect to the Outstanding Warrants after the Record Date.

7. Transfer to Comply with the Securities Act; Registration

Rights.

7.1 Transfer. This Warrant has not been registered under the Securities Act of 1933, as amended, (the "Act") and has been issued to the Holder for investment and not with a view to the distribution of either the Warrant or the Warrant Shares. Neither this Warrant nor any of the Warrant Shares or any other security issued or issuable upon exercise of this Warrant may be sold, transferred, pledged or hypothecated in the absence of an effective registration statement under the Act relating to such security or an opinion of counsel satisfactory to the Company that registration is not required under the Act. Each certificate for the Warrant, the Warrant Shares and any other security issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, setting forth the restrictions on transfer contained in this Section.

7.2 Registration Rights. (a) Reference is made to the Registration Rights Agreement. The Company's obligations under the Registration Rights Agreement and the other terms and conditions thereof with respect to the Warrant Shares, including, but not necessarily limited to, the Company's commitment to file a registration statement including the Warrant Shares, to have the registration of the Warrant Shares completed and effective, and to maintain such registration, are incorporated herein by reference.

(b) In addition to the registration rights referred to in the preceding provisions of Section 7.2(a), effective after the expiration of the effectiveness of the Registration Statement as contemplated by the Registration Rights Agreement, the Holder shall have piggy-back registration

rights with respect to the Warrant Shares then held by the Holder or then subject to issuance upon exercise of this Warrant (collectively, the "Remaining Warrant Shares"), subject to the conditions set forth below. If, at any time after the Registration Statement has ceased to be effective, the Company participates (whether voluntarily or by reason of an obligation to a third party) in the registration of any shares of the Company's stock (other than a registration on Form S-4 or Form S-8), the Company shall give written notice thereof to the Holder and the Holder shall have the right, exercisable within ten (10) business days after receipt of such notice, to demand inclusion of all or a portion of the Holder's Remaining Warrant Shares in such registration statement. If the Holder exercises such election, the Remaining Warrant Shares so designated shall be included in the registration statement at no cost or expense to the Holder (other than any costs or commissions which would be borne by the Holder under the terms of the Registration Rights Agreement), subject to the following condition: if there is a managing underwriter of the offering of shares referred to in the registration statement and such managing underwriter advises the Company in writing that the number of shares proposed to be included in the offering will have an adverse effect on its ability to successfully conclude the offering and, as a result, the number of shares to be included in the offering is to be reduced, the number of Remaining Warrant Shares of the Holder which were to be included in the registration (before such reduction) will be reduced pro rata with the number of shares included for all other parties whose shares are being registered. The Holder's rights under this Section 7 shall expire at such time as the Holder can sell all of the Remaining Warrant Shares under Rule 144 without volume or other restrictions or limit.

8. Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage pre-paid. Any such notice shall be deemed given when so delivered personally, telegraphed, telexed or sent by facsimile transmission, or, if mailed, two days after the date of deposit in the United States mails, as follows:

(i) if to the Company, to:

TITAN MOTORCYCLE CO. OF AMERICA
 2222 West Peoria Avenue
 Phoenix, AZ 85029
 Attn: Frank Keery
 Telephone No.: (602) 861-6977
 Telecopier No.: (602) 331-0941

with a copy to:

Snell & Wilmer LLP
 One Arizona Center
 Phoenix, AZ 85048
 Attn: Richard Stagg, Esq.
 Telephone No.: (602) 382-6000
 Telecopier No.: (602) 382-6070

(ii) if to the Holder, to:

ESQUIRE TRADE & FINANCE INC.
Trident Chambers
P.O. Box 146
Road Town, Tortola
British Virgin Islands
Attn: Gisela Kindle, Director
Fax: 011-4141-760-1031

with a copy to:

Krieger & Prager LLP, Esqs.
39 Broadway
Suite 1440
New York, NY 10006
Attn: Samuel Krieger, Esq.
Telephone No.: (212) 363-2900
Telecopier No. (212) 363-2999

Any party may be notice given in accordance with this Section to the other parties designate another address or person for receipt of notices hereunder.

9. Supplements and Amendments; Whole Agreement. This Warrant may be amended or supplemented only by an instrument in writing signed by the parties hereto. This Warrant contains the full understanding of the parties hereto with respect to the subject matter hereof and thereof and there are no representations, warranties, agreements or understandings other than expressly contained herein and therein.

10. Governing Law. This Warrant shall be deemed to be a contract made under the laws of the State of New York for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Warrant and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions. To the extent determined by such court, the Company shall reimburse the Holder for any reasonable legal fees and disbursements incurred by the Holder in enforcement of or protection of any of its rights under any of the Transaction Agreements.

11. Counterparts. This Warrant may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

12. Descriptive Headings. Descriptive headings of the several Sections of this Warrant are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Warrant as of the _____ th day of _____, 2000.

TITAN MOTORCYCLE CO. OF AMERICA

By: _____

Name: _____

Its: _____

Attest:

Name: _____

Title: _____

NOTICE OF EXERCISE OF WARRANT

The undersigned hereby irrevocably elects to exercise the right, represented by the Warrant Certificate dated as of _____, _____, to purchase _____ shares of the Common Stock, par value \$.001 per share, of TITAN MOTORCYCLE CO. OF AMERICA and tenders herewith payment in accordance with Section 1 of said Common Stock Purchase Warrant.

Please deliver the stock certificate to:

With the exercise effected hereby, the Holder represents to the Company that the Holder is in compliance with the provisions of Section 2.2 of this Warrant.

Dated: _____

[Name of Holder]

By: _____

[] CASH: \$ _____

[] CASHLESS EXERCISE

THESE SECURITIES (THE "SECURITIES") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES OR AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

TITAN MOTORCYCLE CO. OF AMERICA

COMMON STOCK PURCHASE WARRANT

1. Issuance; Certain Definitions. In consideration of good and valuable consideration, the receipt of which is hereby acknowledged by TITAN MOTORCYCLE CO. OF AMERICA, a Nevada corporation (the "Company"), CELESTE TRUST REG. or registered assigns (the "Holder") is hereby granted the right to purchase at any time until 5:00 P.M., New York City time, on June 30, 2005 (the "Expiration Date"), Eight Hundred Twenty-One Thousand Fifty-Three (821,053) fully paid and nonassessable shares of the Company's Common Stock, par value \$.001 per share (the "Common Stock") at an initial exercise price per share (the "Exercise Price") provided below, subject to further adjustment as set forth herein. This Warrant is being issued pursuant to the terms of that certain Securities Purchase Agreement, dated as of June 20, 2000 (the "Securities Purchase Agreement"), to which the Company and Holder (or Holder's predecessor in interest) are parties. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Securities Purchase Agreement.

2. Exercise of Warrants.

2.1 General. This Warrant is exercisable in whole or in part at any time and from time to time. Such exercise shall be effectuated by submitting to the Company (either by delivery to the Company or by facsimile transmission as provided in Section 8 hereof) a completed and duly executed Notice of Exercise (substantially in the form attached to this Warrant Certificate) as provided in this paragraph. The date such Notice of Exercise is faxed to the Company shall be the "Exercise Date," provided that the Holder of this Warrant tenders this Warrant Certificate to the Company within five (5) business days thereafter. The Notice of Exercise shall be executed by the Holder of this Warrant and shall indicate the number of shares then being purchased pursuant to such exercise. Upon surrender of this Warrant Certificate, together with appropriate payment of the Exercise Price for the shares of Common Stock purchased, the Holder shall be entitled to receive a certificate or certificates for the shares of Common Stock so purchased. If the Notice of Exercise elects a "cash" exercise, the Exercise Price per share of Common Stock for the shares then being exercised shall be payable in cash or by certified or official bank check. If the Notice of Exercise elects a "cashless" exercise, the Holder shall thereby be entitled to receive a number of shares of Common Stock equal to (x) the excess of the Current Market Value (as defined below) over the total cash exercise price of the portion of the Warrant then being exercised, divided by (y) the Market Price of the Common Stock as of the trading day immediately prior to the Exercise Date. For the

purposes of this Warrant, the terms (Q) "Current Market Value" shall mean an amount equal to the Market Price of the Common Stock as of the trading day immediately prior to the Exercise Date, multiplied by the number of shares of Common Stock specified in such Notice of Exercise, and (R) "Market Price of the Common Stock" shall mean an amount equal to the closing price of the Common Stock as reported by Bloomberg, LP or, if not so reported, as reported by the securities exchange or automated quotation system on which the Common Stock is listed or on the over-the-counter market for the relevant date. The Holder shall be deemed to be the holder of the shares issuable to it in accordance with the provisions of this Section 2.1 on the Exercise Date.

2.2 Limitation on Exercise. Notwithstanding the provisions of this Warrant, the Securities Purchase Agreement or of the other Transaction Agreements, in no event (except (i) as specifically provided in this Warrant as an exception to this provision, (ii) while there is outstanding a tender offer for any or all of the shares of the Company's Common Stock, or (iii) on at least sixty-five (65) days' advance written notice from the Holder) shall the Holder be entitled to exercise this Warrant, or shall the Company have the obligation to issue shares upon such exercise of all or any portion of this Warrant (and the Company shall not have the right to require a Mandatory Exercise, as defined below), to the extent that, after such exercise the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Preferred Stock or unexercised portion of the Warrants), and (2) the number of shares of Common Stock issuable upon the exercise of the Warrants with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 9.99% of the outstanding shares of Common Stock (after taking into account the shares to be issued to the Holder upon such exercise). For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, except as otherwise provided in clause (1) of such sentence. The Holder, by its acceptance of this Warrant, further agrees that if the Holder transfers or assigns any of the Warrants to a party who or which would not be considered such an affiliate, such assignment shall be made subject to the transferee's or assignee's specific agreement to be bound by the provisions of this Section 2.2 as if such transferee or assignee were the original Holder hereof.

2.3 Exercise Price. The Exercise Price shall initially be:

(a) with respect to five-sixths of the shares covered by this Warrant, \$1.69; and

(b) with respect to the balance of the shares covered by this Warrant, \$2.26.

2.4 Mandatory Exercise.

(a) Company's Right to Issue Mandatory Exercise Notice. Subject to the terms of this Section 2.4, at its option, the Company may one time, by written notice (a "Mandatory Exercise

Notice") given to the Holder, accelerate the Expiration Date to a date which is with respect to up to fifty percent (50%) of the shares covered by this Warrant to a date (the "Mandatory Shares Expiration Date") which is at least ten (10) business days after the date the Mandatory Exercise Notice is given. The exercise of the Warrant contemplated by the Mandatory Exercise Notice is referred to as the "Mandatory Exercise." The number of shares specified in the Mandatory Exercise Notice is referred to as the "Mandatory Exercise Shares." The Company may issue a Mandatory Exercise Notice if, and only if, all of the following requirements are met:

(i) Registration Statement Available. The Registration Statement must have been effective and available for the resale of all of the shares of Common Stock issuable upon the Mandatory Exercise at all times during the twenty (20) consecutive trading days ending on the trading day immediately before the Company issues a Mandatory Exercise Notice (such twenty trading days, the "Mandatory Period").

(ii) Required Common Stock Market Price. The closing bid price of the Common Stock for each trading day of the Mandatory Period shall be at least \$2.85 (adjusted to take into account any stock split effected after the Initial Closing Date).

(iii) Required Common Stock Volume. The average trading volume of the Common Stock during the Mandatory Period shall be at least 50,000 shares per trading day (adjusted to take into account any stock split effected after the Initial Closing Date, except that with respect to a reverse stock split, the adjustment shall not be greater than a ratio of 1:4).

(iv) Conversion Limitation. The exercise of the Warrant contemplated by the Mandatory Exercise Notice shall not be inconsistent with the provisions of Section 2.2 hereof, which shall apply to Mandatory Exercise.

(b) Holder's Exercise. Upon the proper issuance of a Mandatory Exercise Notice, the Holder may, on or before the Mandatory Expiration Date:

(i) exercise this Warrant for all or any of the Mandatory Exercise Shares at an applicable Exercise Price, and/or

(ii) with respect to the balance of the Mandatory Exercise Shares (the "Unexercised Shares"), give written notice to the Company as to which Exercise Price applied to the Unexercised Shares.

To the extent the Holder does not exercise this Warrant with respect to Unexercised Shares on or before the Mandatory Expiration Date, the Holder's rights under this Warrant with respect to the Unexercised Shares shall expire.

3. Reservation of Shares. The Company hereby agrees that at all times during the term of this Warrant there shall be reserved for issuance upon exercise of this Warrant such number of shares of its Common Stock as shall be required for issuance upon exercise of this Warrant (the "Warrant Shares").

4. Mutilation or Loss of Warrant. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) receipt of reasonably satisfactory indemnification and affidavit, and (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will execute and deliver a new Warrant of like tenor and date and any such lost, stolen, destroyed or mutilated Warrant shall thereupon become void.

5. Rights of the Holder. The Holder shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or equity, and the rights of the Holder are limited to those expressed in this Warrant and are not enforceable against the Company except to the extent set forth herein.

6. Protection Against Dilution.

6.1 Adjustment Mechanism. If an adjustment of the Exercise Price is required pursuant to this Section 6, the Holder shall be entitled to purchase such number of additional shares of Common Stock as will cause (i) the total number of shares of Common Stock Holder is entitled to purchase pursuant to this Warrant, multiplied by (ii) the adjusted Exercise Price per share, to equal (iii) the dollar amount of the total number of shares of Common Stock which the Holder is entitled to purchase before adjustment, multiplied by the total Exercise Price before adjustment.

6.2 Capital Adjustments. In case of any stock split or reverse stock split, stock dividend, reclassification of the Common Stock, recapitalization, merger or consolidation, or like capital adjustment affecting the Common Stock of the Company, the provisions of this Section 6 shall be applied as if such capital adjustment event had occurred immediately prior to the date of this Warrant and the original Exercise Price had been fairly allocated to the stock resulting from such capital adjustment; and in other respects the provisions of this Section shall be applied in a fair, equitable and reasonable manner so as to give effect, as nearly as may be, to the purposes hereof. A rights offering to stockholders shall be deemed a stock dividend to the extent of the bargain purchase element of the rights.

6.3 Adjustment for Spin Off. If, for any reason, prior to the exercise of this Warrant in full, the Company spins off or otherwise divests itself of a part of its business or operations or disposes all or a part of its assets in a transaction (the "Spin Off") in which the Company does not receive compensation for such business, operations or assets, but causes securities of another entity (the "Spin Off Securities") to be issued to security holders of the Company, then

(a) the Company shall cause (i) to be reserved Spin Off Securities equal to the number thereof which would have been issued to the Holder had all of the Holder's unexercised Warrants outstanding on the record date (the "Record Date") for determining the amount and number of Spin Off Securities to be issued to security holders of the Company (the "Outstanding Warrants") been exercised as of the close of business on the trading day immediately before the Record Date (the "Reserved Spin Off Shares"), and (ii) to be issued to the Holder on the exercise of all or any of the Outstanding Warrants, such amount of the Reserved Spin Off Shares equal to (x) the Reserved Spin Off Shares multiplied by (y) a fraction, of which (I) the numerator is the amount of the Outstanding Warrants then being exercised, and (II) the denominator is the amount of the Outstanding Warrants; and

(b) the Exercise Price on the Outstanding Warrants shall be adjusted immediately after consummation of the Spin Off by multiplying the Exercise Price by a fraction (if, but only if, such fraction is less than 1.0), the numerator of which is the average Market Price of the Common Stock for the five (5) trading days immediately following the fifth trading day after the Record Date, and the denominator of which is the average Market Price of the Common Stock on the five (5) trading days immediately preceding the Record Date; and such adjusted Exercise Price shall be deemed to be the Exercise Price with respect to the Outstanding Warrants after the Record Date.

