BFF FRANCHISE DISCLOSURE DOCUMENT

BIG O TIRES, LLC
(a Nevada limited liability company)
4280 Professional Center Drive, Suite 400
Palm Beach Gardens, Florida 33410
(561) 383-3000
E-mail: franchise@bigotires.com
Websites: www.bigofranchise.com
www.bigotires.com

BIG O TIRES, LLC, a Nevada limited liability company, is offering franchises for the operation of retail stores selling and servicing tires and related automotive products. The total investment necessary to begin operation of a Big O Tires franchise ranges from $238,200 to $1,125,700. This includes $30,000 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact The Franchise Marketing and Sales Support Coordinator, at 4280 Professional Center Drive, Suite 400, Palm Beach Gardens, Florida 33410 and 1-800-321-2446.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: June 27, 2014

For use in: AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, ID, IL, IN, IA, KS, KY, LA, ME, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, SC, SD, TN, TX, UT, VT, WA, WI, WV, WY, and U.S. TERRITORIES (see following pages for varying effective dates in certain states.)

NOT FOR USE IN HI, MD, NY, RI, OR VA.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN COLORADO. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN COLORADO THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for the state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California:	_____
Illinois:	June 27, 2014
Indiana:	July 12, 2014
Michigan:	June 27, 2014
Minnesota:	_____
North Dakota:	June 27, 2014
South Dakota:	June 27, 2014
Washington:	_____
Wisconsin:	June 27, 2014

DISCLOSURE APPLICABLE TO FRANCHISEES
COVERED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state. The foregoing language has been included in this Disclosure Document as a condition to registration. We and you do not agree that the parties are restricted from choosing to conduct arbitration outside of Michigan and believe that each of the provisions of the Franchise Agreement, including each of the arbitration provisions, is fully enforceable. We and you intend to rely on the federal pre-emption under the Federal Arbitration Act.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding the notice should be directed to the State of Michigan Department of Attorney General, Franchise Section - Consumer Protection Division, G. Mennen Williams Building, 1st Floor, 525 W. Ottawa Street, Lansing, Michigan 48933, or P.O. Box 30213, Lansing, Michigan 48909; Telephone (517) 373-7117.

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VARIOUS STATE LAWS MAY, IF APPLICABLE, REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT AND/OR RIDERS PROVIDING FOR CHANGES TO THE FRANCHISE AGREEMENT OR OTHER AGREEMENTS INCLUDED AS EXHIBITS TO THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES AND AGREEMENT RIDERS APPLICABLE TO THE RECIPIENT OF THIS DISCLOSURE DOCUMENT, IF ANY ARE SO APPLICABLE, APPEAR IN EXHIBIT V.

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor And Any Parents, Predecessors and Affiliates. This disclosure document refers to the franchisor, Big O Tires, LLC, as "we", "us," "our" or "Big O," and to the franchisee as "you". If you are a corporation, partnership, Limited Liability Company, trust, association or other entity, "you" may also include owners or partners of the franchisee.

Big O is a Nevada Limited Liability Company originally incorporated as a Nevada corporation on December 30, 1982, and subsequently converted to a limited liability company on September 28, 2007. We do business under our current organizational name Big O Tires, LLC, as well as "Big O" and "Big O Tires", and no other name. Big O's principal place of business is 4280 Professional Center Drive, Suite 400, Palm Beach Gardens, Florida 33410. Big O's agents for service of process are listed in Exhibit A.

In December 1986, Big O Tire Dealers, Inc., a Colorado corporation ("Dealers"), was merged with us. We were the surviving company. Before the merger, our name was Tires, Inc. As part of the merger, our name was changed to Big O Tires, Inc. and later changed to our current organizational name. Dealers was originally established to act as a purchasers' cooperative to obtain tires for associated tire dealers at favorable prices. Dealers is our predecessor and it was formed in 1962. The last principal place of business of Dealers was 6021 South Syracuse Way, Suite 102, Englewood, Colorado 80111.

We have several companies who are our affiliates, which are involved in providing products or services to some or all of our franchisees. Big O Development, LLC, a Colorado limited liability company and wholly-owned subsidiary of ours ("Development"), operates our real estate concerns. Development subleases certain properties to some of our franchisees and on occasion acquires properties and sells them to a franchisee of ours for a store site. Development maintains the same principal place of business as we do.

Big O is a wholly-owned subsidiary of TBC Shared Services, Inc., a Delaware corporation; and TBC Shared Services, Inc. is a wholly-owned subsidiary of TBC Corporation, a Delaware corporation ("TBC"). TBC is a marketer and distributor of tires and other products for the automotive replacement market. The principal place of business of both TBC and TBC Shared Services is 4300 TBC Way, Palm Beach Gardens, Florida 33410. TBC sells products and supplies services to Big O franchisees. Carroll's, LLC, a Georgia limited liability company, is a subsidiary of TBC and also sells products to Big O franchisees. The principal business address of Carroll's is 4158 Old Dixie Highway, Hapeville, Georgia 30354. Franchisees may also, periodically purchase tires from Treadways, LLC, a Delaware limited liability company ("Treadways"), which also is a wholly-owned subsidiary of TBC. The principal business address of Treadways is 2000 Campus Lane, E. Norriton, Pennsylvania 19403.

TBC Shared Services, Inc. also owns Midas, Inc., which has several subsidiaries, including Midas International Corporation ("Midas"), Midas Canada Inc. ("Midas Canada"), and SpeeDee Worldwide Corporation ("SpeeDee"). The principal business address of Midas, Inc., Midas, and SpeeDee is 4300 TBC Way, Palm Beach Gardens, Florida 33410. The principal business address of Midas Canada is 8300 Woodbine Avenue, Suite 100, Markham, Ontario L3R 9Y7.

TBC Retail Group, Inc. (d/b/a Tire Kingdom, formerly known as Tire Kingdom, Inc.) is a Florida corporation ("TBC Retail Group") and an indirect wholly-owned subsidiary of TBC. TBC Retail Group operates non-Big O retail outlets for the sale of tires and related automotive products and services (See Item 12 for more details) and may periodically operate such retail outlets under the Big O Tires name. It is responsible for the management of Big O. TBC Retail Group's principal place of business is 4280 Professional Center Drive, Suite 400, Palm Beach Gardens, Florida 33410.

TBC is a wholly-owned subsidiary of Sumitomo Corporation of America, a company organized under the laws of New York, whose principal business address is 600 Third Avenue, New York, NY 10016 ("SCOA") and the Summit Global Management of America, Inc., a company organized under the laws of Delaware, whose principal place of business is 600 Third Avenue, New York, NY 10016 ("Summit"). Both Summit and SCOA are owned by Sumitomo Corporation, a company organized under the laws of Japan, whose principal business address is Harumi Island Triton Square Office Tower Y, 8-11 Harumi 1-Chome, Chuo-ku, Tokyo 104-8610 Japan.

Big O's Business. We offer franchises for the operation of retail stores selling and servicing tires and related automotive products and services ("Big O Stores" or "Stores"). Big O also sells Big O branded tires and automotive accessories to franchisees, and Big O and its affiliates also sell or lease other items to franchisees such as real estate, equipment, signs and services. Also, Big O conducts wholesale operations under which it sells non-Big O brand tires and other automotive accessories to Big O franchisees and to other purchasers.