7. Transfer to Comply with the Securities Act; Registration

Rights.

7.1 Transfer. This Warrant has not been registered under the Securities Act of 1933, as amended, (the "Act") and has been issued to the Holder for investment and not with a view to the distribution of either the Warrant or the Warrant Shares. Neither this Warrant nor any of the Warrant Shares or any other security issued or issuable upon exercise of this Warrant may be sold, transferred, pledged or hypothecated in the absence of an effective registration statement under the Act relating to such security or an opinion of counsel satisfactory to the Company that registration is not required under the Act. Each certificate for the Warrant, the Warrant Shares and any other security issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, setting forth the restrictions on transfer contained in this Section.

7.2 Registration Rights. (a) Reference is made to the Registration Rights Agreement. The Company's obligations under the Registration Rights Agreement and the other terms and conditions thereof with respect to the Warrant Shares, including, but not necessarily limited to, the Company's commitment to file a registration statement including the Warrant Shares, to have the registration of the Warrant Shares completed and effective, and to maintain such registration, are incorporated herein by reference.

(b) In addition to the registration rights referred to in the preceding provisions of Section 7.2(a), effective after the expiration of the effectiveness of the Registration Statement as contemplated by the Registration Rights Agreement, the Holder shall have piggy-back registration

rights with respect to the Warrant Shares then held by the Holder or then subject to issuance upon exercise of this Warrant (collectively, the "Remaining Warrant Shares"), subject to the conditions set forth below. If, at any time after the Registration Statement has ceased to be effective, the Company participates (whether voluntarily or by reason of an obligation to a third party) in the registration of any shares of the Company's stock (other than a registration on Form S-4 or Form S-8), the Company shall give written notice thereof to the Holder and the Holder shall have the right, exercisable within ten (10) business days after receipt of such notice, to demand inclusion of all or a portion of the Holder's Remaining Warrant Shares in such registration statement. If the Holder exercises such election, the Remaining Warrant Shares so designated shall be included in the registration statement at no cost or expense to the Holder (other than any costs or commissions which would be borne by the Holder under the terms of the Registration Rights Agreement), subject to the following condition: if there is a managing underwriter of the offering of shares referred to in the registration statement and such managing underwriter advises the Company in writing that the number of shares proposed to be included in the offering will have an adverse effect on its ability to successfully conclude the offering and, as a result, the number of shares to be included in the offering is to be reduced, the number of Remaining Warrant Shares of the Holder which were to be included in the registration (before such reduction) will be reduced pro rata with the number of shares included for all other parties whose shares are being registered. The Holder's rights under this Section 7 shall expire at such time as the Holder can sell all of the Remaining Warrant Shares under Rule 144 without volume or other restrictions or limit.

8. Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage pre-paid. Any such notice shall be deemed given when so delivered personally, telegraphed, telexed or sent by facsimile transmission, or, if mailed, two days after the date of deposit in the United States mails, as follows:

(i) if to the Company, to:

TITAN MOTORCYCLE CO. OF AMERICA
 2222 West Peoria Avenue
 Phoenix, AZ 85029
 Attn: Frank Keery
 Telephone No.: (602) 861-6977
 Telecopier No.: (602) 331-0941

with a copy to:

Snell & Wilmer LLP
 One Arizona Center
 Phoenix, AZ 85048
 Attn: Richard Stagg, Esq.
 Telephone No.: (602) 382-6000
 Telecopier No.: (602) 382-6070

(ii) if to the Holder, to:

CELESTE TRUST REG.
c/o Trevisa-Treuhand-Anstalt
Landstrasse 8
Furstentums 9496
Balzers, Liechtenstein
Attn: Thomas Hackl, Representative
Telecopier No.: 011-431-534-532-895

with a copy to:

Krieger & Prager LLP, Esqs.
39 Broadway
Suite 1440
New York, NY 10006
Attn: Samuel Krieger, Esq.
Telephone No.: (212) 363-2900
Telecopier No. (212) 363-2999

Any party may be notice given in accordance with this Section to the other parties designate another address or person for receipt of notices hereunder.

9. Supplements and Amendments; Whole Agreement. This Warrant may be amended or supplemented only by an instrument in writing signed by the parties hereto. This Warrant contains the full understanding of the parties hereto with respect to the subject matter hereof and thereof and there are no representations, warranties, agreements or understandings other than expressly contained herein and therein.

10. Governing Law. This Warrant shall be deemed to be a contract made under the laws of the State of New York for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Warrant and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions. To the extent determined by such court, the Company shall reimburse the Holder for any reasonable legal fees and disbursements incurred by the Holder in enforcement of or protection of any of its rights under any of the Transaction Agreements.

11. Counterparts. This Warrant may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

12. Descriptive Headings. Descriptive headings of the several Sections of this Warrant are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Warrant as of the _____ th day of _____, 2000.

TITAN MOTORCYCLE CO. OF AMERICA

By: _____
Name: _____
Its: _____

Attest:

Name: _____
Title: _____

NOTICE OF EXERCISE OF WARRANT

The undersigned hereby irrevocably elects to exercise the right, represented by the Warrant Certificate dated as of _____, _____, to purchase _____ shares of the Common Stock, par value \$.001 per share, of TITAN MOTORCYCLE CO. OF AMERICA and tenders herewith payment in accordance with Section 1 of said Common Stock Purchase Warrant.

Please deliver the stock certificate to:

With the exercise effected hereby, the Holder represents to the Company that the Holder is in compliance with the provisions of Section 2.2 of this Warrant.

Dated: _____

[Name of Holder]

By: _____

[] CASH: \$ _____

[] CASHLESS EXERCISE

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE RESOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT.

Right to Purchase 75,000 Shares of Common Stock of
Titan Motorcycle Co. of America

TITAN MOTORCYCLE CO. OF AMERICA

COMMON STOCK PURCHASE WARRANT

NO. W-C-1

TITAN MOTORCYCLE CO. OF AMERICA, a Nevada corporation (the "Company"), hereby certifies that, for value received, ADVANTAGE FUND II LTD. or registered assigns (the "Holder"), is entitled, subject to the terms set forth below, to purchase from the Company at any time or from time to time after the date hereof, and before 5:00 p.m., New York City time, on the Expiration Date (as hereinafter defined), 75,000 fully paid and nonassessable shares of Common Stock (as hereinafter defined) at a purchase price per share equal to the Purchase Price (as hereinafter defined). The number of such shares of Common Stock and the Purchase Price are subject to adjustment as provided in this Warrant.

This Warrant and the shares of Common Stock issuable upon the exercise hereof are entitled to the registration and other rights and benefits provided by the Consent.

As used herein the following terms, unless the context otherwise requires, have the following respective meanings:

"Common Stock" includes the Company's Common Stock, \$.001 par value per share, as authorized on the date hereof, and any other securities into which or for which the Common Stock may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

"Company" shall include Titan Motorcycle Co. of America and any corporation that shall succeed to or assume the obligations of Titan Motorcycle Co. of America hereunder in accordance with the terms hereof.

"Consent" means the Consent and Waiver, dated as of June 16, 2000, among the Company, the original Holder of this Warrant and the holder of another warrant of like tenor.

"Expiration Date" means June 30, 2005.

"Issuance Date" means the first date of original issuance of this Warrant.

"1934 Act" means the Securities Exchange Act of 1934, as amended.

"1933 Act" means the Securities Act of 1933, as amended.

"Other Securities" refers to any stock (other than Common Stock) and other securities of the Company or any other person (corporate or otherwise) which the Holder at any time shall be entitled to receive, or shall have received, on the exercise of this Warrant, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Section 4.

"Purchase Price" shall mean \$_____ per share, subject to adjustment as provided in this Warrant.

"Subscription Agreement" means the Subscription Agreement, dated as of March 7, 2000, by and between the Company and the original Holder of this Warrant, as amended from time to time in accordance with its terms.

"Trading Day" means a day on which the principal securities market for the Common Stock is open for general trading of securities.

1. EXERCISE OF WARRANT.

1.1 EXERCISE. (a) This Warrant may be exercised by the Holder hereof in full or in part at any time or from time to time during the exercise period specified in the first paragraph hereof until the Expiration Date by surrender of this Warrant and the subscription form annexed hereto (duly executed by the Holder), to the Company's transfer agent and registrar for the Common Stock, with a copy to the Company, and by making payment, in cash or by certified or official bank check payable to the order of the Company, in the amount obtained by multiplying (a) the number of shares of Common Stock designated by the Holder in the subscription form by (b) the Purchase Price then in effect. On any partial exercise the Company will forthwith issue and deliver to or upon the order of the Holder hereof a new Warrant or Warrants of like tenor, in the name of the Holder hereof or as the Holder (upon payment by the Holder of any applicable transfer taxes) may request, providing in the aggregate on the face or

faces thereof for the purchase of the number of shares of Common Stock for which such Warrant or Warrants may still be exercised.

(b) Notwithstanding any other provision of this Warrant, in no event shall the Holder be entitled at any time to purchase a number of shares of Common Stock on exercise of this Warrant in excess of that number of shares upon purchase of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and all persons whose beneficial ownership of shares of Common Stock would be aggregated with the Holder's beneficial ownership of shares of Common Stock for purposes of Section 13(d) of the 1934 Act and Regulation 13D-G thereunder, (each such person other than the Holder an "Aggregated Person" and all such persons other than the Holder, collectively, the "Aggregated Persons") (other than shares of Common Stock deemed beneficially owned through the ownership by the Holder and all Aggregated Persons of the Holder of the unexercised portion of this Warrant and the unexercised or unconverted portion of any other security of the Company which contains similar provisions) and (2) the number of shares of Common Stock issuable upon exercise of the portion of this Warrant with respect to which the determination in this sentence is being made, would result in beneficial ownership by the Holder and all Aggregated Persons of the Holder of more than 4.9% of the outstanding shares of Common Stock. For purposes of the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the 1934 Act and Regulation 13D-G thereunder, except as otherwise provided in clause (1) of the immediately preceding sentence.

1.2 NET ISSUANCE. Notwithstanding anything to the contrary contained in Section 1.1, the Holder may elect to exercise this Warrant in whole or in part by receiving shares of Common Stock equal to the net issuance value (as determined below) of this Warrant, or any part hereof, upon surrender of this Warrant to the Company's transfer agent and registrar for the Common Stock together with the subscription form annexed hereto (duly executed by the Holder), in which event the Company shall issue to the Holder a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y (A - B)}{A}$$

- where: X = the number of shares of Common Stock to be issued to the Holder
- Y = the number of shares of Common Stock as to which this Warrant is to be exercised
- A = the current fair market value of one share of Common Stock calculated as of the last Trading Day immediately preceding the exercise of this Warrant
- B = the Purchase Price

As used herein, current fair market value of Common Stock as of a specified date shall mean with respect to each share of Common Stock the closing sale price of the Common Stock on the principal securities market on which the Common Stock may at the time be listed or, if there have been no sales on any such exchange on such day, the average of the highest bid and lowest asked prices on the principal securities market at the end of such day, or, if on such day the Common Stock is not so listed, the average of the representative bid and asked prices quoted in the Nasdaq System as of 4:00 p.m., New York City time, or, if on such day the Common Stock is not quoted in the Nasdaq System, the average of the highest bid and lowest asked price on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, in each such case averaged over a period of five consecutive Trading Days consisting of the day as of which the current fair market value of a share of Common Stock is being determined (or if such day is not a Trading Day, the Trading Day next preceding such day) and the four consecutive Trading Days prior to such day. If on the date for which current fair market value is to be determined the Common Stock is not listed on any securities exchange or quoted in the Nasdaq System or the over-the-counter market, the current fair market value of Common Stock shall be the highest price per share which the Company could then obtain from a willing buyer (not a current employee or director) for shares of Common Stock sold by the Company, from authorized but unissued shares, as determined in good faith by the Board of Directors of the Company, unless prior to such date the Company has become subject to a merger, acquisition or other consolidation pursuant to which the Company is not the surviving party, in which case the current fair market value of the Common Stock shall be deemed to be the value received by the holders of the Company's Common Stock for each share thereof pursuant to the Company's acquisition.

2. DELIVERY OF STOCK CERTIFICATES, ETC., ON EXERCISE. As soon as practicable after the exercise of this Warrant, and in any event within three Trading Days thereafter, the Company at its expense (including the payment by it of any applicable issue or stamp taxes) will cause to be issued in the name of and delivered to the Holder hereof, or as the Holder (upon payment by the Holder of any applicable transfer taxes) may direct, a certificate or certificates for the number of fully paid and nonassessable shares of Common Stock (or Other Securities) to which the Holder shall be entitled on such exercise, in such denominations as may be requested by the Holder, plus, in lieu of any fractional share to which the Holder would otherwise be entitled, cash equal to such fraction multiplied by the then current fair market value (as determined in accordance with subsection 1.2) of one full share, together with any other stock or other securities and property (including cash, where applicable) to which the Holder is entitled upon such exercise pursuant to Section 1 or otherwise. Upon exercise of this Warrant as provided herein, the Company's obligation to issue and deliver the certificates for Common Stock shall be absolute and unconditional, irrespective of the absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Company to the Holder, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other person of any obligation to the Company, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with such exercise. If the Company fails to issue and deliver the certificates for the Common Stock to the

Holder pursuant to the first sentence of this paragraph as and when required to do so, in addition to any other liabilities the Company may have hereunder and under applicable law, the Company shall pay or reimburse the Holder on demand for all out-of-pocket expenses including, without limitation, reasonable fees and expenses of legal counsel incurred by the Holder as a result of such failure.

3. ADJUSTMENT FOR DIVIDENDS IN OTHER STOCK, PROPERTY, ETC.; RECLASSIFICATION, ETC. In case at any time or from time to time after the Issuance Date, all the holders of Common Stock (or Other Securities) shall have received, or (on or after the record date fixed for the determination of stockholders eligible to receive) shall have become entitled to receive, without payment therefor,

(a) other or additional stock or other securities or property (other than cash) by way of dividend, or

(b) any cash (excluding cash dividends payable solely out of earnings or earned surplus of the Company), or

(c) other or additional stock or other securities or property (including cash) by way of spin-off, split-up, reclassification, recapitalization, combination of shares or similar corporate rearrangement,

other than additional shares of Common Stock (or Other Securities) issued as a stock dividend or in a stock-split (adjustments in respect of which are provided for in Section 5), then and in each such case the Holder, on the exercise hereof as provided in Section 1, shall be entitled to receive the amount of stock and other securities and property (including cash in the cases referred to in subdivisions (b) and (c) of this Section 3; provided, however, that if such property is not then available, the Company shall either (A) substitute cash or property of equivalent value or (B) reduce the Purchase Price and/or increase the number of shares of Common Stock issuable upon the exercise of this Warrant to reflect the value of the property distributable to stockholders, in each case in a manner reasonably satisfactory to the Holder) which the Holder would hold on the date of such exercise if on the date thereof the Holder had been the holder of record of the number of shares of Common Stock called for on the face of this Warrant and had thereafter, during the period from the date hereof to and including the date of such exercise, retained such shares and all such other or additional stock and other securities and property (including cash in the case referred to in subdivisions (b) and (c) of this Section 3) receivable by the Holder as aforesaid during such period, giving effect to all adjustments called for during such period by Section 4. Notwithstanding anything in this Section 3 to the contrary, no adjustments pursuant to this Section 3 shall actually be made until the cumulative effect of the adjustments called for by this Section 3 since the date of the last adjustment actually made would change the amount of stock or other securities and property which the Holder would hold by more than 1%.

4. EXERCISE UPON REORGANIZATION, CONSOLIDATION, MERGER, ETC.

In case at any time or from time to time after the Issuance Date, the Company shall (a) effect a reorganization, (b) consolidate with or merge into any other person, (c) effect an exchange of outstanding shares of the Company for securities of any other person or (d) transfer all or

substantially all of its properties or assets to any other person under any plan or arrangement contemplating the dissolution of the Company, then, in each such case, as a condition of such reorganization, consolidation, merger, share exchange, sale or conveyance, (i) the Company shall give at least 15 days notice to the Holder of such pending transaction whereby the Holder shall have the right to exercise this Warrant prior to any such reorganization, consolidation, merger, share exchange, sale or conveyance and (ii) if the Holder does not so exercise this Warrant in full, the Company shall cause effective provisions to be made so that the Holder shall have the right thereafter, by exercising this Warrant (in lieu of the shares of Common Stock of the Company purchasable and receivable upon exercise of the rights represented hereby immediately prior to such transaction) to purchase the kind and amount of shares of stock and other securities and property (including cash); provided, however, that if such property is not then available, the Company shall either (A) substitute cash or property of equivalent value or (B) reduce the Purchase Price and/or increase the number of shares of Common Stock issuable upon the exercise of this Warrant to reflect the value of the property distributable to stockholders, in each case in a manner reasonably satisfactory to the Holder) receivable upon such reorganization, consolidation, merger, share exchange, sale or conveyance by a holder of the number of shares of Common Stock that might have been received upon exercise of this Warrant immediately prior to such reorganization, consolidation, merger, share exchange, sale or conveyance. Any exercise of this Warrant pursuant to notice under this Section may, at the option of the Holder, be conditioned upon the closing of such reorganization, consolidation, merger, sale or conveyance which is the subject of the notice and the exercise of this Warrant shall not be deemed to have occurred until immediately prior to the closing of such transaction.

5. ADJUSTMENT FOR EXTRAORDINARY EVENTS. In the event that after the Issuance Date the Company shall (i) issue additional shares of Common Stock as a dividend or other distribution on outstanding Common Stock, (ii) subdivide or reclassify its outstanding shares of Common Stock, or (iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock, then, in each such event, the Purchase Price shall, simultaneously with the happening of such event, be adjusted by multiplying the Purchase Price in effect immediately prior to such event by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such event, and the product so obtained shall thereafter be the Purchase Price then in effect. The Purchase Price, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described herein in this Section 5. The Holder shall thereafter, on the exercise hereof as provided in Section 1, be entitled to receive that number of shares of Common Stock determined by multiplying the number of shares of Common Stock which would be issuable on such exercise immediately prior to such issuance by a fraction of which (i) the numerator is the Purchase Price in effect immediately prior to such issuance and (ii) the denominator is the Purchase Price in effect on the date of such exercise.

6. FURTHER ASSURANCES. The Company will take all action that may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of stock, free from all taxes, liens and charges with respect to the issue thereof, on the exercise of all or any portion of this Warrant from time to time outstanding.

7. NOTICES OF RECORD DATE, ETC. In the event of

(a) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend on, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, or

(b) any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company or any transfer of all or substantially all of the assets of the Company to or consolidation or merger of the Company with or into any other person (other than a wholly-owned subsidiary of the Company), or

(c) any voluntary or involuntary dissolution, liquidation or winding-up of the Company,

then and in each such event the Company will mail or cause to be mailed to the Holder, at least ten days prior to such record date, a notice specifying (i) the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, (ii) the date on which any such reorganization, reclassification, recapitalization, transfer, consolidation, merger, dissolution, liquidation or winding-up is to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or Other Securities) shall be entitled to exchange their shares of Common Stock (or Other Securities) for securities or other property deliverable on such reorganization, reclassification, recapitalization, transfer, consolidation, merger, dissolution, liquidation or winding-up, and (iii) the amount and character of any stock or other securities, or rights or options with respect thereto, proposed to be issued or granted, the date of such proposed issue or grant and the persons or class of persons to whom such proposed issue or grant is to be offered or made. Such notice shall also state that the action in question or the record date is subject to the effectiveness of a registration statement under the 1933 Act, or a favorable vote of stockholders if either is required. Such notice shall be mailed at least ten days prior to the date specified in such notice on which any such action is to be taken or the record date, whichever is earlier. Any failure to receive such notice shall not affect the corporate action taken.

8. RESERVATION OF STOCK, ETC., ISSUABLE ON EXERCISE OF WARRANTS. The Company will at all times reserve and keep available out of its authorized but unissued shares of capital stock, solely for issuance and delivery on the exercise of this Warrant, a sufficient number of shares of Common Stock (or Other Securities) to effect the full exercise of this Warrant and the exercise, conversion or exchange of any other warrant or security of the Company exercisable for, convertible into, exchangeable for or otherwise entitling the holder to acquire shares of Common Stock (or Other Securities), and if at any time the number of authorized but unissued shares of Common Stock (or Other Securities) shall not be sufficient to effect such exercise, conversion or exchange, the Company shall take such action as may be necessary to increase its authorized but unissued shares of Common Stock (or Other Securities) to such number as shall be sufficient for such purposes.

9. TRANSFER OF WARRANT. This Warrant shall inure to the benefit of the successors to and assigns of the Holder. This Warrant and all rights hereunder, in whole or in part, are registrable at the office or agency of the Company referred to below by the Holder hereof in person or by his duly authorized attorney, upon surrender of this Warrant properly endorsed.

10. REGISTER OF WARRANTS. The Company shall maintain, at the principal office of the Company (or such other office as it may designate by notice to the Holder hereof), a register in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each successor and prior owner of such Warrant. The Company shall be entitled to treat the person in whose name this Warrant is so registered as the sole and absolute owner of this Warrant for all purposes.

11. EXCHANGE OF WARRANT. This Warrant is exchangeable, upon the surrender hereof by the Holder hereof at the office or agency of the Company referred to in Section 10, for one or more new Warrants of like tenor representing in the aggregate the right to subscribe for and purchase the number of shares of Common Stock which may be subscribed for and purchased hereunder, each of such new Warrants to represent the right to subscribe for and purchase such number of shares as shall be designated by said Holder hereof at the time of such surrender.

12. REPLACEMENT OF WARRANT. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction of this Warrant, on delivery of an indemnity agreement or security reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, on surrender and cancellation of this Warrant, the Company at its expense will execute and deliver, in lieu thereof, a new Warrant of like tenor.

13. WARRANT AGENT. The Company represents and warrants that it has appointed Signature Stock Transfer, Inc., as Transfer Agent and Registrar, as the exercise agent for purposes of issuing shares of Common Stock (or Other Securities) on the exercise of this Warrant pursuant to Section 1. The Company may, by notice to the Holder, appoint an agent having an office in the United States of America for the purpose of exchanging this Warrant pursuant to Section 11 and replacing this Warrant pursuant to Section 12, or either of the foregoing, and thereafter any such exchange or replacement, as the case may be, shall be made at such office by such agent.

14. REMEDIES. The Company stipulates that the remedies at law of the Holder in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Warrant are not and will not be adequate, and that such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

15. NO RIGHTS OR LIABILITIES AS A STOCKHOLDER. This Warrant shall not entitle the Holder hereof to any voting rights or other rights as a stockholder of the Company. No provision of this Warrant, in the absence of affirmative action by the Holder hereof to purchase

Common Stock, and no mere enumeration herein of the rights or privileges of the Holder hereof, shall give rise to any liability of the Holder for the Purchase Price or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

16. NOTICES, ETC. All notices and other communications from the Company to the registered Holder or from the registered Holder to the Company shall be delivered personally (which shall include telephone line facsimile transmission with answer back confirmation) or by courier and shall be effective upon receipt, addressed to each party at the address or telephone line facsimile transmission number for each party set forth in the Subscription Agreement or at such other address or telephone line facsimile transmission number as a party shall have provided to the other party in accordance with this provision.

17. TRANSFER RESTRICTIONS. By acceptance of this Warrant, the Holder represents to the Company that the Holder is an "accredited investor" as defined in Regulation D under the 1933 Act, has reviewed the Company's periodic filings made under the 1934 Act and desires no further information, is aware of the risks of investing in the Company, and confirms that this Warrant is being acquired for the Holder's own account and for the purpose of investment and not with a view to, or for sale in connection with, the distribution thereof, nor with any present intention of distributing or selling this Warrant or the Common Stock issuable upon exercise of this Warrant. The Holder acknowledges and agrees that this Warrant and, except as otherwise provided in the Consent, the shares of Common Stock issuable upon exercise of this Warrant (if any) have not been (and at the time of acquisition by the Holder, will not have been or will not be), registered under the 1933 Act or under the securities laws of any state, in reliance upon certain exemptive provisions of such statutes. The Holder further recognizes and acknowledges that because this Warrant and, except as provided in the Consent, the Common Stock issuable upon exercise of this Warrant (if any) are unregistered, they may not be eligible for resale, and may only be resold in the future pursuant to an effective registration statement under the 1933 Act and any applicable state securities laws, or pursuant to a valid exemption from such registration requirements. Unless the shares of Common Stock issuable upon exercise of this Warrant have theretofore been registered for resale under the 1933 Act, the Company may require, as a condition to the issuance of Common Stock upon the exercise of this Warrant (i) in the case of an exercise in accordance with Section 1.1 hereof, a confirmation as of the date of exercise of the Holder's representations pursuant to this Section 17, or (ii) in the case of an exercise in accordance with Section 1.2 hereof, an opinion of counsel reasonably satisfactory to the Company that the shares of Common Stock to be issued upon such exercise may be issued without registration under the 1933 Act.

18. LEGEND. Unless theretofore registered for resale under the 1933 Act, each certificate for shares issued upon exercise of this Warrant shall bear the following legend:

The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended. The securities have been acquired for investment and may not be resold, transferred or assigned in the absence of an effective registration statement for the securities under the Securities Act of 1933, as amended, or an opinion of counsel reasonably acceptable to the Company that registration is not required under said Act.

19. AMENDMENT; WAIVER. This Warrant and any terms hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought. Notwithstanding any other provision of this Warrant or the Subscription Agreement, in addition to the requirements of the immediately preceding sentence, any amendment of (x) Section 1.1(b), (y) the definition of the term Aggregated Person or (z) this sentence shall require approval by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock, present in person or represented by proxy at a duly convened meeting of stockholders of the Company, and entitled to vote, or the consent thereto in writing by holders of a majority of the outstanding shares of Common Stock, and the stockholders of the Company are hereby expressly made third party beneficiaries of this sentence.

20. MISCELLANEOUS. This warrant shall be construed and enforced in accordance with and governed by the internal laws of the State of Arizona. The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect any of the terms hereof. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed on its behalf by one of its officers thereunto duly authorized.

Dated: June 20, 2000

TITAN MOTORCYCLE CO. OF AMERICA

By: _____

Title: _____

FORM OF SUBSCRIPTION

TITAN MOTORCYCLE CO. OF AMERICA

(To be signed only on exercise of Warrant)

TO: Signature Stock Transfer & Trust, Inc., CC: Titan Motorcycle Co. of America
 as Exercise Agent 2222 West Peoria Avenue
 14675 Midway Road Phoenix, Arizona 85029
 Suite 221
 Dallas, Texas 75244

1. The undersigned Holder of the attached original, executed Warrant hereby elects to exercise its purchase right under such Warrant with respect to _____ shares of Common Stock, as defined in the Warrant, of Titan Motorcycle Co. of America, a Nevada corporation (the "Company").

2. The undersigned Holder (check one):

(a) elects to pay the aggregate purchase price for such shares of Common Stock (the "Exercise Shares") (i) by lawful money of the United States or the enclosed certified or official bank check payable in United States dollars to the order of the Company in the amount of \$_____, or (ii) by wire transfer of United States funds to the account of the Company in the amount of \$_____, which transfer has been made before or simultaneously with the delivery of this Form of Subscription pursuant to the instructions of the Company;

or

(b) elects to receive shares of Common Stock having a value equal to the value of the Warrant as permitted by and calculated in accordance with Section 1.2 of the Warrant.

3. Please issue a stock certificate or certificates representing the appropriate number of shares of Common Stock in the name of the undersigned or in such other name as is specified below:

Name: _____

Address: _____

4. The undersigned Holder confirms with respect to such Holder and the shares of Common Stock issuable pursuant to this exercise the representations set forth in Section 18 of the warrant.

Dated: _____, _____

(Signature must conform to name of Holder as specified on the face of the Warrant)

(Address)

ANNEX IV
TO
SECURITIES PURCHASE
AGREEMENT

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT, dated as of June 20, 2000 (this "Agreement"), is made by and between TITAN MOTORCYCLE CO. OF AMERICA, a Nevada corporation, with headquarters located at 2222 West Peoria Avenue, Phoenix, AZ 85029 (the "Company"), and each entity named on a signature page hereto (each, an "Initial Investor") (each agreement with an Initial Investor being deemed a separate and independent agreement between the Company and such Initial Investor, except that each Initial Investor acknowledges and consents to the rights granted to each other Initial Investor under such agreement).

W I T N E S S E T H:

WHEREAS, upon the terms and subject to the conditions of the Securities Purchase Agreement, dated as of June 20, 2000, between the Initial Investor and the Company (the "Securities Purchase Agreement"), the Company has agreed to issue and sell to the Initial Investor shares of Series C Convertible Preferred Stock of the Company having an aggregate stated value of up to \$2,300,000 (the "Preferred Stock"); and

WHEREAS, the Company has agreed to issue the Warrants to the Initial Investor in connection with the issuance of the Preferred Stock; and

WHEREAS, the Preferred Stock (which term, for purposes of this Agreement, shall include Periodic Amount Shares, as defined below) is convertible into shares of Common Stock (the "Converted Shares"; which term, for purposes of this Agreement, shall include shares of Common Stock of the Company issuable in lieu of accrued dividends through the second anniversary of the relevant Closing Date as contemplated by the Certificate of Designations) upon the terms and subject to the conditions contained in the Certificate of Designations, and the Warrants may be exercised for the purchase of shares of Common Stock (the "Warrant Shares") upon the terms and conditions of the Warrants; and

WHEREAS, to induce the Initial Investor to execute and deliver the Securities Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "Securities Act"), with respect to the Converted Shares and the Warrant Shares;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Initial Investor hereby agree as follows:

1. DEFINITIONS; APPLICABILITY.

(a) DEFINITIONS. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Securities Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

(i) "Effective Date" means the date the SEC declares a Registration Statement covering Registrable Securities and otherwise meeting the conditions contemplated hereby to be effective.