The Franchise. Big O Stores operate under the service mark "BIG O" or "BIG O TIRES" and other trademarks and trade names, service marks and other logos and symbols periodically designated by Big O (collectively, "Licensed Marks") and use our proprietary licensed methods of doing business ("Big O System"). The Stores are serviced through regional sales and distribution centers ("RDCs"), which are owned and/or leased by us and operated by us.

Big O offers franchises under two franchise models: Product Distribution Franchises and Business Format Franchises. The information in the Disclosure Document applies to Business Format Franchises only. (The franchisees for these franchises are referred to, respectively, as "Business Format Franchisees" or "Product Distribution Franchisees"). When we refer to "your franchise", we mean your Business Format Franchise. When we refer to "your Franchise Agreement" or the "Franchise Agreement" or the "Franchise Agreements", we mean the Business Format Franchise Agreement in Exhibit B-1 (the "BF Franchise Agreement" or "Franchise Agreement").

Before 2006, we offered only Product Distribution Franchises, except for certain Business Format test market programs in southern Nevada, which ended around April, 2006. As of March 31, 2014, we have 298 Stores (not including company owned stores) that operate as Business Format Franchises. The Big O network is in the process of transitioning from the Product Distribution Franchise model to the Business Format Franchise model. We are only offering new Big O franchisees Business Format Franchises, but we anticipate that we will continue to have Product Distribution Franchises in our network for a significant amount of time.

Product Distribution Franchisees will be allowed the option to convert Product Distribution Franchise Stores ("PDF Stores") to Business Format Franchise Stores ("BFF Stores") at times and under conditions prescribed by us (we refer to Product Distribution Franchisees that convert to Business Format Franchisees as "BFF Converters"). We do not anticipate that Business Format Franchisees will be allowed to convert BFF Stores to PDF Stores.

You must operate your Big O Store according to our standards and specifications and must sign our standard BFF Franchise Agreement (Exhibit B-1). You will be granted the right to use our Licensed Marks and Big O System only with the operation of your Big O Store. We use the term "Franchised Business" to mean the business of operating a Big O Store under the Franchise Agreement using the Licensed Marks and the Big O System.

You will be assigned to a local group ("Local Group") which, among other things, coordinates group or regional marketing and advertising programs in your market area and collects and administers funds for these programs. If a Local Group has not been formed in your geographical area, you must, at our discretion, form a Local Group. You must comply with the decisions that the Local Group makes following procedures and guidelines approved by us. See Item 11 for further discussion of Local Groups.

We offer several programs for eligible persons to acquire franchises, including "Conversion Store" programs. As used in this Disclosure Document, the term "Conversion Store" means a Big O Store converted from a non-Big O Store. It does not include a Store that converted from a PDF Store to a BFF Store. Also, if you are willing and able to open two or more Stores within certain areas within a mutually agreed upon time period, you may qualify to acquire franchises at individually negotiated and mutually agreed upon timetables, discounts and incentives.

Production Distribution Franchises are offered under a separate disclosure document and under different terms.

Market for the Franchise Services and Competition. The market for tires and related automotive products is directly related to the number of automobiles, trucks, recreational vehicles and other vehicles. This market is well developed. However, you will be in competition with other national and local tire store chains and independent operators, as well as service stations, specialty automotive repair and maintenance centers, warehouse clubs and department stores with automotive departments, and potentially with other Big O Stores. Your ability to compete in this market will be largely and significantly dependent on your management, sales and marketing capabilities, your involvement with your store, your financial strength, general economic conditions, geographical area and specific location. You will sell primarily to individuals, but may also choose to sell to commercial accounts. The sales generally are not seasonal.

Regulations. There are federal laws and regulations specific to the operation of a tire dealership business. Generally, you must comply with certain Department of Transportation rules and regulations concerning transportation safety; Environmental Protection Agency ("EPA") rules and regulations concerning handling, storage and disposal of hazardous substances and solid waste disposal; the Occupational Safety and Health Act of 1970 concerning workplace safety; the Americans with Disabilities Act concerning employment and the public access to goods and services offered by a business; and rules and regulations established by the National Highway Traffic Safety Administration under the Transportation Recall Enhancement Accountability and Documentation Act (the "TREAD Act") concerning the labeling, testing, monitoring, and recall of tires. There may also be some state and local laws and regulations specific to your Store. You should familiarize yourself with these laws and with other federal, state or local laws of a more general nature, which may affect the operation of your Franchised Business. It is also your responsibility to comply with employment, worker's compensation, insurance, corporate, tax and licensing laws.

Business History of Big O and its Affiliates. We have offered franchises for the operation of retail stores selling and servicing tires and related automotive products since approximately 1982. Our

principal predecessor, Big O Tire Dealers, Inc. offered franchises in this line of business since 1980 and offered dealer agreements in this line of business before 1980 and since approximately November 1962.

TBC has operated, through its subsidiaries, non-Big O retail outlets for tires and related products and services since 1995. (See further details in Item 12).

Our affiliates, Midas, Midas Canada, and SpeeDee offer franchises in the automotive service, repair, and products business. As of March 31, 2014, Midas had 1072 franchised Midas retail outlets in the United States. As of March 31, 2014, Midas had 824 franchised Midas retail outlets internationally. Midas or its predecessor entity has been selling franchises since 1956. Midas Canada has granted franchises for the operation of Midas retail outlets located in Canada since 1961. As of March 31, 2014, there were 156 franchised Midas retail outlets operating in Canada. SpeeDee or its predecessor entity has been offering franchises since 1982. SpeeDee had 58 franchised SpeeDee retail outlets, all in the United States as of March 31, 2014. As of that date, there were also 15 third party subfranchised SpeeDee retail outlets in the United States and 57 third party subfranchised SpeeDee retail outlets in Mexico. Midas and SpeeDee have also offered franchises for Midas/SpeeDee co-branded retail outlets since 2008. Co-branding involves the operation of two or more brands at one location. As of March 31, 2014, there were 87 co-branded Midas/SpeeDee franchised retail outlets, all in the United States.

Except for the franchises described in this Disclosure Document, neither Big O nor any of its predecessors or affiliates has offered franchises for the same type of business to be operated by you or in other lines of business.

ITEM 2
BUSINESS EXPERIENCE

Director, Chief Executive Officer: Erik R. Olsen

Mr. Olsen was appointed to the positions of Director and Chief Executive Officer of Midas, SpeeDee and Big O effective January 2014. In 2013 he was appointed Chief Operating Officer, and in January 2014 he took office as TBC's President and Chief Executive Officer. He has served as Director of Midas Canada since April 2012. From April 2012 to December 31, 2013, he was the Chief Operating Officer of TBC, and President and Chief Executive Officer of TBC Wholesale Group, a subsidiary of TBC. From October 2008 until April 2012 he was the President and Chief Executive Officer of TBC Wholesale Group and Executive Vice President of TBC. He was elected to the TBC Board of Directors in November of 2008. From 2005 to 2008, Mr. Olsen held the position of President – Carroll Tire Company. Mr. Olsen joined TBC in December 2004 as Senior Vice President & Chief Marketing Officer. He is located in Palm Beach Gardens, Florida.