(ii) "Investor" means the Initial Investor and any permitted transferee or assignee who agrees to become bound by the provisions of this Agreement in accordance with Section 9 hereof and who holds Preferred Stock, Warrants or Registrable Securities.

(iii) "Potential Material Event" means any of the following: (i) the possession by the Company of material information not ripe for disclosure in a registration statement, which shall be evidenced by determinations in good faith by the Board of Directors of the Company that disclosure of such information in the registration statement would be detrimental to the business and affairs of the Company; or (ii) any material engagement or activity by the Company which would, in the good faith determination of the Board of Directors of the Company, be adversely affected by disclosure in a registration statement at such time, which determination shall be accompanied by a good faith determination by the Board of Directors of the Company that the registration statement would be materially misleading absent the inclusion of such information.

(iv) "Register," "Registered," and "Registration" refer to a registration effected by preparing and filing a Registration Statement or Statements in compliance with the Securities Act and pursuant to Rule 415 under the Securities Act or any successor rule providing for offering securities on a continuous basis ("Rule 415"), and the declaration or ordering of effectiveness of such Registration Statement by the United States Securities and Exchange Commission (the "SEC").

(v) "Registrable Securities" means the Converted Shares and the Warrant Shares.

(vi) "Registration Statement" means a registration statement of the Company under the Securities Act covering Registrable Securities on Form S-3, if the Company is then eligible to file using such form, and if not so eligible, on Form SB-2 or other appropriate form.

(vii) "Required Effective Date" means the relevant Initial Required Effective Date or Increased Required Effective Date (as those terms are defined below).

(b) APPLICABILITY. The provisions of this Agreement apply to Registration Statements for Registrable Securities applicable to transactions consummated on the Initial Closing Date and on the Additional Closing Date independently, except as the context may otherwise require.

2. REGISTRATION.

(a) MANDATORY REGISTRATION.

(i) The Company shall prepare and file with the SEC, as soon as possible after the Closing Date but no later than a date (the "Required Filing Date") which is thirty (30) days after the Closing Date, either a Registration Statement or an amendment to an existing Registration Statement, in either event registering for resale by the Investor a sufficient number of shares of Common Stock for the Initial Investors to sell the Registrable Securities (or such lesser number as may be required by the SEC, but in no event less than the number of shares equal to the sum of (A) two hundred percent (200%) of the aggregate number of shares into which the Preferred Stock issued on the Closing Date and all dividends thereon through the second anniversary of the Closing Date would be convertible at the time of filing of such Registration Statement (assuming for such purposes that all shares of such Preferred Stock had been eligible to be converted, and had been converted, into Converted Shares in accordance with their terms, whether or not such accrual of dividends, eligibility or conversion had in fact occurred as of such date) and (B) the number of shares which would be issued upon exercise of all of the Warrants issued on the Closing Date (assuming for such purposes that all Warrants were eligible to be exercised and had been exercised in accordance with their terms, whether or not such eligibility or exercise had in fact occurred as of such date). The Registration Statement (W) shall include only the Registrable Securities and the shares specifically listed on EXHIBIT 1 annexed hereto, and (X) shall also state that, in accordance with Rule 416 and 457 under the Securities Act, it also covers such indeterminate number of additional shares of Common Stock as may become issuable upon conversion of the Preferred Stock and the exercise of the Warrants to prevent dilution resulting from stock splits, or stock dividends. The Company will use its reasonable best efforts to cause such Registration Statement to be declared effective on a date (the "Initial Required Effective Date") which is no later than the earlier of (Y) five (5) days after oral or written notice by the SEC that it may be declared effective or (Z) one hundred twenty (120) days after the Closing Date.

(ii) If at any time (an "Increased Registered Shares Date"), the number of shares of Common Stock represented by the Registrable Shares, issued or to be issued as contemplated by the Transaction Agreements, exceeds the aggregate number of shares of Common Stock then registered, the Company shall either (X) amend the relevant Registration Statement filed by the Company pursuant to the preceding provisions of this Section 2, if such Registration Statement has not been declared effective by the SEC at that time, to register, in the aggregate, at least the number of shares (the "Increased Shares Amount") equal to (A) (I) the number of shares previously issued on conversion of the Preferred Stock (including any Converted Shares issued in lieu of cash dividends) plus (II) two hundred percent (200%) of the number of shares into which the unconverted Preferred Stock and all dividends thereon through the second anniversary of the Closing Date would be convertible at the Increased Registered Shares Date (assuming for such purposes that all such

shares of Preferred Stock had been issued, had been eligible to be converted, and had been converted, into Converted Shares in accordance with their terms, whether or not such issuance, accrual of dividends, eligibility or conversion had in fact occurred as of such date) and (B) the number of shares which would be issued upon exercise of all of the Warrants (assuming for such purposes that all Warrants had been issued, had been eligible to be exercised and had been exercised in accordance with their terms, whether or not such issuance, eligibility or exercise had in fact occurred as of such date), or (Y) if such Registration Statement has been declared effective by the SEC at that time, file with the SEC an additional Registration Statement (an "Additional Registration Statement") to register the number of shares equal to two hundred percent (200%) of the excess of the Increased Shares Amount over the aggregate number of shares of Common Stock already registered. The Company will use its reasonable best efforts to cause such Registration Statement to be declared effective on a date (each, an "Increased Required Effective Date") which is no later than (Q) with respect to a Registration Statement under clause (X) of this subparagraph (ii), the Initial Required Effective Date and (R) with respect to an Additional Registration Statement, the earlier of (I) five (5) days after notice by the SEC that it may be declared effective or (II) thirty (30) days after the Increased Registered Shares Date.

(b) PAYMENTS BY THE COMPANY.

(i) If the Registration Statement covering the Registrable Securities is not filed in proper form with the SEC by the Required Filing Date, the Company will make payment to the Initial Investor in such amounts and at such times as shall be determined pursuant to this Section 2(b).

(ii) If the Registration Statement covering the Registrable Securities is not effective by the relevant Required Effective Date or if the Investor is restricted from making sales of Registrable Securities covered by any previously effective Registration Statement at any time (the date such restriction commences, a "Restricted Sale Date") after the relevant Effective Date other than during a Permitted Suspension Period (as defined below), then the Company will make payments to the Initial Investor in such amounts and at such times as shall be determined pursuant to this Section 2(b).

(iii) The amount (the "Periodic Amount") to be paid by the Company to the Initial Investor shall be determined as of each Computation Date (as defined below) and such amount shall be equal to the Periodic Amount Percentage (as defined below) of the Purchase Price for all Preferred Stock for the period from the date following the relevant Required Effective Date or Restricted Sale Date, as the case may be, to the first relevant Computation Date, and thereafter to each subsequent Computation Date. The "Periodic Amount Percentage" means (A) one and one-half percent (1.5%) of the Purchase Price of all Preferred Stock previously purchased for the period beginning on the date following the relevant Required Filing Date, Required Effective Date or Restricted Sale Date, as the case may be, and continuing to the first relevant Computation Date and (B) one and one-half percent (1.5%) of the Purchase Price of all Preferred Stock to each Computation Date thereafter. By way of illustration and not in limitation of the foregoing, if the Registration Statement is not declared effective until one hundred ninety-five (195) days after the

Closing Date, the Periodic Amount will aggregate four and one-half percent (4.5%) of the Purchase Price of the Preferred Stock theretofore issued (1.5% for days 121-150, plus 1.5% for days 151-180, plus 1.5% for days 181-195).

(iv) Each Periodic Amount will be payable by the Company, except as provided in the other provisions of this subparagraph (iv), in cash or other immediately available funds to the Investor (1) on the day after the Required Filing Date or the Required Effective Date, as the case may be, and (2) on the earlier of (A) each thirtieth day thereafter, (B) the third business day after the date the Registration Statement is filed or is declared effective, or (C) the third business day after the Registration Statement has its restrictions removed after the Effective Date, as the case may be, in each case without requiring demand therefor by the Investor. Notwithstanding the provisions of the first sentence of this subparagraph (iv), at the option of the Investor, exercisable in its sole and absolute discretion by written notice to the Company at any time before the Periodic Amount is paid (a "Periodic Amount Shares Notice"), all or a portion of the Periodic Amount shall be paid by the issuance to the Investor of additional shares of Common Stock ("Periodic Amount Shares"). The number of Periodic Amount Shares shall be equal to the relevant Periodic Amount divided by the Conversion Price which would have been applicable to the first day after the relevant Computation Date, but only to the extent that the Investor would have been entitled to effect a conversion into such number of shares in accordance with the terms of the Certificate of Designations. The Company must deliver the Periodic Amount Shares to the Investor within three (3) business days after the Investor issues the Periodic Amount Shares Notice, unless otherwise agreed to in writing by the Investor in each instance (such third date or later date agreed to by the Investor, a "Delivery Date" as contemplated by the Certificate of Designations and the Securities Purchase Agreement). If the Periodic Amount Shares are not delivered by such date, the Investor shall have the right to demand that the provisions of Section 5(c) of the Securities Purchase Agreement shall apply to such issuance, based on one hundred thirty three and thirty-three hundredths percent (133.33%) of the Periodic Amount or having the Periodic Amount be paid in cash as contemplated herein. On issuance, Periodic Amount Shares are deemed to be Registrable Securities.

(v) The parties acknowledge that the damages which may be incurred by the Investor if the Registration Statement is not filed by the Required Filing Date or if the Registration Statement has not been declared effective by a Required Effective Date, including if the right to sell Registrable Securities under a previously effective Registration Statement is suspended, may be difficult to ascertain. The parties agree that the Periodic Amounts represent a reasonable estimate on the part of the parties, as of the date of this Agreement, of the amount of such damages.

(vi) Notwithstanding the foregoing, the amounts payable by the Company pursuant to this provision shall not be payable (i) to the extent any delay in the effectiveness of the Registration Statement occurs because of an act of, or a failure to act or to act timely by the Initial Investor or its counsel, (ii) in the event all of the Registrable Securities may be sold pursuant to Rule 144 or another available exemption under the Act without volume or other restrictions or limits or (iii) with respect to a Permitted Suspension Period.

(vii) "Computation Date" means (A) the date which is the earlier of (1) thirty (30) days after the Required Filing Date, any relevant Required Effective Date or a Restricted Sale Date, as the case may be, or (2) the date after the Required Filing Date, such Required Effective Date or Restricted Sale Date on which the Registration Statement is filed (with respect to payments due as contemplated by Section 2(b)(i) hereof) or is declared effective or has its restrictions removed (with respect to payments due as contemplated by Section 2(b)(ii) hereof), as the case may be, and (B) each date which is the earlier of (1) thirty (30) days after the previous Computation Date or (2) the date after the previous Computation Date on which the Registration Statement is filed (with respect to payments due as contemplated by Section 2(b)(i) hereof) or is declared effective or has its restrictions removed (with respect to payments due as contemplated by Section 2(b)(ii) hereof), as the case may be.

3. OBLIGATIONS OF THE COMPANY. In connection with the registration of the Registrable Securities, the Company shall do each of the following:

(a) Prepare promptly, and file with the SEC by the Required Filing Date a Registration Statement with respect to not less than the number of Registrable Securities provided in Section 2(a) above, and thereafter use its reasonable best efforts to cause such Registration Statement relating to Registrable Securities to become effective by the Required Effective Date and keep the Registration Statement effective at all times during the period (the "Registration Period") continuing until the earliest of (i) the date that is the third anniversary of the relevant Effective Date, (ii) the date when the Investors may sell all Registrable Securities under Rule 144 without volume or other restrictions or limits or (iii) the date the Investors no longer own any of the Registrable Securities, which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(b) Prepare and file with the SEC such amendments (including post-effective amendments) and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to keep the Registration Statement effective at all times during the Registration Period, and, during the Registration Period, comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities of the Company covered by the Registration Statement until such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in the Registration Statement;

(c) Permit a single firm of counsel designated by the Initial Investors to review the Registration Statement and all amendments and supplements thereto a reasonable period of time (but not less than three (3) business days) prior to their filing with the SEC, and not file any document in a form to which such counsel reasonably objects;

(d) Notify each Investor and such Investor's legal counsel identified to the Company and which has requested by written notice to the Company that it receive such notification

(which, until further notice, shall be deemed to be Krieger & Prager LLP, Attn: Samuel Krieger, Esq., which firm has requested to receive such notification) (each, an "Investor's Counsel"), and any managing underwriters immediately (and, in the case of (i)(A) below, not less than three (3) business days prior to such filing) and (if requested by any such person) confirm such notice in writing no later than one (1) business day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to the Registration Statement including changes in the provisions relating to the Investor, the Registrable Securities, or the transactions reflected in the Transaction Agreements (collectively, "Investor Matters") is submitted to the SEC for its consideration or review; (B) whenever the SEC notifies the Company whether there will be a "review" of such Registration Statement; (C) whenever the Company receives (or a representative of the Company receives on its behalf) any oral or written comments from the SEC in respect of a Registration Statement (copies or, in the case of oral comments, summaries of such comments shall be promptly furnished by the Company to the Investors); and (D) with respect to the Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the SEC or any other Federal or state governmental authority for amendments or supplements to the Registration Statement or Prospectus or for additional information; (iii) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of any proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose; and (v) of the occurrence of any event that to the best knowledge of the Company makes any statement made in the Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to the Registration Statement, Prospectus or other documents so that, in the case of the Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. In addition, the Company shall furnish the Investor's Counsel with copies of all intended written responses to the comments contemplated in clause (C) of this Section 3(d) to the extent such responses relate to Investor Matters not later than one (1) business day in advance of the filing of such responses with the SEC so that the Investors shall have the opportunity to comment thereon;

(e) Furnish to each Investor and such Investor's Counsel

(i) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company, one (1) copy of the Registration Statement, each preliminary prospectus and prospectus, and each amendment or supplement thereto, and (ii) such number of copies of a prospectus, and all amendments and supplements thereto and such other documents, as such Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor;

(f) As promptly as practicable after becoming aware

thereof, notify each Investor of the happening of any event of which the Company has knowledge, as a result of which the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the

statements therein, in light of the circumstances under which they were made, not misleading, and use its best efforts promptly to prepare a supplement or amendment to the Registration Statement or other appropriate filing with the SEC to correct such untrue statement or omission, and deliver a number of copies of such supplement or amendment to each Investor as such Investor may reasonably request;

(g) As promptly as practicable after becoming aware thereof, notify each Investor who holds Registrable Securities being sold (or, in the event of an underwritten offering, the managing underwriters) of the issuance by the SEC of a Notice of Effectiveness or any notice of effectiveness or any stop order or other suspension of the effectiveness of the Registration Statement at the earliest possible time;

(h) Notwithstanding the foregoing, if at any time or from time to time after the date of effectiveness of the Registration Statement, the Company notifies the Investors in writing of the existence of a Potential Material Event, the Investors shall not offer or sell any Registrable Securities, or engage in any other transaction involving or relating to the Registrable Securities, from the time of the giving of notice with respect to a Potential Material Event until such Investor receives written notice from the Company that such Potential Material Event either has been disclosed to the public or no longer constitutes a Potential Material Event; provided, however, that the Company may not so suspend the right to such holders of Registrable Securities during the periods the Registration Statement is required to be in effect other than during a Permitted Suspension Period (and the applicable provisions of Section 2(b) shall apply with respect to any such suspension other than during a Permitted Suspension Period). The term "Permitted Suspension Period" means one or more such suspension periods during any consecutive 12-month period, which suspension periods, in the aggregate, do not exceed twenty (20) days, provided, however, that no one such suspension period shall begin less than ten (10) business days after the last day of the preceding suspension (whether or not such last day was during or after a Permitted Suspension Period). ;

(i) Use its reasonable efforts to secure and maintain the designation of all the Registrable Securities covered by the Registration Statement on the "Nasdaq/SmallCap Market" of the National Association of Securities Dealers Automated Quotations System ("NASDAQ") within the meaning of Rule 11Aa2-1 of the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the quotation of the Registrable Securities on The Nasdaq/SmallCap Market; and, without limiting the generality of the foregoing, to arrange for at least two market makers to register with the National Association of Securities Dealers, Inc. as such with respect to such Registrable Securities;

(j) Provide a transfer agent and registrar, which may be a single entity, for the Registrable Securities not later than the Effective Date of the Registration Statement;

(k) Cooperate with the Investors who hold Registrable Securities being offered to facilitate the timely preparation and delivery of certificates for the Registrable Securities to be offered pursuant to the Registration Statement and enable such certificates for the Registrable Securities to be in such denominations or amounts as the case may be, as the Investors may

reasonably request, and, within three (3) business days after a Registration Statement which includes Registrable Securities is ordered effective by the SEC, the Company shall deliver, and shall cause legal counsel selected by the Company to deliver, to the transfer agent for the Registrable Securities (with copies to the Investors whose Registrable Securities are included in such Registration Statement) an appropriate instruction and opinion of such counsel; and

(1) Take all other reasonable actions necessary to expedite and facilitate disposition by the Investor of the Registrable Securities pursuant to the Registration Statement.

4. OBLIGATIONS OF THE INVESTORS. In connection with the registration of the Registrable Securities, the Investors shall have the following obligations:

(a) It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request. At least ten (10) days prior to the first anticipated filing date of the Registration Statement, the Company shall notify each Investor of the information the Company requires from each such Investor (the "Requested Information") if such Investor elects to have any of such Investor's Registrable Securities included in the Registration Statement. If at least two (2) business days prior to the filing date the Company has not received the Requested Information from an Investor (a "Non- Responsive Investor"), then the Company may file the Registration Statement without including Registrable Securities of such Non-Responsive Investor;

(b) Each Investor, by such Investor's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of the Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from the Registration Statement; and

(c) Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(f), 3(g) or 3(h), above, such Investor will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(f), 3(g) or 3(h), and, if so directed by the Company, such Investor shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in such Investor's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

5. EXPENSES OF REGISTRATION.

(a) All reasonable expenses (other than underwriting discounts and commissions of the Investor) incurred in connection with registrations, filings or qualifications pursuant to Section 3, but including, without limitation, all registration, listing, and qualifications fees, printers and accounting fees, the fees and disbursements of counsel for the Company shall be borne by the Company. In addition, a fee for a single counsel for the Investors (as a group and not individually) equal to \$3,500 for each Registration Statement contemplated hereby and \$2,000 for each post-effective amendment to an effective Registration Statement, shall be borne by the Company.

(b) Except as disclosed in the Company's SEC Documents, (i) neither the Company nor any of its subsidiaries has entered into, as of the date hereof, nor shall the Company nor any of its subsidiaries, on or after the date of this Agreement, enter into, any agreement with respect to its securities that is inconsistent with the rights granted to the Investors in this Agreement or otherwise conflicts with the provisions hereof and (ii) neither the Company nor any of its subsidiaries has previously entered into any agreement granting any registration rights with respect to any of its securities to any person. Without limiting the generality of the foregoing, without the written consent of the Investors holding a a sixty-seven (67%) percent interest of the Registrable Securities (as calculated by the stated value of the Preferred Stock without any reference to the Warrant Shares), the Company shall not grant to any person the right to request the Company to register any securities of the Company under the Securities Act.

6. INDEMNIFICATION. In the event any Registrable Securities are included in a Registration Statement under this Agreement:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Investor who holds such Registrable Securities, the directors, if any, of such Investor, the officers, if any, of such Investor, each person, if any, who controls any Investor within the meaning of the Securities Act or the Exchange Act (each, an "Indemnified Person" or "Indemnified Party"), against any losses, claims, damages, liabilities or expenses (joint or several) incurred (collectively, "Claims") to which any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any of the following statements, omissions or violations in the Registration Statement, or any post-effective amendment thereof, or any prospectus included therein: (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any post-effective amendment thereof or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation under the Securities Act, the Exchange Act or any state securities law (the

matters in the foregoing clauses (i) through (iii) being, collectively, "Violations"). Subject to clause (b) of this Section 6, the Company shall reimburse the Investors, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a) shall not (I) apply to a Claim arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of any Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, after such prospectus was made available by the Company pursuant to Section 3(c) hereof; (II) be available to the extent such Claim is based on a failure of the Investor to deliver or cause to be delivered the prospectus made available by the Company or the amendment or supplement thereto made available by the Company; (III) be available to the extent such Claim is based on the delivery of a prospectus by the Investor after receiving notice from the Company under Section 3(f), (g) or (h) hereof (other than a notice regarding the effectiveness of the Registration Statement or any amendment or supplement thereto), or (IV) apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed. Each Investor will indemnify the Company and its officers, directors and agents (each, an "Indemnified Person" or "Indemnified Party") against any claims arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company, by or on behalf of such Investor, expressly for use in connection with the preparation of the Registration Statement or the amendment or supplement thereto, or resulting from a failure of the Investor to deliver or cause to be delivered the prospectus made available by the Company or the amendment or supplement thereto made available by the Company, subject to such limitations and conditions as are applicable to the Indemnification provided by the Company to this Section 6. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 9.

(b) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be. In case any such action is brought against any Indemnified Person or Indemnified Party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, assume the defense thereof, subject to the provisions herein stated and after notice from the indemnifying party to such Indemnified Person or Indemnified Party of its election so to assume the defense thereof, the indemnifying party will not be liable to such Indemnified Person or Indemnified Party under this Section 6 for any legal or other reasonable out-of-pocket expenses subsequently

incurred by such Indemnified Person or Indemnified Party in connection with the defense thereof other than reasonable costs of investigation, unless the indemnifying party shall not pursue the action to its final conclusion. The Indemnified Person or Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and reasonable out-of-pocket expenses of such counsel shall not be at the expense of the indemnifying party if the indemnifying party has assumed the defense of the action with counsel reasonably satisfactory to the Indemnified Person or Indemnified Party provided such counsel is of the opinion that all defenses available to the Indemnified Party can be maintained without prejudicing the rights of the indemnifying party. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

7. CONTRIBUTION. To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that (a) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6; (b) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of such fraudulent misrepresentation; and (c) except where the seller has committed fraud (other than a fraud by reason of the information included or omitted from the Registration Statement as to which the Company has not given notice as contemplated under Section 3 hereof) or intentional misconduct, contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

8. REPORTS UNDER EXCHANGE ACT. With a view to making available to the Investors the benefits of Rule 144 promulgated under the Securities Act or any other similar rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration ("Rule 144"), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, (ii) a copy of the most

recent annual or quarterly report of the Company and such other reports and documents so filed by the Company and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

9. ASSIGNMENT OF THE REGISTRATION RIGHTS. The rights to have the Company register Registrable Securities pursuant to this Agreement shall be automatically assigned by the Investors to any transferee of the Registrable Securities (or all or any portion of any unconverted Preferred Stock or unexercised Warrant) only if: (a) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (b) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (i) the name and address of such transferee or assignee and (ii) the securities with respect to which such registration rights are being transferred or assigned, (c) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act and applicable state securities laws, (d) at or before the time the Company received the written notice contemplated by clause (b) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein, and (e) such transfer of Registrable Securities is completed and disclosed to the Company prior to the Effective Date or involves the transfer of Registrable Securities resulting from the conversion of Preferred Stock having a stated value of at least \$200,000. In the event of any delay in filing or effectiveness of the Registration Statement as a result of such assignment, the Company shall not be liable for any damages arising from such delay, or the payments set forth in Section 2(b) hereof arising from such delay.

10. AMENDMENT OF REGISTRATION RIGHTS. Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Investors who hold a sixty-seven (67%) percent interest of the Registrable Securities (as calculated by the stated value of the Preferred Stock without any reference to the Warrant Shares). Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company.

11. MISCELLANEOUS.

(a) A person or entity is deemed to be a holder of Registrable Securities whenever such person or entity owns of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

(b) Notices required or permitted to be given hereunder shall be given in the manner contemplated by the Securities Purchase Agreement, (i) if to the Company or to the Initial Investor, to their respective address contemplated by the Securities Purchase Agreement, and (ii) if to any other Investor, at such address as such Investor shall have provided in writing to the

Company, or at such other address as each such party furnishes by notice given in accordance with this Section 11(b).

(c) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

(d) This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions. To the extent determined by such court, the Company shall reimburse the Investor for any reasonable legal fees and disbursements incurred by the Investor in enforcement of or protection of any of its rights under this Agreement.

(e) If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction.

(f) Subject to the requirements of Section 9 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

(g) All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

(h) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning thereof.

(i) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by telephone line facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

(j) The Company acknowledges that any failure by the Company to perform its obligations under Section 3(a) hereof, or any delay in such performance could result in loss to the Investors, and the Company agrees that, in addition to any other liability the Company may have by reason of such failure or delay, the Company shall be liable for all direct damages caused by any such failure or delay, unless the same is the result of force majeure. Neither party shall be liable for consequential damages.

(k) This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof. This Agreement may be amended only by an instrument in writing signed by the party to be charged with enforcement thereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

COMPANY:
TITAN MOTORCYCLE CO. OF AMERICA

By: _____
Name: _____
Title: _____

INITIAL INVESTOR:

[Print Name of Initial Investor]

By: _____
Name: _____
Title: _____

EXHIBIT 1

Shares Permitted to Be Included in Registration Statement

Shareholder Name -----	Shares of Common Stock -----	Owned/Description of Right to Acquire -----
Advantage Fund II Ltd. c/o Mr. Donald Stout Genessee International, Inc. 10500 N.E. 8th Street, Suite 1920 Bellevue, Washington 98004- 4332 425-462-1673	75,000	Warrants, issued June 20, 2000, with piggy back registration rights
Koch Investment Group Limited c/o Mr. Josh Taylor Koch Capital Services, Inc. 4111 East 37th Street North Wichita, Kansas 67220 316-828-5657	25,000	Warrants, issued June 20, 2000, with piggy back registration rights

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT, dated as of the date of acceptance set forth below, is entered into by and between TITAN MOTORCYCLE CO. OF AMERICA, a Nevada corporation, with headquarters located at 2222 West Peoria Avenue, Phoenix, AZ 85029 (the "Company"), and each entity named on a signature page hereto (each, a "Buyer") (each agreement with a Buyer being deemed a separate and independent agreement between the Company and such Buyer, except that each Buyer acknowledges and consents to the rights granted to each other Buyer under such agreement and the Transaction Agreements, as defined below, referred to therein).

W I T N E S S E T H:

WHEREAS, the Company and the Buyer are executing and delivering this Agreement in accordance with and in reliance upon the exemption from securities registration afforded, inter alia, by Rule 506 under Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 Act"), and/or Section 4(2) of the 1933 Act; and

WHEREAS, the Buyer wishes to purchase, upon the terms and subject to the conditions of this Agreement, shares of Series C Convertible Preferred Stock, par value \$0.001 per share and having a stated value of \$1,000 per share, of the Company (the "Convertible Preferred Stock") which will be convertible into shares of Common Stock, \$.001 par value per share of the Company (the "Common Stock"), upon the terms and subject to the conditions of such Convertible Preferred Stock, together with the Warrants (as defined below) exercisable for the purchase of shares of Common Stock (the "Warrant Shares"), and subject to acceptance of this Agreement by the Company;

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. AGREEMENT TO PURCHASE; PURCHASE PRICE.
- A. PURCHASE; CERTAIN DEFINITIONS.

(i) The undersigned hereby agrees to purchase from the Company Convertible Preferred Stock having a stated value in the amount set forth on the Buyer's signature page of this Agreement (the "Preferred Stock," which term includes the Initial Preferred Stock and the Additional Preferred Stock, as defined below), out of a total offering of such Convertible Preferred Stock having a stated value of up to \$2,300,000, and having the terms and conditions set forth in the Certificate

of Designations of the Series C Convertible Preferred Stock of the Company attached hereto as ANNEX I (the "Certificate of Designations").

(ii) Subject to the terms and conditions of this Agreement and the other Transaction Agreements, the Buyer will purchase (x) Convertible Preferred Stock having a stated value of \$1,300,000 multiplied by the Buyer's Allocable Share (the "Initial Preferred Stock") on the Initial Closing Date (as those terms are defined below) and (y) Convertible Preferred Stock having a stated value of \$1,000,000 multiplied by the Buyer's Allocable Share (the "Additional Preferred Stock") on the Additional Closing Date (as defined below).

(iii) The purchase price to be paid by the Buyer for the Preferred Stock (the "Purchase Price") shall be equal to the stated value of the Initial Preferred Stock or the Additional Preferred Stock, as the case may be, and shall be payable in United States Dollars.

B. CERTAIN DEFINITIONS. As used herein, each of the following terms has the meaning set forth below, unless the context otherwise requires:

(i) "Additional Closing Date" means the date of the closing of the purchase and sale of the Additional Preferred Stock, as provided herein.

(ii) "Affiliate" means, with respect to a specific Person referred to in the relevant provision, another Person who or which controls or is controlled by or is under common control with such specified Person.

(iii) "Buyer's Allocable Share" means the fraction of which the numerator is the stated value of the Buyer's Preferred Stock specified on the Buyer's signature page of this Agreement and the denominator is \$2,300,000.

(iv) "Certificates" means (x) the stock certificates, duly executed by the Company and issued in the name of the Buyer, representing the Preferred Stock being issued to the Buyer on the relevant Closing Date and (y) the Warrants, each duly executed on behalf of the Company and issued in the name of the Buyer, being issued to the Buyer on the relevant Closing Date.

(v) "Closing Date" means the Initial Closing Date or the Additional Closing Date, as the case may be.

(vi) "Converted Shares" means the shares of Common Stock issuable upon conversion of the Preferred Stock.

(vii) "Effective Date" means the effective date of the Registration Statement covering the Registrable Securities (as those terms are defined in the Registration Rights Agreement defined below).

(viii) "Escrow Funds" means the Purchase Price delivered to the Escrow Agent as contemplated by Section 1(d) hereof.

(ix) "Escrow Property" means the Escrow Funds and the Certificates delivered to the Escrow Agent as contemplated by Section 1(c) hereof.

(x) "First Effective Date" means the Effective Date for the First Registration Statement.

(xi) "First Registration Statement" means the Registration Statement for all Registrable Securities attributable to the Initial Preferred Stock and the Warrants issued on the Initial Closing Date.

(xii) "Initial Closing Date" means the date of the closing of the purchase and sale of the Initial Preferred Stock, as provided herein.

(xiii) "Keery Principal" means each of Frank Keery, Patrick Keery and Barbara Keery, or any entity, including, without limitation, for profit or non-profit corporations, partnerships and trusts, whose voting rights regarding Common Stock of the Company is subject to the direction, control or other influence of any of them, and "Keery Principals" means any two or more of them.