Executive Vice President and Chief Operating Officer: Kevin A. Kormondy

Mr. Kormondy has served as our Executive Vice President and Chief Operating Officer since March 2008. Also, since March 2008, he has served as a member of the Managing Board of BORE/MPC, LLC based in Columbia, Missouri, Juno Beach, Florida and Palm Beach Gardens, Florida and since April 2008, Mr. Kormondy has served as the President of the Big O Tires Scholarship Fund based in Palm Beach Gardens, Florida. Prior to its disposition in March, 2009, he served as a member of the Managing Board of One Stop Undercar Denver, LLC a former subsidiary of ours in Denver, Colorado. Mr. Kormondy is located at TBC Retail Group's offices in Palm Beach Gardens, Florida.

Executive Vice President - Finance, Chief Financial Officer, and Treasurer: Timothy J. Miller

Mr. Miller has served as our Executive Vice President, Chief Financial Officer and Treasurer since October 2006. Mr. Miller was appointed to the positions of Executive Vice President and Chief Financial Officer of Midas, SpeeDee, and Midas Canada in April 2012. He has served as Executive Vice President, Chief Financial Officer and Treasurer of TBC from since October 2006. Mr. Miller is located at TBC's offices in Palm Beach Gardens, Florida.

Senior Vice President, Franchise Group: Brant Wilson

Mr. Wilson was appointed to this position with TBC effective November 1, 2013. He has been Director of Midas Canada since January 2014. From 2007 to October 31, 2013, he was employed by H&R Block and held various positions within that organization including, Vice President of Franchise Development and Territory Vice President for the West. He is located in Palm Beach Gardens, Florida.

Vice President Operations: Michael Kinnen

Mr. Kinnen has been our Vice President Operations since June 2008. Since March 2008, Mr. Kinnen has served as Treasurer of Big O Tires Scholarship Fund and serves as a member of the Managing Board of BORE/MPC, LLC. Mr. Kinnen is located in our Palm Beach Gardens, Florida offices.

Vice President, Franchise Development: William Ketchem

Mr. Ketchem was appointed to this position on April 30, 2012. Mr. Ketchem joined TBC in April 2008 where he held the positions of Financial and Operations Consultant for Big O Tires and Director of Acquisitions and Special Projects. He is located in Palm Beach Gardens, Florida.

Divisional Vice President of the East Region: James A. Bull

Mr. Bull has been employed by us since November 2005 as one of our Divisional Vice Presidents.

Divisional Vice President of the West Region: Richard S. O'Neil

Mr. O'Neil has been employed by us since February 2009 as our Divisional Vice President of the West Region in Camarillo, California.

ITEM 3
LITIGATION

Periodically we are named as a defendant in lawsuits filed by individuals who have been involved in automobile accidents and who allege that a defective tire was the cause. The allegations often include products liability, negligence or breach of warranty claims, or a combination of these claims. We do not consider these lawsuits to be material nor have there been a significant number of them irrespective of materiality. SEE EXHIBIT V FOR ADDITIONAL DISCLOSURES APPLICABLE TO CERTAIN STATES.

Pending Franchise Litigation.

Sonoma Tires, Inc. v. Big O Tires, LLC. Case Number CV11 0818, United States District Court for the Northern District of California. Plaintiff, Sonoma Tires, Inc., a former franchisee of ours, filed this case in February 2011 alleging that we favored certain franchisees as to franchise terms, discounts

and rebates without informing Plaintiff. Plaintiff sought monetary damages and declaratory relief that it properly terminated its franchise based on our breach and was therefore relieved of its noncompetition covenant in its franchise agreement. We filed an answer denying these allegations. We also filed a counterclaim asserting that the Plaintiff breached its franchise agreement in multiple ways, including by failing to abide by the in-term noncompetition covenant. Big O and Sonoma filed summary judgment motions and Big O won on many of the claims.

While the parties were awaiting a trial date in District Court, Jack Rhiel, the sole owner of Sonoma, filed for Chapter 7 bankruptcy protection on December 31, 2013. The meeting of creditors was held on March 28, 2014. According to the bankruptcy schedules there are few assets in the estate and it is unknown whether there would be any source of recovery if Big O obtained a judgment against Sonoma in the District Court action. The District Court vacated the litigation deadlines so the parties can attempt to reach a settlement without incurring further expenses.

Black Donuts, Inc., Jan W. Talbot, Jeff Magna; T&T Pasadena, Inc., T&T Thousand Oaks, Inc., T&T Glendora, Inc., Tareq Nasrallah, Tony Nasrallah, G&G 2000, Inc., Jerry Riccio, Greg Minshell, Manzano, Inc., Kevin Raach, Chula Vista Tire, Inc., Jeff Yasukochi, Big Red Tire, Inc., James Park, Felix Bros, Inc., Felix Tires, Inc., Ralph Felix, Randy Scott, MDS Enterprises, Inc., Michael J. Sullivan, Kennedy, Phillips & Gunnell Enterprises No. 66, Paul Fuller, Gene Renner, Rex Weissenbach v. Sumitomo Corporation, Sumitomo Corporation of America, Big O Tires, LLC, TBC Corporation, Dwayne Freshnock, Craig McDonald, Bill Ketchem, Art Beahm, Marvin Hayes, Greg Rocquet. Case Number BC427136, Superior Court of California for the County of Los Angeles. This case and the Ayu's Global case (discussed in Prior Actions) are substantially identical, with the plaintiffs in each case being represented by the same attorney. Plaintiffs, both current and former franchisees of ours, filed the initial Complaint in December 2009. All Defendants except Big O have been dismissed. Further, the Court and/or Plaintiffs have dismissed all claims except breach of contract, breach of implied covenant of good faith and fair dealing, fraud and declaratory action. In light of the appeal in *Ayu's Global*, the case has been stayed. The court of appeals in *Ayu's Global* affirmed the decision on May 24, 2013, and Plaintiffs Randy Scott, Jerry Riccio, Greg Minshell and G&G 2000, Inc. have voluntarily dismissed their complaints with prejudice. A bench trial has been set for December 8, 2014 concerning one Plaintiff, Michael Sullivan.

Other Pending Litigation.

TBC Retail Group Wage and Hour Cases. JCCP Case No. 4701. This action coordinated two class actions that were pending in two different California Superior Courts on February 10, 2012. This action coordinates Paul Quintana, as an Individual and on Behalf Of All Similarly Situated Employees v. Big O Tires, LLC. Case No. BC451272, Superior Court of California for the County of Los Angeles (the "Quintana Action") and Brian Goegan, et al. v. TBC Retail Group, et al. Case No. 30-2011-00510643, Superior Court of California, Orange County Superior Court (the "Goegan Action"). Both actions involve claims for unpaid overtime, failure to provide meal periods, failure to provide rest periods, unfair competition, and related claims under California state law. The Goegan Action also asserts a nationwide claim for wages under the Fair Labor Standards Act ("FLSA") and seeks to certify a nationwide class of all employees who were classified as non-exempt. The Quintana Action encompasses the entire putative class of the Goegan Action with respect to the state law claims. These claims relate only to Big O company-owned Stores. In early 2014 the Plaintiffs dismissed the national/non-California "off the clock" claims under the FLSA, leaving only the claims involving (national) employee pay cards and California class claims. Big O is vigorously fighting to de-certify the pay card class and oppose Plaintiffs' motion to certify California class claims.

Fratilla, Brian Jeffrey v. Big O Tires, LLC. Case No. 37-2013-00028542-CU-BT-CTL, Superior Court of California, San Diego County. A purported class action lawsuit was filed on behalf of customers of Big O alleging that the Big O Tire Protection Program is actually an insurance contract under California law which required Big O to register an insurer and notify consumers that the policy was cancellable within 30 days. An Amended Complaint was filed on September 23, 2013 adding causes of action for negligence, constructive trust and additional claims premised on alleged improper collection of sales tax on services, as well as a claim for punitive damages. Parties are engaged in discovery and Big O plans to vigorously defend this matter. Trial is scheduled for November 21, 2014.

Prior Actions.

Ayu's Global Tire, LLC and Ayele Hailemariam v. Sumitomo Corporation of America, Big O Tires, LLC, TBC Corporation, Rick Castro, Roger Anderson, Duane Freshnock. Case Number BC420725, Superior Court of California for the County of Los Angeles. This case and the *Black Donuts* case are substantially identical, with the plaintiffs in each case being represented by the same attorney and asserting essentially the same claims. Ayu's Global Tire, LLC, a former franchisee of ours ("Ayu's Global"), and Ayele Hailemariam, the owner of Ayu's Global filed the action in August 2009. Plaintiffs allege that Big O made false statements and representations and withheld information that the Plaintiffs allege was important in connection with their purchase of their Big O franchise. Plaintiffs initially claimed breach of contract, breach of implied covenant of good faith and fair dealing, interference with existing economic relations, fraud in the inducement, negligent misrepresentation, negligent hiring, firing and supervising, and violations of the California Unfair Business Practices Act and the California Business and Professions Code, Section 17200, et seq. Plaintiffs are seeking declaratory relief, rescission of contract and an award of general and special monetary damages. In response to our Motion to Dismiss, the Court dismissed 7 of 12 claims along with TBC and SCOA as defendants. Plaintiffs filed the First Amended Complaint on April 7, 2010. Plaintiffs again named TBC and SCOA as defendants and claimed breach of written contract, breach of implied covenant of good faith and fair dealing, interference with existing economic relations, fraud in the inducement in the sale of a franchise, violation of California Unfair Business Practices Act, Cartwright Act, and the California Business and Professions Code and negligent misrepresentation, hiring, firing and supervising. Plaintiffs have since voluntarily dismissed all defendants except Big O and all claims but breach of contract, breach of implied covenant of fair dealing, fraud and declaratory judgment. Plaintiffs filed a motion to consolidate with the Black Donuts case (mentioned above) which we opposed. The Court agreed to consolidate for discovery purposes only. Big O moved for summary judgment and on August 3, 2011 the judge granted the motion and dismissed all of Plaintiffs' claims. Plaintiffs appealed the decision and Court of Appeal affirmed trial court's decision and dismissed all claims on May 24, 2013.

Michael Wickham, as an Individual and on Behalf All Similarly Situated v. Big O Tires, LLC. Case No. 37-2011-00052576-CU-OE-NC, Superior Court of California for the County of San Diego. Michael Wickham, a former employee, filed a complaint on March 17, 2011 alleging failure to pay overtime and to provide itemized wage statements, as well as unfair competition in violation of California law. These claims relate only to our company-owned Stores. Plaintiff was seeking to certify this case as a class action. However, the parties reached a settlement that was approved by the court on June 3, 2013.

Shareholder Litigation. In connection with TBC's acquisition of Midas, Inc., a total of six shareholder class action lawsuits were filed in three separate courts. Each of the cases were substantially similar insofar as they were all brought on behalf of holders of Midas, Inc. common stock against the same defendants, and allege nearly identical causes of action for alleged breach of fiduciary duties against the individual defendants and alleged aiding and abetting against the corporate defendants:

a) **Delaware State Court Actions**. Sowder, Rod, Individually and On Behalf of All Others Similarly Situated v. Alan Feldman, Robert Schoeberl, Thomas Bindley, Archie Dykes, Jarobin Gilbert, Diane Routson, Midas, Inc., TBC Corporation and Gearshift Merger Corp. (Case Number 7364, filed on March 28, 2012), Khan, Alan v. Midas, Inc., Alan Feldman, Thomas Bindley, Archie Dykes, Jarobin Gilbert, Diane Routson, Robert Schoeberl, TBC Corporation and Gearshift Merger Corp. (Case Number 7372, filed on March 30, 2012), and Glenn Freedman, On Behalf of Himself and All Others Similarly Situated v. Midas, Inc., Alan Feldman, Archie Dykes, Thomas Bindley, Jarobin Gilbert Jr., Robert Schoeberl, Diane Routson, TBC Corporation, and Gearshift Merger Corp. (Case Number 7346, filed on March 20, 2012) were filed in the Court of Chancery of the State of Delaware. The Court consolidated the cases on April 9, 2012 and on April 12, 2012 the Court denied the Plaintiffs' Motion to Expedite and Seek Injunctive Relief. Subsequently, the Court granted Midas' Motion to Dismiss.

b) **Illinois State Court Actions**. GSS 5-08 Trust, et al. v. Midas, Inc., Alan D. Feldman, Robert R. Schoeberl, Thomas L. Bindley, Archie R. Dykes, Jarobin Gilbert, Jr., Diane L Routson, Gearshift Merger Corporation, and TBC Corporation (Case Number 2012CH1266) and Stegar, Marth, individually and on behalf of all others similarly situated v. Alan Feldman, Robert Schoeberl, Thomas Bindley, Archie Dykes, Jarobin Gilbert, Diane Routson, Midas Inc., TBC Corporation and Gearshift Merger Corp. (Case Number 2012L00357). These cases were filed on March 10, 2012 and March 15, 2012, respectively in Illinois Circuit Court, DuPage County. Plaintiffs filed a Motion to Expedite, which the Court denied. The Court has dismissed both cases in their entirety in preference to the Delaware actions.

c) **Illinois Federal Court Action**. Jacob Scheiner, et al v. Midas, Inc., TBC Corporation, Gearshift Merger Corporation, JP Morgan Securities, LLC, Alan Feldman, R. Schoeberl, Thomas L. Bindley, Archie R. Dykes, Jarobin Gilbert, Jr., and Diane L Routson (Case Number 12-CV-02653) was filed on April 11, 2012 in the United States District Court, Northern District of Illinois. Plaintiffs filed a Motion to Expedite, which the Court denied. In January 2012, the Court granted Midas' Motion to Dismiss.