(xiv) "Last Audited Date" means January 1, 2000.

(xv) "Market Price of the Common Stock" means the average closing bid price of the Common Stock for the ten (10) trading days ending on the trading day immediately before the date indicated in the relevant provision hereof, as reported by Bloomberg, LP or, if not so reported, as reported on the over-the-counter market.

(xvi) "Person" means any living person or any entity, such as, but not necessarily limited to, a corporation, partnership or trust.

(xvii) "Securities" means the Preferred Stock, the Warrants, the Converted Shares and the Warrant Shares.

(xviii) "Shares" means the shares of Common Stock representing any or all of the Converted Shares and the Warrant Shares.

(xix) "Specified Period" means the period from the date hereof through and including the earlier of (x) the date which is the first annual anniversary of the Initial Closing Date or (y) the later of (I) the date as of which the Buyer owns no Preferred Stock, (II) the date on which the Company's right to issue an Additional Closing Date Notice (as defined below) has expired without such notice being issued, or (III) if the Company gave an Additional Closing Date Notice, the date which is seventy (70) days after the First Effective Date.

(xx) "Transaction Agreements" means the Securities Purchase Agreement, the Certificate of Designations, the Registration Rights Agreement, the Warrants, and the Joint Escrow Instructions (as defined below).

c. FORM OF PAYMENT; DELIVERY OF CERTIFICATES.

(i) The Buyer shall pay the Purchase Price for the relevant Preferred Stock by delivering immediately available good funds in United States Dollars to the escrow agent (the "Escrow Agent") identified in the Joint Escrow Instructions attached hereto as ANNEX II (the "Joint Escrow Instructions") on the date prior to the relevant Closing Date.

(ii) No later than the relevant Closing Date, but in any event promptly following payment by the Buyer to the Escrow Agent of the relevant Purchase Price, the Company shall deliver the Certificates to the Escrow Agent.

(iii) By signing this Agreement, each of the Buyer and the Company, subject to acceptance by the Escrow Agent, agrees to all of the terms and conditions of, and becomes a party to, the Joint Escrow Instructions, all of the provisions of which are incorporated herein by this reference as if set forth in full.

d. METHOD OF PAYMENT. Payment into escrow of the Purchase Price shall be made by wire transfer of funds to:

Bank of New York
350 Fifth Avenue
New York, New York 10001

ABA# 021000018
For credit to the account of Krieger & Prager LLP
Account No.: [To be provided to the Buyer by Krieger & Prager LLP]
Re: Titan Motorcycle Transaction

Not later than 5:00 p.m., New York time, on the date that is one (1) Nasdaq/SmallCap Market trading days after the Company shall have accepted this Agreement and returned a signed counterpart of this Agreement to the Escrow Agent by facsimile, the Buyer shall deposit with the Escrow Agent the Purchase Price for the Initial Preferred Stock in immediately available funds. Time is of the essence with respect to such payment, and failure by the Buyer to make such payment shall allow the Company to cancel this Agreement.

e. ESCROW PROPERTY. The Purchase Price delivered to the Escrow Agent as contemplated by Section 1(d) hereof is referred to as the "Escrow Funds." The Escrow Funds and

the Certificates delivered to the Escrow Agent as contemplated by Section 1(c) hereof are referred to as the "Escrow Property."

2. BUYER REPRESENTATIONS, WARRANTIES, ETC.; ACCESS TO INFORMATION; INDEPENDENT INVESTIGATION.

The Buyer represents and warrants to, and covenants and agrees with, the Company as follows:

a. Without limiting Buyer's right to sell the Common Stock pursuant to the Registration Statement, the Buyer is purchasing the Preferred Stock and the Warrants and will be acquiring the Shares for its own account for investment only and not with a view towards the public sale or distribution thereof and not with a view to or for sale in connection with any distribution thereof.

b. The Buyer is (i) an "accredited investor" as that term is defined in Rule 501 of the General Rules and Regulations under the 1933 Act by reason of Rule 501(a)(3), (ii) experienced in making investments of the kind described in this Agreement and the related documents, (iii) able, by reason of the business and financial experience of its officers (if an entity) and professional advisors (who are not affiliated with or compensated in any way by the Company or any of its affiliates or selling agents), to protect its own interests in connection with the transactions described in this Agreement, and the related documents, and (iv) able to afford the entire loss of its investment in the Securities.

c. All subsequent offers and sales of the Preferred Stock and the Shares by the Buyer shall be made pursuant to registration of the Shares under the 1933 Act or pursuant to an exemption from registration.

d. The Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Securities.

e. The Buyer and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Preferred Stock and the offer of the Shares which have been requested by the Buyer, including those set forth on ANNEX V hereto. The Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company and have received complete and satisfactory answers to any such inquiries. Without limiting the generality of the foregoing, the Buyer has also had the opportunity to obtain and to review the Company's (1) Annual Report on Form 10-K, as amended, for the fiscal year ended January 1, 2000, (2) Quarterly Report on Form 10-Q for the fiscal

quarter ended April 1, 2000, (3) Current Report on Form 8-K filed on May 24, 2000, and (4) Registration Statement on Form S-3 filed on June 14, 1999 (collectively, the "Company's SEC Documents").

f. The Buyer understands that its investment in the Securities involves a high degree of risk.

g. The Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities.

h. This Agreement and the other Transaction Agreements to which the Buyer is a party have been duly and validly authorized, executed and delivered on behalf of the Buyer and are valid and binding agreements of the Buyer enforceable in accordance with their respective terms, subject as to enforceability to general principles of equity and to bankruptcy, insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally.

i. As of each Closing Date, the Buyer holds no short position with respect tot to the Common Stock of the Company resulting from a Short Sale (as defined below). So long as the Company is in compliance in all material respects with its obligations to the Buyer under each of the Transaction Agreements, the Buyer shall not engage in any open market Short Sales of the Common Stock during either

(x) the period from the relevant Closing Date until the earlier of (I) the Effective Date for the Registrable Securities attributable to the transactions consummated on that Closing Date or (II) thirty (30) days after the Required Effective Date contemplated by the Registration Rights Agreement with respect to the transactions consummated on that Closing Date, or

(y) the period which is twenty (20) days prior to each Reset Pricing Date (as defined in the Certificate of Designations),

in each case other than upon the exercise of any rights to cause the Company to issue shares of Common Stock to the Buyer; provided, however, that unless and until the Company has affirmatively demonstrated by the use of specific evidence that the Buyer is engaging in such open market Short Sales and has obtained an injunction to that effect against the Buyer from a court of competent jurisdiction, the Buyer shall be assumed to be in compliance with the provisions of this Section 2(i) and the Company shall remain obligated to fulfill all of its obligations under the Transaction Agreements; and provided, further, that the Company shall under no circumstances be entitled to request or demand that the Buyer affirmatively demonstrate that it has not engaged in any such Short Sales as a condition to the Company's fulfillment of its obligations under any of the Transaction Agreements and shall not assert the Buyer's failure to demonstrate such absence of such Short Sales as a defense to any breach of the Company's obligations under any of the Transaction

Agreements. As used herein, "Short Sales" has the meaning provided in Rule 3b-3 under the 1934 Act. Nothing in this Section 2(i) shall prohibit or limit a sale, including a Short Sale, by the Buyer effected on or after the date on which the Buyer gives appropriate notice to the Company entitling the Buyer to receive a number of shares of Common Stock equal to or greater than the number of shares so sold.

3. COMPANY REPRESENTATIONS, ETC.

The Company represents and warrants to the Buyer as of the date hereof and as of each Closing Date that, except as provided in ANNEX V hereto:

a. CONCERNING THE PREFERRED STOCK AND THE SHARES. The Preferred Stock has been duly authorized, and when issued and paid for in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and non-assessable and will not subject the holder thereof to personal liability solely by reason of acquiring the Preferred Stock hereunder. There are no preemptive rights of any stockholder of the Company, as such, to acquire the Preferred Stock, the Warrants or the Shares. No party has a currently exercisable right of first refusal which would be applicable to any or all of the transactions contemplated by the Transaction Agreements.

b. REPORTING COMPANY STATUS. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada and has the requisite corporate power to own its properties and to carry on its business as now being conducted. The Company is duly qualified as a foreign corporation to do business and is in good standing in each jurisdiction where the nature of the business conducted or property owned by it makes such qualification necessary, other than those jurisdictions in which the failure to so qualify would not have a material adverse effect on the business, operations or financial condition or results of operations of the Company and its subsidiaries taken as a whole,. The Company has registered its Common Stock and is obligated to file reports pursuant to Section 12 of the 1934 Act. The Common Stock is listed and traded on The NASDAQ/SmallCap Market. The Company has received no notice, either oral or written, with respect to the continued eligibility of the Common Stock for such listing, and the Company has maintained all requirements for the continuation of such listing.

c. AUTHORIZED SHARES. The authorized capital stock of the Company consists of (i) 90,000,000 shares of Common Stock, \$.001 par value per share, of which 17,501,187 are outstanding as of the date hereof. All issued and outstanding shares of Common Stock have been duly authorized and validly issued and are fully paid and nonassessable. The Company has sufficient authorized and unissued shares of Common Stock as may be reasonably necessary to effect the issuance of the Shares. The Converted Shares and the Warrant Shares have been duly authorized and, when issued upon conversion of, or as dividends on, the Preferred Stock or upon exercise of the Warrants, each in accordance with its respective terms, will be duly and validly issued, fully paid and non-assessable and will not subject the holder thereof to personal liability by reason of being such holder.

d. SECURITIES PURCHASE AGREEMENT; REGISTRATION RIGHTS AGREEMENT AND STOCK. This Agreement, the Registration Rights Agreement, the form of which is attached hereto as ANNEX IV (the "Registration Rights Agreement") and the other Transaction Agreements, and the transactions contemplated thereby, have been duly and validly authorized by the Company. This Agreement has been duly executed and delivered by the Company and this Agreement is, and each of the other Transaction Agreements, when executed and delivered by the Company, will be, a valid and binding agreement of the Company enforceable in accordance with their respective terms, subject as to enforceability to general principles of equity and to bankruptcy, insolvency, moratorium, and other similar laws affecting the enforcement of creditors' rights generally.

e. NON-CONTRAVENTION. The execution and delivery of this Agreement and the Registration Rights Agreement by the Company, the issuance of the Securities, and the consummation by the Company of the other transactions contemplated by the Transaction Agreements do not and will not conflict with or result in a breach by the Company of any of the terms or provisions of, or constitute a default under (i) the articles of incorporation or by-laws of the Company, each as currently in effect, (ii) any indenture, mortgage, deed of trust, or other material agreement or instrument to which the Company is a party or by which it or any of its properties or assets are bound, including any listing agreement for the Common Stock except as herein set forth, (iii) to its knowledge, any existing applicable law, rule, or regulation or any applicable decree, judgment, or order of any court, United States federal or state regulatory body, administrative agency, or other governmental body having jurisdiction over the Company or any of its properties or assets, or (iv) the Company's listing agreement for its Common Stock, except such conflict, breach or default which would not have a material adverse effect on the business, operations or financial condition or results of operations of the Company and its subsidiaries taken as a whole, or on the transactions contemplated herein.

f. APPROVALS. No authorization, approval or consent of any court, governmental body, regulatory agency, self-regulatory organization, or stock exchange or market or the stockholders of the Company is required to be obtained by the Company for the issuance and sale of the Securities to the Buyer as contemplated by this Agreement, except such authorizations, approvals and consents that have been obtained.

g. SEC FILINGS. None of the Company's SEC Documents contained, at the time they were filed, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements made therein in light of the circumstances under which they were made, not misleading. The Company has since May 1, 1999 timely filed all requisite forms, reports and exhibits thereto with the SEC.

h. ABSENCE OF CERTAIN CHANGES. Since the Last Audited Date, there has been no material adverse change and no material adverse development in the business, operations or financial condition or results of operations of the Company and its subsidiaries taken as a whole, except as disclosed in the Company's SEC Documents. Since the Last Audited Date, except as provided in the Company's SEC Documents, the Company has not (i) incurred or become subject

to any material liabilities (absolute or contingent) except liabilities incurred in the ordinary course of business consistent with past practices; (ii) discharged or satisfied any material lien or encumbrance or paid any material obligation or liability (absolute or contingent), other than current liabilities paid in the ordinary course of business consistent with past practices; (iii) declared or made any payment or distribution of cash or other property to stockholders with respect to its capital stock, or purchased or redeemed, or made any agreements to purchase or redeem, any shares of its capital stock; (iv) sold, assigned or transferred any other tangible assets, or canceled any debts or claims, except in the ordinary course of business consistent with past practices; (v) suffered any substantial losses or waived any rights of material value, whether or not in the ordinary course of business, or suffered the loss of any material amount of existing business; (vi) made any changes in employee compensation, except in the ordinary course of business consistent with past practices; or (vii) experienced any material problems with labor or management in connection with the terms and conditions of their employment.

i. FULL DISCLOSURE. There is no fact known to the Company (other than general economic conditions known to the public generally or as disclosed in the Company's SEC Documents) that has not been disclosed in writing to the Buyer that (i) would reasonably be expected to have a material adverse effect on the business, operations or financial condition or results of operations of the Company and its subsidiaries taken as a whole, (ii) would reasonably be expected to materially and adversely affect the ability of the Company to perform its obligations pursuant to this Agreement or any of the Transaction Agreements, or (iii) would reasonably be expected to materially and adversely affect the value of the rights granted to the Buyer in the Transaction Agreements.

j. ABSENCE OF LITIGATION. Except as set forth in the Company's SEC Documents, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or, to the knowledge of the Company, threatened against or affecting the Company, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the business, operations or financial condition or results of operations of the Company and its subsidiaries taken as a whole, or the transactions contemplated by any of the Transaction Agreements or which would adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, any of the Transaction Agreements.

k. ABSENCE OF EVENTS OF DEFAULT. Except as set forth in the Company's SEC Documents, no Event of Default (or its equivalent term), as defined in the respective agreement to which the Company is a party, and no event which, with the giving of notice or the passage of time or both, would become an Event of Default (or its equivalent term) (as so defined in such agreement), has occurred and is continuing, which would have a material adverse effect on the business, operations or financial condition or results of operations of the Company and its subsidiaries taken as a whole.

l. PRIOR ISSUES. Except as set forth in the Company's SEC Documents, during the twelve (12) months preceding the date hereof, the Company has not issued any convertible

securities. As of the date hereof, the outstanding unconverted principal amount of each convertible security issued by the Company is as set forth in ANNEX V hereto.

m. NO UNDISCLOSED LIABILITIES OR EVENTS. The Company has no liabilities or obligations other than those disclosed in the Company's SEC Documents or those incurred in the ordinary course of the Company's business since the Last Audited Date, and which individually or in the aggregate, do not or would not have a material adverse effect on the business, operations or financial condition or results of operations of the Company and its subsidiaries taken as a whole. No event or circumstance has occurred or exists with respect to the Company or its properties, business, operations, financial condition or results of operations of the Company and its subsidiaries taken as a whole, which, under applicable law, rule or regulation, requires public disclosure or announcement prior to the date hereof by the Company but which has not been so publicly announced or disclosed. There are no proposals currently under consideration or currently anticipated to be under consideration by the Board of Directors or the executive officers of the Company (other than the transactions contemplated by the Transaction Agreements) which proposal would (x) change the certificate of incorporation or other charter document or by-laws of the Company, each as currently in effect, with or without shareholder approval, which change would reduce or otherwise adversely affect the rights and powers of the shareholders of the Common Stock or (y) materially or substantially change the business, assets or capital of the Company, including its interests in subsidiaries.