MRW, Inc., and 500 Luther Road, LLC v. Big O Tires, LLC, and CIT Small Business Lending Corporation, et al., Case Number CV-01732 LKK DAD, in the United States District Court for the Eastern District of California. This case was filed July 27, 2008 by MRW, Inc. and 500 Luther Road, LLC. Plaintiff MRW is a former franchisee of Big O and Plaintiff 500 Luther Road, LLC, is an entity in common ownership with MRW which owned the real estate on which the Big O Store owned by MRW was operated. We terminated MRW's franchise agreement on or about January 9, 2006 for failure to pay for product purchased, royalties and national advertising fees. Following this termination, the Plaintiffs commenced this action alleging that our advertising and marketing to sell franchises deceived the public because such advertising contained faulty market data and business plans. The Plaintiffs also claimed that such advertising and marketing violated the California Unfair Competition Law (Section 17200 and following sections of the California Business and Professions Code). Plaintiffs sought $3,300,000 in compensatory damages plus punitive damages and attorneys' fees. We filed a Motion to Dismiss on res

judicata grounds (that is, that the matter had already been litigated), which was denied. We then filed our answer denying all allegations and subsequently filed a Motion for Summary Judgment, which was granted on October 16, 2009 on all claims asserted. Subsequently, the Plaintiffs appealed the Summary Judgment Order to the Ninth Circuit, which appeal was initially dismissed for the Plaintiffs' failure to timely file their opening brief, but has since been reinstated but requiring Plaintiffs to show cause why the appeal should not be dismissed for being untimely. We also appealed the Court's denial of our Motion to Dismiss. Both parties have since dismissed their respective appeals.

Steven P.K. Leung, Constance Leung, EC Tires, Inc. and Croda/Leung, LLC v. Sumitomo Corporation of America, Big O Tires, LLC, TBC Corporation, Bill Moseley, David Lynch. Case Number RG09476093, Superior Court of California for the County of Alameda. This case was substantially similar to the Ayu's Global and Black Donuts cases. This case was originally filed by the Plaintiffs in September 2009 but the complaint was amended in October 2009. EC Tires, Inc. and Croda/Leung, LLC were previously franchisees of ours, and the individual Plaintiffs are the owners. Defendants Moseley and Lynch are existing employees of ours. In their complaint, Plaintiffs alleged that the Defendants made false statements and representations and withheld information that the Plaintiffs alleged were important in connection with their purchase of their Big O franchises. Plaintiffs claimed breach of contract, breach of implied covenant of good faith and fair dealing, interference with existing economic relations, fraud in the inducement, negligent misrepresentation, negligent hiring, firing and supervising, and violations of the California Unfair Business Practices Act, and the California Business and Professions Code, Section 17200, et seq. Plaintiffs were seeking declaratory relief, rescission of contract and an award of general and special monetary damages in an amount equal to Plaintiffs' direct, indirect and consequential damages plus punitive or exemplary damages to be assessed according to proof. Plaintiffs were also seeking injunctive relief enjoining the Defendants from illegal, fraudulent and unfair trade practices and related equitable relief, fees, costs and interest. Following a May 11, 2010 hearing, the Plaintiffs conceded the claim of rescission of contract and the claims of breach of contract and implied covenant of good faith and fair dealing regarding the individual Defendants (Bill Moseley and David Lynch). In addition, the Court (i) dismissed Defendants SCOA and TBC; (ii) dismissed individual Defendants Bill Moseley and David Lynch; (iii) dismissed cause of declaratory relief for uncertainty; (iv) dismissed interference with existing economic relations for uncertainty; (v) dismissed claim of fraud in the inducement; (vi) dismissed claim of negligent misrepresentation; (vii) dismissed claims of negligent hiring, firing and supervising; and (viii) dismissed claims of violating California Business and Professions code. On May 28, 2010, Plaintiffs filed a Second Amended Complaint reasserting some of the claims that had been dismissed. In February 2011, in the interest of avoiding protracted litigation, the parties entered into a stipulated settlement wherein Big O acquired substantially all of the assets of Plaintiff's Berkeley, California franchise and admitted no liability.

Shawn DeWeese, on Behalf of Himself and All Other Similarly Situated Individuals v. Big O Tires, LLC, BOTK, LLC, and Tidewater Marketing Global Consultants, Inc., d/b/a/ Free Gas Redemption. Case No. 3:09-cv-57 United States District Court for the Southern District Of Ohio Western Division. This class action was filed in January 2009 by Shawn DeWeese. DeWeese is a customer who purchased tires from co-Defendant BOTK, LLC, a former Big O Tires franchisee partially owned by us, who was participating in a free gas promotion being offered by co-Defendant Tidewater Marketing Global Consultants, Inc. ("Tidewater"). Plaintiff alleged Tidewater failed to send him all of the vouchers for free gasoline to which he was entitled. He alleged breach of contract, promissory estoppel, unjust enrichment, fraud, and violation of the Ohio Consumer Sales Practices Act and Ohio Deceptive Trade Practices Act. Plaintiff sought injunctive relief to prevent the Defendants from engaging in what he alleges to be unfair, deceptive, and misleading practices. Plaintiff sought compensatory damages for himself and other class members in an undetermined amount, punitive damages, and interest, costs and

attorney's fees. Because Tidewater went out of business and in an effort to satisfy customers, Big O agreed to settle with Plaintiff. The Court accepted the terms of the settlement and issued a Final Judgment and Order on August 13, 2010. Under the Settlement Agreement, we agreed to give each member of the Settlement Class the option of: (i) receiving a $100 Visa Prepaid Card without regard to gas purchases; or (ii) participating in an "Alternate Gas Program" established by us that allowed participating Class Members to receive up to $500 over a 20-month period based on submitting gasoline receipts. Additionally, the Defendants agreed to pay the Plaintiff, Shawn DeWeese, the sum of $5,000 plus his attorney's fees. The case was dismissed on August 13, 2010.

Larry L. Sinn v. Big O Tires, LLC, and Quinden Marketing, LTD., Case # 10D02-0902- PL174, in the Clark Circuit Court/Superior Court, State of Indiana, filed February 25, 2009. Mr. Sinn is a customer who purchased tires from a Big O Tires franchisee who was participating in a free gas promotion being offered by Defendant Quinden. Mr. Sinn received a redemption certificate for free gasoline from Quinden but claimed that Quinden failed to honor his redemption certificate. He alleged breach of contract by us, and, because it was a consumer transaction, unfair, deceptive and/or unconscionable acts and practices under the Indiana Deceptive Consumer Sales Act. We denied all allegations. To avoid protracted legal fees and costs, Mr. Sinn and we entered into a settlement agreement under which we paid Mr. Sinn $400.00 with the agreement that 50% of this amount would be paid back to Big O by Mr. Sinn if he prevails in his suit against Quinden. As part of the settlement, we were dismissed from the case.

Big O Tires, LLC v. S&W Services, LLC, Rancho-Sierra Tires, Inc., Steven C. Smith, Joyce A. Smith, United States District Court for the District of Nevada, Case Number 2:07:CV01652-JCM-PAL. We filed this case on November 2007 against Rancho-Sierra Tires, Inc. ("RST") and S&W Services, LLC ("S&W"), two franchisees of ours with common ownership by the Smith defendants, and against the Smiths individually as guarantors. We terminated RST and S&W from the Big O System for failure to cure certain financial defaults. We sought a restraining order, preliminary injunction and writ of possession to prevent them from operating under the Big O name and trademarks and to enforce our rights as to certain assets of RST and S&W based on security agreements between Big O and each of them. Defendants counterclaimed alleging breach of the franchise agreements, breach of the covenant of good faith and fair dealing, tortious interference with contractual relations, and breach of a voluntary repossession agreement that was entered into in July 2007 among Big O and various other franchise entities in common ownership with the Smith defendants. In June 2008, the matter was settled and the litigation dismissed by mutual agreement of the parties. Based on the settlement agreement, RST and S&W sold to BOTLV, LLC, a wholly owned subsidiary of ours, all of their assets of their Big O stores for a price of $75,000.00 plus the forgiveness by us of approximately $600,000 of debt; the franchise agreements of both RST and S&W were terminated; we waived enforcement of the covenant against competition in the RST and S&W franchise agreements; the sublease between S&W and us for the premises where S&W had operated its Big O Tires store was terminated; RST assigned to BOTLV, LLC its lease of the premises where it had operated a Big O Tires store; Big O assumed an equipment lease held by RST, and all claims were dismissed by all parties. All of the terms of the settlement agreement have been performed.