n. NO DEFAULT. Except as provided in the Company's SEC Documents, the Company is not in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust or other material instrument or agreement to which it is a party or by which it or its property is bound.

o. NO INTEGRATED OFFERING. Neither the Company nor any of its affiliates nor any person acting on its or their behalf has, directly or indirectly, at any time since November 1, 1999, made any offer or sales of any security or solicited any offers to buy any security under circumstances that would eliminate the availability of the exemption from registration under Rule 506 of Regulation D in connection with the offer and sale of the Securities as contemplated hereby.

p. DILUTION. The number of Shares issuable upon conversion of the Preferred Stock and the exercise of the Warrants may increase substantially in certain circumstances, including, but not necessarily limited to, the circumstance wherein the trading price of the Common Stock declines prior to the conversion of the Preferred Stock. The Company's executive officers and directors have studied and fully understand the nature of the Securities being sold hereby and recognize that they have a potential dilutive effect. The Board of Directors of the Company has concluded, in its good faith business judgment, that such issuance is in the best interests of the Company. The Company specifically acknowledges that its obligation to issue the Shares upon conversion of the Preferred Stock and upon exercise of the Warrants is binding upon the Company and enforceable regardless of the dilution such issuance may have on the ownership interests of other shareholders of the Company, and, unless the Company has put up a bond for the benefit of the

Buyer in an amount equal to at least 130% of the stated value of the Preferred Stock being converted or of the Common Stock subject to the exercise of the Warrant, the Company will honor every Notice of Conversion (as defined in the Certificate of Designations) relating to the conversion of the Preferred Stock and every Notice of Exercise Form (as contemplated by the Warrants) relating to the exercise of the Warrants unless the Company is subject to an injunction (which injunction was not sought by the Company) prohibiting the Company from doing so.

q. **BROKERS, FINDERS.** The Company has taken no action which would give rise to any claim by any person for brokerage commission, finder's fees or similar payments by Buyer relating to this Agreement or the transactions contemplated hereby. Buyer shall have no obligation with respect to such fees or with respect to any claims made by or on behalf of other persons for fees of a type contemplated in this Section 3(q) that may be due in connection with the transactions contemplated hereby. The Company shall indemnify and hold harmless each of Buyer, its employees, officers, directors, agents, and partners, and their respective affiliates, from and against all claims, losses, damages, costs (including the costs of preparation and attorney's fees) and expenses suffered in respect of any such claimed or existing fees, as and when incurred.

4. CERTAIN COVENANTS AND ACKNOWLEDGMENTS.

a. **TRANSFER RESTRICTIONS.** The Buyer acknowledges that (1) the Securities have not been and are not being registered under the provisions of the 1933 Act and, except as provided in the Registration Rights Agreement, the Shares have not been and are not being registered under the 1933 Act, and may not be transferred unless (A) subsequently registered thereunder or (B) the Buyer shall have delivered to the Company an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration; (2) any sale of the Securities made in reliance on Rule 144 promulgated under the 1933 Act may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any resale of such Securities under circumstances in which the seller, or the person through whom the sale is made, may be deemed to be an underwriter, as that term is used in the 1933 Act, may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder; and (3) neither the Company nor any other person is under any obligation to register the Securities (other than pursuant to the Registration Rights Agreement) under the 1933 Act or to comply with the terms and conditions of any exemption thereunder.

b. **RESTRICTIVE LEGEND.** The Buyer acknowledges and agrees that the Preferred Stock and the Warrants, and, until such time as the Common Stock has been registered under the 1933 Act as contemplated by the Registration Rights Agreement and sold in accordance with an effective Registration Statement, certificates and other instruments representing any of the Securities shall bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of any such Securities):

THESE SECURITIES (THE "SECURITIES") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES OR AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

c. REGISTRATION RIGHTS AGREEMENT. The parties hereto agree to enter into the Registration Rights Agreement on or before the Initial Closing Date.

d. FILINGS. (i) The Company undertakes and agrees to make all necessary filings in connection with the sale of the Securities to the Buyer under any United States laws and regulations applicable to the Company, or by any domestic securities exchange or trading market, and to provide a copy thereof to the Buyer promptly after such filing.

(ii) Subject to the conditions of the immediately following sentence, the Company undertakes and agrees to take all steps necessary to have a meeting and vote of the stockholders of the Company no later than the Meeting Date (as defined below) regarding authorization of the Company's issuance to the holders of the Preferred Stock of shares of Common Stock in excess of twenty percent (20%) of the outstanding shares of Common Stock on the date of this Agreement in accordance with NASDAQ Rule 4310(c)(25)(H)(i) or Rule 4460(i)(1), as may be applicable, or to increase the authorized shares of Common Stock of the Company if and as may be necessary to enable the Company to meet its obligations regarding the reservation of shares and the conversion of the Preferred Stock as contemplated by the Certificates of Designations and the other Transaction Agreements. The term "Meeting Date" means July 26, 2000, the date on which the Company holds its next regular or special stockholders meeting. The Company will recommend to the stockholders that such authorization be granted and will seek proxies from stockholders not attending the meeting naming a director or officer of the Company as such stockholder's proxy and directing the proxy to vote, or giving the proxy the authority to vote, in favor of such authorization. Upon determination that the stockholders have voted in favor of such authorization, the Company shall cause its counsel to issue to the Buyer an unqualified opinion (the "Authorization Opinion") that such authorization has been duly adopted by all necessary corporate action of the Company and that the Company will be able to issue, without restriction as to the number of such shares, all shares of Common Stock as may be issuable upon conversion of the Preferred Stock and without any limits imposed by the Cap Regulations (as defined in the Certificate of Designations) adopted on or before and in effect on the date of the Authorization Opinion. The Authorization Opinion shall state that the Buyer may rely thereon in connection with the transactions contemplated by this Agreement and the other Transaction Agreements regarding its holdings of the Preferred Stock. If, for any reason, (x) the Authorization Opinion is not issued within five (5) business days after such meeting, (y) the meeting is not held within thirty (30) days after the Meeting Date or (z) the requisite stockholder approval is not obtained at the meeting, then in lieu of issuing any shares in violation of NASDAQ

Rule 4310(c)(25)(H) or Rule 4460(i)(1), as may be applicable, or any of the other Cap Regulations, the Company shall the Company shall redeem all outstanding Unconverted Shares (as defined in the Certificate of Designations) as set forth in Article VI of the Certificate of Designations (and subject to the limitations, including those set forth in Paragraph D, of said Article VI) within sixty (60) days after the Meeting Date; provided, however, that at any time prior to the payment of the redemption amount, the Buyer may request the Company to, and the Company will, voluntarily delist the Common Stock from The NASDAQ/SmallCap Market and cause its shares to be listed on The NASDAQ/Bulletin Board Market and upon such listing on the NASDAQ Bulletin Board Market the obligation to redeem all Unconverted Shares will terminate.

e. REPORTING STATUS. So long as the Buyer beneficially owns any of the Securities, the Company shall file all reports required to be filed with the SEC pursuant to Section 13 or 15(d) of the 1934 Act, and the Company shall not terminate its status as an issuer required to file reports under the 1934 Act even if the 1934 Act or the rules and regulations thereunder would permit such termination. The Company will take all reasonable action under its control to obtain, if necessary, and to continue the listing and trading of its Common Stock (including, without limitation, all Registrable Securities) on The Nasdaq/SmallCap Market and will comply in all material respects with the Company's reporting, filing and other obligations under the by-laws or rules of the National Association of Securities Dealers, Inc. ("NASD") or The Nasdaq/SmallCap Market.

f. USE OF PROCEEDS. The Company will use the proceeds from the sale of the Preferred Stock (excluding amounts paid by the Company for legal fees, finder's fees and escrow fees in connection with the sale of the Preferred Stock) for internal working capital purposes, and, except as expressly provided herein or the express written consent of the Buyer in each instance, shall not, directly or indirectly, use such proceeds for any loan to or investment in any other corporation, partnership, enterprise or other person, including any of its affiliates, or to repay any debt to any of its affiliates.

g. CERTAIN AGREEMENTS. (i) The Company covenants and agrees that from the date hereof through the date which is one hundred twenty (120) days after the Effective Date, the Company will not, without the prior written consent of the Buyer in each instance, enter into a Subsequent Sale (as defined below) with any party other than all of the Buyers. A "Subsequent Sale" is a subsequent or further offer or sale of Common Stock or securities convertible into Common Stock (collectively, "New Common Stock"), unless the fixed purchase price or the conversion or exercise price per share of Common Stock is, as of the date of such agreement and as of the closing date of the Subsequent Sale, both (x) more than the Conversion Price and (y) not below eighty percent (80%) of the Market Price of the Common Stock. It shall also be a condition of the Company's right to effect the Subsequent Sale that, on the closing date of the Subsequent Sale, the Registration Statement covering all Registrable Shares issued or issuable on the Initial Closing Date and, if applicable, the Additional Closing Date be effective.

(ii) On or before the Initial Closing Date, the Company shall obtain the agreement (each, a "Principal's Agreement") of each of the Keery Principals that, without the prior written consent of the Buyer in each instance, such Keery Principal, individually and jointly with the other Keery Principals, will not sell or otherwise transfer or offer to sell or otherwise transfer (except in a private transaction in which the transferee agrees in writing for the benefit of Buyer and enforceable by Buyer, a copy of which written agreement is provided to Buyer, to be bound by the provisions of the Principal's Agreement as if such transferee were a Keery Principal; a "Permitted Keery Transfer")

(A) prior to the First Effective Date, any shares of Common Stock directly or indirectly held by such Keery Principal, and

(B) thereafter, not more than three and one-half percent (3.5%) of any shares of Common Stock directly or indirectly held by such Keery Principal during any calendar quarter prior to the expiration of the Specified Period; provided, further, that any such sale or other transfer of any shares of Common Stock shall be made only after the Keery Principal shall have given the Buyer at least thirty (30) days' advance written notice thereof.

Each such Principal's Agreement shall (w) specify that it is entered into as an inducement to the Buyer's execution, delivery and performance of this Agreement, (x) name the Buyer as a third party beneficiary thereof, (y) acknowledge that the Company's transfer agent will be provided with instructions that, except for Permitted Keery Transfers (where the transferee is then deemed to be a Keery Principal), transfers by a Keery Principal require the consent of the Company and the Buyer, and (z) contemplate that, in addition to any other damages or remedies that may be appropriate, the Principal's Agreement shall be enforceable by injunction sought by the Company and the Buyer or any one or more of them.

(iii) In the event the Company breaches the provisions of this Section 4(g), the Conversion Price shall be amended to be equal to (x) 90% of (y) the amount determined in accordance with the provisions of the Certificate of Designations and the other Transaction Agreements without regard to this provision.

h. AVAILABLE SHARES. The Company shall have at all times authorized and reserved for issuance, free from preemptive rights, shares of Common Stock sufficient to yield (the "Reserved Standard") at least (i) two hundred percent (200%) of the aggregate number of shares of Common Stock issuable at conversion as may be required to satisfy the conversion rights of the Buyer pursuant to the terms and conditions of the Certificate of Designations and to represent payment of dividends on the Preferred Stock and (ii) the number of shares issuable upon exercise as may be required to satisfy the exercise rights of the Buyer pursuant to the terms and conditions of the Warrants. If, at any time, the number of shares so authorized and reserved for issuance to all Buyers is less than the number of shares contemplated by Paragraph B of Article VI of the Certificate of Designations, the Company shall promptly take all steps necessary or appropriate, which may

include the calling of a special or regular shareholders' meeting, to authorize an increase in the number of authorized shares at least sufficient to enable the Company to comply with the Reserved Standard.

i. WARRANTS. The Company agrees to issue to the Buyer on each Closing Date a transferable, divisible warrant (collectively, the "Warrants") for the purchase of shares of Common Stock. The Warrant shall be for the purchase of a number of shares equal to 120% of the Purchase Price divided by the Initial Conversion Price (as defined in the Certificate of Designations). Five-sixths of the shares covered by the Warrant shall have an exercise price equal to one hundred fifty percent (150%) of the Market Price of the Common Stock as of the relevant Closing Date and the balance of shares shall have an exercise price equal to two hundred percent (200%) of the Market Price of the Common Stock as of the relevant Closing Date. Each Warrant will expire on the last calendar day of the month in which the fifth anniversary of the relevant Closing Date occurs. Each Warrant will provide that, subject to certain conditions and limitations set forth therein, the Company will have the right under certain circumstances to require the holder of the each Warrant to exercise up to fifty percent (50%) of the unexercised portion of the Warrant within ten (10) business days or, to the extent such holder does not so exercise the Warrant, that portion of the Warrant will be canceled. The Warrants shall be in the forms annexed hereto as ANNEX VI together with registration rights as provided in the Registration Rights Agreement.

j. [INTENTIONALLY OMITTED]

k. [INTENTIONALLY OMITTED]

l. FUTURE PURCHASES.

(i) On a date which is no earlier than the fifteenth day after the First Effective Date and no later than the seventy-fifth day after the First Effective Date, the Company may give notice (the "Additional Closing Date Notice") to the Buyer, with a copy to the Escrow Agent, specifying its demand that the Buyer purchase the Additional Preferred Stock, as contemplated by Section 1(a)(ii) hereof. The closing of the purchase and sale of the Additional Preferred Stock shall be subject to the provisions of this Section 4(1) and the other terms of this Agreement.

(ii) It shall be a condition to the Company's right to issue an Additional Closing Date Notice that, as of the Additional Closing Notice Date, (A) the First Effective Date shall have occurred and the First Registration Statement shall have been declared effective and shall continue to be effective, (B) the Authorization Opinion shall have been issued, (C) each of the Transaction Agreements shall continue to be in full force and effect and be applicable, to the extent relevant, to the Additional Preferred Stock and the Warrants to be issued on the Additional Closing Date (and the Company's issuance of the Additional Closing Date Notice shall constitute the Company's making each such representation and warranty as of such date), (D) the closing bid price for the Common Stock shall not be less than the Initial Conversion Price on any of the ten (10) trading days ending on the trading day immediately prior to the date of the Additional Closing Date Notice, and

(E) the representations and warranties of the Company contained in Section 3 hereof shall be true and correct in all material respects and there shall have been no material adverse effect on the business, operations or financial condition or results of operations of the Company and its subsidiaries taken as a whole, from the Initial Closing Date through and including the date the Company gives the Additional Closing Date Notice to the Buyer (and the Company's issuance of the Additional Closing Date Notice shall constitute the Company's making each such representation and warranty as of such date).

(iii) Upon the Company's issuance of the Additional Closing Date Notice as provided in the preceding provisions of this Section 4(l), the Buyer shall give written notice to the Company, with a copy to the Escrow Agent, specifying the Additional Closing Date. The Additional Closing Date shall be no later than ten (10) business days after the Buyer receives the Additional Closing Date Notice.