In re Jay J. Radcliffe and Sheri M. Radcliffe, d/b/a Titanium Tire, Inc., debtors, Jill Ford, Chapter 7 Trustee, v. Big O Tires, Inc., in the United States Bankruptcy Court for the District of Arizona (Case No. 2:05-bk-09346-CGC). In June 2006, the Chapter 7 Trustee of the debtors filed suit on behalf of the debtors' bankruptcy estate against us alleging that we failed to return to the estate earnest money paid to us by the debtors, who are former franchisees of ours. The trustee alleged that the earnest money was non-exempt property of the bankruptcy estate, or in the alternative, that the transfer of the earnest money to us by the debtors was a fraudulent transfer. Big O denied the claim on the basis that the payment by

the debtors was made in exchange for reduction of certain debt and for delivery of certain equipment and inventory of equal value. In January 2007, in the interest of avoiding protracted litigation, the parties entered into a stipulated settlement wherein no liability was admitted, but Big O agreed to pay a nominal amount to the bankruptcy estate.

Administrative Actions.

Certain franchisees of ours in San Diego, California, including a partnership in which a subsidiary of ours had a 50% interest but no managerial control over day-to-day operations (the "San Diego Target Franchisees") were the subject of an investigation regarding the advertising of store products and services by the Office of the City Attorney of San Diego. We cooperated with the California authorities in reviewing and assessing allegations as to whether violations of California law that regulate advertising had occurred, and in November 1993, we entered into a Stipulation for Entry of Final Judgment and a Permanent Injunction against us and certain of the San Diego Target Franchisees. The Stipulation was entered in an action which was commenced for the purpose of filing the Stipulation and entitled People of the State of California v. Big O Tires, Inc., et al., in the San Diego County Superior Court in California (Civil Action No. 671161). The Stipulation does not constitute an admission or adjudication of any of the allegations made by the State, but does permanently enjoin us from directly or indirectly advertising the purchase or lease of a product or service that requires, as a condition of the sale, the purchase or lease of a different product or service without conspicuously disclosing in the advertisement the price of all of the products and services involved. The San Diego Target Franchisees and we are also required to inform any prospective purchaser of one of the Stores, which were the subject of the investigation of the existence of the injunction. As part of the Stipulation, the San Diego Target Franchisees and we agreed to pay certain costs and civil penalties totaling $35,000. Our portion totaled $25,000.

Litigation Against Franchisees in the Last Fiscal Year.

During Big O's last fiscal year ended March 31, 2014, Big O initiated one material civil action involving the franchise relationship. This involves a suit against a franchisee and its personal guarantors for enforcement or collection of outstanding product purchase payments and royalties due and to enforce post-termination obligations, as follows:

Big O Tires, LLC v. Black Toad Enterprises, LLC, Daniel E. Groman, Kelle C. Groman, James R. Groman and Cecilia Groman, Case Number 14-cv-00824-RM--MJW, United States District Court for the District of Colorado, filed on March 20, 2014.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Except as described below, the initial franchise fee is $30,000 and is due as follows: (i) $10,000 when you submit to us a franchise application and sign a Franchise Deposit Receipt Agreement, a copy of which is attached to this Disclosure Document as Exhibit E; and (ii) $20,000 when you sign the

Franchise Agreement and before you commence your training. The initial franchise fee is nonrefundable, except (a) if we do not approve the franchise application, we will refund the initial $10,000 to you; or (b) if you fail to successfully complete the initial training program, we may terminate the Franchise Agreement and upon receipt from you of a general release in a form approved by us, refund a portion of the initial fee; the portion refunded will be the initial franchise fee less the costs we incurred in your approval process, your training and any other administrative expenses. In the event any incentive reduces the amount of the initial franchise fee to less than $10,000, you will still be required to pay $10,000 with the franchise application. To the extent the incentives reduce the initial franchise fee below $10,000, we will credit that portion of your initial $10,000 payment that exceeds the initial franchise fee toward your accounts receivable for products purchased from us.

If you are an existing franchisee in good standing whose Franchise Agreement is expiring, you may renew your franchise by signing a current Franchise Agreement for a term of 5 or 10 years, at your option. We waive the payment of the initial franchise fee, but you must pay a renewal administrative fee. See Item 6 below.

First Option Rights. Subject to certain exceptions generally described in this paragraph or Item 12, each franchisee is granted an option to apply for any new Big O franchise to be located within five miles of the franchisee's existing Big O Store, determined as a radius of five miles from the geographic center of your location. You must meet certain conditions to exercise your First Option Rights, including that you are in compliance with your Franchise Agreement, as determined solely by Big O. If you apply for a Big O franchise using your first option rights, the franchise deposit must be paid with your application to exercise your first option rights. The balance of the initial franchise fee must be paid to us at the time specified by us in our notice of the right to exercise first option rights, but in no event later than the earlier of: (a) date you sign the new Franchise Agreement, or (b) 120 days from the deadline for submitting an application to Big O to exercise your first option rights (this deadline is 30 days after Big O gives notice that the franchisee may exercise its first option rights). The franchise deposit becomes nonrefundable upon our approval of your franchise application. See Item 12 for a more detailed discussion on your First Option rights.

Pioneers. A Pioneer is a Big O franchisee who has owned at least a 25% equity interest in a Big O Store continuously since March 1, 1987 and (i) whose franchises for all other existing Big O Stores are in good standing with us and in compliance with all agreements related to the franchise and all applicable laws; and (ii) who meets all other qualification standards we use to assess franchise applications. If you qualify as a Pioneer, you may acquire additional Big O franchises for an initial franchise fee equal to one-third of our initial franchise fee in effect at the time you submit your franchise application (the "Pioneer Fee"). This right is not assignable to others. You must pay us one-half of the Pioneer Fee when you submit your franchise application. The remainder is due when you sign the Franchise Agreement. The Pioneer Fee is not refundable, except that one-half of the Pioneer Fee paid by you at the time you submit your franchise application to us is refundable if we do not approve your franchise application. The Pioneer must own at least a 25% equity interest in the new franchise for at least two years. Should the Pioneer fail to do so, we may collect the full franchise fee we are then (at the time the Pioneer falls below this 25% equity interest) charging for new franchises. The initial franchise fee will be waived in full for Pioneers qualifying for this incentive program who sign a Franchise Agreement prior to June 30, 2015 for a new BFF Store that opens on or before March 31, 2016. In that case, we will credit the Pioneer's initial $10,000 payment submitted with the franchise application toward its accounts receivable for products purchased from us.

Conversion Program/Royalty Plan. If you already own a non-Big O retail tire store that is open and operating before it becomes a Big O franchised Store, and you desire to convert this existing store to

a BFF Store, and you are approved by Big O, we may, in our discretion, allow the store to be converted to a BFF Store (we refer to this type of BFF Store as a "BF Conversion Store") to participate in our Conversion Program/Royalty Plan (the "CPR Plan"). **The term "BF Conversion Store" does not include conversions from a PDF Store to a BFF Store**. Under the CPR Plan, we will waive (subject to negotiations and to the eligibility qualifications described at the end of this Item 5) the initial franchise fee for each retail store to be converted. To participate in the CPR Plan, the franchisee of a BF Conversion Store must sign a Converter Rider, generally in the form which is attached to the Franchise Agreement as Schedule 7. Big O may, in its discretion, waive (subject to negotiations between you and Big O and depending on your automotive tire and service experience) training fees for initial training. However, the franchisee of a BF Conversion Store may incur travel expenses, lodging and meal costs in connection with the initial training under certain circumstances. In some cases franchisees of BF Conversion Stores must have "additional training" (as described in Item 11); in such a case, the franchisee will pay for transportation, lodging and living expenses and we may charge a reasonable fee for this additional training. See the disclosure about training programs in Item 11. At our direction, a franchisee of a BF Conversion Store must obtain a surety bond or letter of credit of not less than $10,000 (or such other amount as we may periodically designate) to secure payment of contributions to the National Marketing Program, Local Fund, or both. A BF Conversion Store participating in the CPR Plan may also obtain certain financing and special royalty arrangements described in Items 6 and 10 below.

Associate Franchise Discount. Full-time employees (also referred to as "associates") of Big O Tires, LLC or affiliated companies (such as TBC Retail Group, NTW, Merchants, SCOA, and subsidiaries of SCOA) who have been employees on an uninterrupted basis for at least five years will be eligible for an Associate Franchise Discount in the amount of $15,000 against the initial franchise fee for a newly developed Big O Store. One-half of the Associate Franchise Discount will be applied against the portion of the initial franchise fee payable upon signing of the Franchise Agreement, and one-half of the Associate Franchise Discount will be applied against the balance of the initial franchise fee. The employee must resign his or her position with Big O Tires, LLC or the affiliated company and assume full-time active management of the Big O franchise. The associate will not be entitled to the Associate Franchise Discount if the associate purchases an existing Big O franchise. Also, to be entitled to the Associate Franchise Discount, the associate must be acquiring a majority interest in the new franchise. If the associate does not continue to meet this ownership requirement for at least two years after acquiring the new franchise, the associate must pay us the difference between the initial franchise fee (which is now $30,000) which would have been due had the associate not qualified for the reduction and the reduced initial franchise fee the associate did pay.

U.S. Military Veterans. We will waive the initial franchise fee for franchisees who are U.S. military veterans (as established in accordance with our policies as we may adopt periodically) and for franchisees that are corporations, limited liability companies or other entities for which a U.S. military veteran owns a majority of the equity interest ("U.S. Military Veteran Program"). The U.S. Military Veteran Program is only available to qualified individuals who either have received an honorable discharge from one of the U.S. Armed Forces (i.e., Army, Navy, Air Force, Coast Guard or Marine Corps), or are currently serving in one of the U.S. Armed Forces and eligible to receive an honorable discharge, or their entities as noted above. This waiver applies only to the first Big O franchise established by the veteran or the veteran's company. If you do not continue to meet this ownership requirement for at least two years after acquiring the new franchise, you must pay us the full initial franchise fee (which is now $30,000) which would have been due had you not qualified for the U.S. Military Veteran Program, which amount becomes due immediately at the time you no longer meet the ownership requirement. We reserve the right to extend, change or discontinue the U.S. Military Veteran Program at any time.

Additional Store Development Program. Subject to the eligibility standards set forth below, if you are an existing franchisee of ours, are not a Pioneer and desire to purchase an additional franchise, the initial franchise fee will be $15,000, payable $10,000 when you submit a franchise application to us and sign a Franchise Deposit Receipt Agreement and $5,000 when you sign a Franchise Agreement. To be eligible for this program, you must be qualified (as determined by Big O in its sole discretion) to operate an additional Store or Stores. In certain situations, we will provide financing assistance to existing franchisees who are approved by us (in our sole discretion), to acquire, open, and operate additional Big O retail tire stores. A franchisee who is approved for this Additional Store Development Program must pay all applicable franchise fees for its additional Store ("Additional Store") as described herein, however, the royalties are subject to adjustment as described in Item 6. An Additional Store may also obtain certain financing and special royalty arrangements described in Items 6 and 10. Further, if you are an existing franchisee of ours, meet our qualifications (as determined by us in our sole discretion), and either (i) sign a Franchise Agreement for an Additional Store prior to June 30, 2015 and open the Additional Store as a Big O BFF Store on or before March 31, 2016; or (ii) acquire a competing non-Big O retail tire store and convert that store to a Big O BFF Store, then, in addition to the other incentives described above, as applicable, we will credit your initial $10,000 payment submitted with the franchise application toward your accounts receivable for products purchased from us for the Additional Store and the $5,000 balance of the initial franchise fee will be waived. If you fail to remain a franchisee or meet the ownership requirement for the two year period following the Commencement Date for the Additional Store, you will be required to pay the $15,000 initial franchise fee to us, in addition to any other amounts owed under the Franchise Agreement or any other agreement with us.

Eligibility For Certain Programs. To be eligible for any reduced initial franchise fee as a participant in the Additional Store Development Program, or CPR Plan, the new franchisee must be the same person (that is, individual or entity) or have the same majority owner as the franchisee for the other Store or Stores on which the discount is based. If you do not continue to meet this ownership requirement for at least two years after acquiring the new franchise, you must pay us the difference between the initial franchise fee (which is now $30,000) which would have been due had you not qualified for the reduction and the reduced initial franchisee fee you did pay. This payment is due upon the date the new franchisee no longer meets these ownership requirements.

Other Fee Waivers. We may waive all or part of any initial franchise fee in our discretion.

Real Estate Consulting Charges. If you (in your discretion) utilize the services of members of the Big O real estate department for consultation in regard to the development, construction, remodeling or conversion of your Big O Store, we (in our discretion) may charge you a real estate consulting charge representing our actual costs directly associated with the consultation, such as travel, site and building plans and other out-of-pocket expenses. Such amount is estimated to range from $200 to $15,000, and is payable at the end of the month that follows the month in which the consulting work is completed. The real estate consulting charge is nonrefundable once paid.

New Franchisee Program. If you are a new franchisee signing a Franchise Agreement by June 30, 2015, and opening your Store by March 31, 2016, we will: (a) reduce the royalty to 2% during the first 12 months of Store operation, 4% during the second 12 months of Store operation with the full royalty commencing on the second anniversary of Store operation, and (b) match dollar for dollar, up to $25,000, the amount you spend for opening or changeover advertising. You will be required to spend matching funds in accordance with certain conditions and deadlines determined by us.

Except as stated above, all initial franchise fees are uniform as to all persons currently acquiring a franchise and are nonrefundable once paid unless we determine otherwise at our sole discretion.