(iv) The Buyer's obligations to purchase the Additional Preferred Stock shall terminate (w) if the Additional Closing Date Notice is not given to the Buyer by the sixtieth day after the First Effective Date, (x) if the Company's available shares do not satisfy the provisions of Section 4(h) hereof at any time, (y) if the First Effective Date has not yet occurred as of the date which is four (4) months after the Required Effective Date (as defined in the Registration Rights Agreement), or (z) if the Company effects a Subsequent Sale contemplated by Section 4(g)(i) hereof before the Additional Closing Date.

m. RIGHT OF FIRST REFUSAL, SPECIAL DILUTION PROTECTION.

(i) The Company covenants and agrees that, if during the Specified Period, the Company offers to enter into any transaction (a "New Transaction") for the sale of New Common Stock, the Company shall notify the Buyer in writing of all of the terms of such offer (a "New Transaction Offer"). The Buyer shall have the right (the "Right of First Refusal"), exercisable by written notice given to the Company by the close of business on the third business day after the Buyer's receipt of the New Transaction Offer (the "Right of First Refusal Expiration Date"), to participate, pro rata with the holders of the shares of the Series A and Series B Convertible Preferred Stock (the "Other Preferred Holders"), in all or any part of the New Transaction Offer on the terms so specified. To the extent that any Other Preferred Holders do not elect to participate in the New Transaction, the Right of First Refusal offered to them shall be offered pro rata to the Buyers and the Other Preferred Holders who have elected to exercise their own Right of First Refusal in full.

(ii) If, and only if, the Buyer does not exercise the Right of First Refusal in full, the Company may consummate the remaining portion of the New Transaction with any third party (a "New Investor") on the terms specified in the New Transaction Offer within thirty (30) days of the Right of First Refusal Expiration Date. If the New Transaction is not so consummated by such thirtieth day, the provisions of Section 4(m)(i) shall apply again before the Company can consummate a New Transaction with any New Investor.

(iii) If the terms of the New Transaction to be consummated with such other party differ in a material respect from the terms specified in the New Transaction Offer so that the terms are more beneficial in any respect to the New Investor, the Company shall give the Buyer a New Transaction Offer relating to the terms of the New Transaction, as so changed, and the Buyer's Right of First Refusal and the preceding terms of this Section 4(m) shall apply with respect to such changed terms.

(iv) If there is more than one Buyer signatory to this Agreement, the preceding provisions of this Section 4(m) shall apply pro rata among them (based on their relative Buyer's Allocable Shares), except that, to the extent any such Buyer does not exercise its Right of First Refusal in full (a "Declining Buyer"), the remaining Buyer or Buyers who or which have exercised their own Right of First Refusal in full, shall have the right (pro rata among them based on their relative Buyer's Allocable Shares, if more than one) to exercise all or a portion of such Declining Buyer's unexercised Right of Refusal. Nothing in this Section 4(m) shall be deemed to permit a transaction not otherwise permitted by subparagraph (g)(i).

(v) In the event the New Transaction is offered for the sale of New Common Stock or the issuance of warrants or other rights to purchase New Common Stock with such third party at any time prior to the expiration of the Specified Period on terms providing for (x) either a sale price equal to or computed based on, or a determination of a conversion price based on, a lower percentage of the then current market price (howsoever defined or computed) than provided in the Certificate of Designations for determining the Conversion Price or a lower Initial Conversion Price (howsoever defined or computed in the New Transaction documents) and/or (y) the issuance of warrants at an exercise price lower than that provided in the Warrants and/or for a greater number of shares per dollar paid or invested by such third party to or in the Company, the terms of the Certificate of Designations (or other documentation affecting the terms of the Preferred Stock) and the Warrants (whether previously issued and/or converted or not) shall be modified to (i) reduce the relevant Conversion Price, Initial Conversion Price or Warrant exercise price and/or (ii) increase the number of shares covered by the Warrants, in each instance to be equal to that provided in the New Transaction as so consummated (provided, however, that such increased Warrants shall have the same exercise price formula as the New Transaction warrants).

5. TRANSFER AGENT INSTRUCTIONS.

a. The Company warrants that, with respect to the Securities, other than the stop transfer instructions to give effect to Section 4(a) hereof, it will give its transfer agent no instructions inconsistent with instructions to issue Common Stock from time to time upon conversion of the Preferred Stock in such amounts as specified from time to time by the Company to the transfer agent, bearing the restrictive legend specified in Section 4(b) of this Agreement prior to registration of the Shares under the 1933 Act, registered in the name of the Buyer or its nominee and in such denominations to be specified by the Buyer in connection with each conversion of the Preferred Stock. Except as so provided, the Shares shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement, the Certificate of

Designations, the Registration Rights Agreement, and applicable law. Nothing in this Section shall affect in any way the Buyer's obligations and agreement to comply with all applicable securities laws upon resale of the Securities. If the Buyer provides the Company with an opinion of counsel reasonably satisfactory to the Company that registration of a resale by the Buyer of any of the Securities in accordance with clause (1)(B) of Section 4(a) of this Agreement is not required under the 1933 Act, the Company shall (except as provided in clause (2) of Section 4(a) of this Agreement) permit the transfer of the Securities and, in the case of the Converted Shares or the Warrant Shares, as the case may be, promptly instruct the Company's transfer agent to issue one or more certificates for Common Stock without legend in such name and in such denominations as specified by the Buyer.

b. Subject to the provisions of this Agreement and the Certificate of Designations, the Company will permit the Buyer to exercise its right to convert the Preferred Stock in the manner contemplated by the Certificate of Designations.

c. The Company will authorize its transfer agent to give information relating to the Company directly to the Buyer or the Buyer's representatives upon the request of the Buyer or any such representative, to the extent such information relates to (i) the status of shares of Common Stock issued or claimed to be issued to the Buyer in connection with a Notice of Conversion, or (ii) the number of outstanding shares of Common Stock of all stockholders as of a current or other specified date. The Company will provide the Buyer with a copy of the authorization so given to the transfer agent.

6. CLOSING DATES.

a. The Initial Closing Date shall occur no later than the date which is the first Nasdaq SmallCap Market trading day after each of the conditions contemplated by Sections 7 and 8 hereof shall have either been satisfied or been waived by the party in whose favor such conditions run.

b. (i) The Additional Closing Date shall be the date determined in accordance with the provisions of Section 4(1) hereof.

(ii) The closing for the Additional Preferred Stock shall be conducted upon the same terms and conditions as those applicable to the Initial Preferred Stock.

c. Each closing of the purchase and issuance of Preferred Stock shall occur on the relevant Closing Date at the offices of the Escrow Agent and shall take place no later than 3:00 P.M., New York time, on such day or such other time as is mutually agreed upon by the Company and the Buyer.

d. Notwithstanding anything to the contrary contained herein, the Escrow Agent will be authorized to release the Escrow Funds to the Company and to others and to release the other Escrow Property on the relevant Closing Date upon satisfaction of the conditions set forth in Sections 7 and 8 hereof and as provided in the Joint Escrow Instructions.

7. CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL.

The Buyer understands that the Company's obligation to sell the relevant Preferred Stock to the Buyer pursuant to this Agreement on the relevant Closing Date is conditioned upon:

a. The Buyer's execution and delivery of this Agreement and the other Transaction Agreements contemplated to be signed by the Buyer;

b. Delivery by the Buyer to the Escrow Agent of good funds as payment in full of an amount equal to the Purchase Price for the relevant Preferred Stock in accordance with this Agreement;

c. The accuracy on such Closing Date of the representations and warranties of the Buyer contained in this Agreement, each as if made on such date, and the performance by the Buyer on or before such date of all covenants and agreements of the Buyer required to be performed on or before such date;

d. Except to the extent contemplated by specific provisions of the Transaction Agreements, there shall not be in effect any law, rule or regulation prohibiting or restricting the transactions contemplated hereby to an extent materially greater than contemplated herein, or requiring any consent or approval which shall not have been obtained; and

e. From and after the date hereof to and including such Closing Date, the trading of the Common Stock shall not have been suspended by the SEC or the NASD and trading in securities generally on The NASDAQ/SmallCap Market shall not have been suspended or limited, nor shall minimum prices been established for securities traded on The NASDAQ/SmallCap Market, nor shall there be any outbreak or escalation of hostilities involving the United States or any material adverse change in any financial market that in either case in the reasonable judgment of the Company makes it impracticable or inadvisable to sell the Preferred Stock.

8. CONDITIONS TO THE BUYER'S OBLIGATION TO PURCHASE.

The Company understands that the Buyer's obligation to purchase the Preferred Stock on the relevant Closing Date is conditioned upon:

a. The adoption of the Certificate of Designations by all necessary corporate action of the Company and the filing of all filings necessary to effectuate the Certificate of Designations as a part of the charter documents of the Company;

b. The execution and delivery of this Agreement and the other Transaction Agreements by the Company;

c. Delivery by the Company to the Escrow Agent of the relevant Certificates in accordance with this Agreement;

d. The accuracy in all material respects on such Closing Date of the representations and warranties of the Company contained in this Agreement, each as if made on such date, and the performance by the Company on or before such date of all covenants and agreements of the Company required to be performed on or before such date;

e. On such Closing Date, the Registration Rights Agreement shall be in full force and effect and the Company shall not be in default thereunder;

f. On such Closing Date, the Buyer shall have received an opinion of counsel for the Company, dated such Closing Date, in form, scope and substance reasonably satisfactory to the Buyer, substantially to the effect set forth in ANNEX III attached hereto;

g. Except to the extent contemplated by specific provisions of the Transaction Agreements, there shall not be in effect any law, rule or regulation prohibiting or restricting the transactions contemplated hereby to an extent materially greater than contemplated herein, or requiring any consent or approval which shall not have been obtained (and in particular the consent of the holders of Series A and Series B Convertible Preferred Stock to such transactions shall have been obtained and copies thereof provided to the Buyer);

h. From and after the date hereof to and including such Closing Date, the trading of the Common Stock shall not have been suspended by the SEC or the NASD and trading in securities generally on The NASDAQ/SmallCap Market shall not have been suspended or limited, nor shall minimum prices be established for securities traded on The NASDAQ/SmallCap Market, nor shall there be any outbreak or escalation of hostilities involving the United States or any material adverse change in any financial market that in either case in the reasonable judgment of the Buyer makes it impracticable or inadvisable to purchase the Preferred Stock; and

i. With respect to the Additional Closing Date,

(i) an Additional Closing Date Notice shall have been duly given in accordance with the provisions of Section 4(1);

(ii) all other conditions of Section 4(1) shall have been satisfied;

(iii) the closing bid price for the Common Stock shall not be less than the Initial Conversion Price on any of the ten (10) trading days ending on the trading day immediately prior to the date of the Additional Closing Date;

(iv) each of the Transaction Agreements shall continue to be in full force and effect and be applicable, to the extent relevant, to the Additional Preferred Stock and the Additional

Converted Shares (and the Company's issuance of the Additional Preferred Stock shall constitute the Company's making a representation and warranty to such effect as of such date);

(v) the representations and warranties of the Company contained in Section 3 hereof shall be true and correct in all material respects (and the Company's issuance of the Additional Preferred Stock shall constitute the Company's making each such representation and warranty as of such date) and there shall have been no material adverse change to the business, operations or financial condition or results of operations of the Company and its subsidiaries taken as a whole, from the Initial Closing Date through and including the Additional Closing Date (and the Company's issuance of the Additional Preferred Stock shall constitute the Company's making such representation and warranty as of such date);

(vi) the Company shall have timely issued all shares issuable upon conversion of the Preferred Stock or upon exercise of the Warrants prior to the date of such Additional Closing Date; and

(vii) the Company shall have available and shall reserve for issuance to Buyer at least two hundred percent (200%) of the number of Shares which would be issued on (x) conversion of all unconverted Initial Preferred Stock and all Additional Preferred Stock and (y) exercise of all unexercised Warrants, including the Warrants to be issued on the Additional Closing Date.

9. GOVERNING LAW: MISCELLANEOUS.

a. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Each of the parties consents to the exclusive jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions. To the extent determined by such court, the Company shall reimburse the Buyer for any reasonable legal fees and disbursements incurred by the Buyer in enforcement of or protection of any of its rights under any of the Transaction Agreements.

b. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

c. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

d. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

e. A facsimile transmission of this signed Agreement shall be legal and binding on all parties hereto.

f. This Agreement may be signed in one or more counterparts, each of which shall be deemed an original.

g. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

h. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction.

i. This Agreement may be amended only by an instrument in writing signed by the party to be charged with enforcement thereof.

j. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

10. NOTICES. Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given on the earliest of

(a) the date delivered, if delivered by personal delivery as against written receipt therefor or by confirmed facsimile transmission,

(b) the seventh business day after deposit, postage prepaid, in the United States Postal Service by registered or certified mail, or

(c) the third business day after mailing by domestic or international express courier, with delivery costs and fees prepaid,

in each case, addressed to each of the other parties thereunto entitled at the following addresses (or at such other addresses as such party may designate by ten (10) days' advance written notice similarly given to each of the other parties hereto):

COMPANY: Titan Motorcycle Co. Of America
At its address at the head of this Agreement
Attn: Frank Keery
Telephone No.: (602) 861-6977
Telecopier No.: (602) 331-0941

with a copy to:

Snell & Wilmer LLP
One Arizona Center
Phoenix, AZ 85048
Attn: Richard Stagg, Esq.
Telephone No.: (602) 382-6000
Telecopier No.: (602) 382-6070

BUYER: At the address set forth on the signature page of this Agreement.

with a copy to:

Krieger & Prager LLP
39 Broadway
Suite 1440
New York, NY 10006
Attn: Samuel Krieger, Esq.
Telephone No.: (212) 363-2900
Telecopier No. (212) 363-2999

ESCROW AGENT:Krieger & Prager LLP
39 Broadway
Suite 1440
New York, NY 10006
Attn: Samuel Krieger, Esq.
New York, New York 10016
Telephone No.: (212) 363-2900
Telecopier No. (212) 363-2999

11. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The Company's and the Buyer's representations and warranties herein shall survive the execution and delivery of this Agreement and the delivery of the Certificates and the Warrants and the payment of the Purchase Price, and shall inure to the benefit of the Buyer and the Company and their respective successors and assigns.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the Buyer by one of its officers thereunto duly authorized as of the date set forth below.

STATED VALUE OF PREFERRED STOCK: \$ -----

PURCHASE PRICE OF PREFERRED STOCK: \$ -----

SIGNATURES FOR ENTITIES

IN WITNESS WHEREOF, the undersigned represents that the foregoing statements are true and correct and that it has caused this Securities Purchase Agreement to be duly executed on its behalf this day, 2000.

Address Printed Name of Subscriber

By:-----
(Signature of Authorized Person)

Telecopier No. Printed Name and Title

Jurisdiction of Incorporation
or Organization

As of the date set forth below, the undersigned hereby accepts this Agreement and represents that the foregoing statements are true and correct and that it has caused this Securities Purchase Agreement to be duly executed on its behalf.

TITAN MOTORCYCLE CO. OF AMERICA

By: -----
Title: -----
Date: _____, 2000

ANNEX I	CERTIFICATE OF DESIGNATIONS
ANNEX II	JOINT ESCROW INSTRUCTIONS
ANNEX III	OPINION OF COUNSEL
ANNEX IV	REGISTRATION RIGHTS AGREEMENT
ANNEX V	COMPANY DISCLOSURE MATERIALS
ANNEX VI	FORM OF WARRANT

COMPANY DISCLOSURE MATERIALS

[TO BE PREPARED BY COMPANY]