Franchise Referral Program. We encourage referrals from our existing franchisees of a prospective franchisee to us if those referred persons want to become a Big O franchisee. Our referral program offers a $2,500 referral fee to the person who refers to us a franchisee prospect that we are not currently in discussions with and have not previously contacted. The referral fee is payable only if the referred prospect becomes a Big O franchisee. The referral fee is applied as a credit against an existing franchisee's trade account 30 days after the opening of the new Big O Store. The incoming prospective franchisee must have signed a Franchise Agreement and the initial franchise fee must have been paid to us before we will apply the credit. We reserve the right at any time to cancel, modify, amend, or terminate our referral program. If a franchisee wants to benefit from the referral program, the referring franchisee must be in good standing. Our referral program may be changed or discontinued by us at any time.

In addition, we have relationships with various franchise brokers to whom we agree to pay a success fee for referring to us and working with franchisee prospects or raw leads that we are not currently in discussions with and have not previously contacted. The success fee varies and can be up to $15,000 depending upon the services the franchise broker is providing.

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty	2% of Gross Sales to National Account Customers and Key Account Customers (as defined in Item 11), 2% of Gross Sales of Farm Class Tires, 2% of Excess Service Department Sales and, based on the Royalty Matrix, between 4.0% and 5.0% of Adjusted Gross Sales (Note 2)	Received by Big O by the 17th day of the following month	Gross Sales includes all revenue generated from your Big O Store, excluding amounts for certain items specifically identified in the Franchise Agreement. Adjusted Gross Sales means Gross Sales other than sales to National Account Customers and Key Account Customers, sales of Farm Class Tires, on Excess Service Department Sales and sales on which no royalty is due and not otherwise excluded from the definition of Gross Sales. See also Note 1.
"Local Fund" for advertising and related expenditures	A minimum of 4% of each month's Gross Sales, subject to increases or reductions in certain cases (currently reduced to a minimum of 3.6% based on certain marketing programs) (Note 3)	Received by Big O or your Local Group (as we designate) by the 17th day of the following month	In our discretion, payable to your Local Group, to us or expended for advertising in your trade area as we may approve. See Item 11.

Type of Fee (Note 1)	Amount	Due Date	Remarks
National Marketing Fee	Currently set at 0.85% of each month's Gross Sales (raised from the amount of 0.25% while certain marketing programs are in effect) (Note 3)	Received by Big O by the 17th day of the following month	May increase only 0.1% in any 12-month period, up to a maximum of 1% of Gross Sales, unless the Franchise Advisory Council (Note 4) consents to a more rapid increase. These fees are used by Big O in its National Marketing Program (described in Item 11).
National Auto Service Warranty and Roadside Assistance Plan	Currently $50.00 per store, per month, but can be changed by vendor.	Billed quarterly, due on the last day of the calendar quarter.	Amount billed to Big O by a third party who administers the National Auto Service Warranty and Roadside Assistance Plan for Big O and rebilled to franchisees by Big O.
Point of Purchase Packages	Not more than $1,500 per year, as adjusted each year in accordance with Big O policies.	As Incurred	Point-of-purchase packages are prescribed by Big O with Franchise Advisory Council consultation. Big O, in its discretion, may take payment of this fee from the National Marketing Program funds, the franchisee or a portion from both. This does not include any expenses related to the Service Central point of purchase package, which is discussed in Item 7.
Market Reservation Fee	Will vary by circumstances, but generally will be in the range of $2,500 to $6,000	At the time you sign a Market Reservation Agreement (Exhibit Q).	Payable if you want an option to open another Store. The duration of the option is determined by Big O in its sole discretion. See description in Item 12.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Retail Accounting Centers ("RAC")	Varies based on services provided, but not less than $200 per month	As Incurred Monthly	RACs may provide accounting, payroll and related services. You may be assessed a flat fee or percentage of sales, as decided by each RAC (which may be Big O) and based upon services used. Currently, there are no RACs operating, but we reserve the right to establish them in the future. See Item 8.
National Fleet Accounts Administrative Fees	Varies, currently up to 12.5% of Gross Sales to certain National Fleet Account Customers	At time of credit to franchisee's account for the sale to the National Fleet Account Customer.	This consists of a fee of currently up to 12.5% of Gross Sales for the services of the third parties we select to process your National Fleet Account transactions, which fee may change depending upon the third party. We reserve the right to charge a separate fee to offset our costs associated with the development, administration and processing of customers onto this system, but do not do so at this time. See Item 11 under "Continuing Obligations" paragraph 7 for more details about National Fleet Accounts.
AMRA Motorist Assurance Program Fees and Dues	Currently $1.00 per year, but subject to change	Upon execution of the Facility Participation Agreement, on an annual basis, and as otherwise required	Payable to the Automotive Maintenance and Repair Association ("AMRA") for participation in its Motorist Assurance Program. The applicable fees and dues may be changed at any time by AMRA. Other expenses may apply for your participation in this program. See Item 16.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Transfer Fees	$1,500 upon a transfer involving an assignment of the Franchise Agreement or a change in control. If the transfer does not involve an assignment of the Franchise Agreement or a change in control, the transfer fee is equal to Big O's expenses relating to the transfer up to $1,500.	Before consummation of transfer	Payable by the transferor or transferee upon the occurrence of a "Transfer" (which is described in Item 17.k). At our discretion, the transferor must also pay discounts that we allowed on the initial franchise fee for transfers occurring within two years of signing the Franchise Agreement. See Item 5. Transferee training fees and costs are additional. See Item 11 under "Training."
Insurance Administrative Surcharge	10% of cost of insurance	As Incurred	You must obtain your own insurance. If you fail to purchase the required insurance, we may purchase the insurance for you and you must reimburse us and pay us an administrative surcharge.
Interest on Late Payments	Lesser of 18% per year or maximum rate of interest allowed by law	As Incurred	Begins to accrue 10 days after payments are due.
Renewal Administrative Fee	Varies (See Remarks column.)	Payable on signing of a new Franchise Agreement	If you qualify to renew your franchise, we will offer a new franchise agreement, provided that you and we mutually agree on the terms of the new agreement. Your renewal fee will be calculated based upon our time to process the renewal multiplied by our hourly rate (currently, $200 per hour).
Store Management Fee	As set by us periodically; no amount is currently set	As incurred	Payable if we undertake the management of your Big O Store.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Hiring of Big O employees	Will vary, depending on the type of employee hired, as stated in Note 5	Within 30 days after a former Big O employee begins working for you.	If you hire a Big O employee within 3 months after termination of employment with Big O or an affiliate, you must, in Big O's discretion, reimburse Big O for training and relocation costs of such employee.
Real Estate Rental and Fees	See Note 3 of Item 7	First day of each month (paid by Automatic Clearing House debits to your checking account)	Payable to us if we own or lease the store location and we lease, sublease or assign it to you. These amounts may include rent, common area maintenance fees, insurance, water and sewer charges, taxes, rent override and assessments. For any payments received after the first day of each month (if not paid within the applicable grace period), you will be assessed a late fee of up to 5% of the amount due plus interest, and such other charges as are stated in the Lease or Sublease. See Exhibit F and Exhibit P.
Training Fees	Will vary. See Item 11 under "Training"	As Incurred	The training fee for the initial Online Training defined in Item 11 the Facilitated Training defined in Item 11, and on-location training program for one person is included in the initial franchise fee, but you will have to bear travel and living expenses and some lodging expenses. There are also charges for additional training and training of transferees. See Item 11 under "Training Programs."

Type of Fee (Note 1)	Amount	Due Date	Remarks
Training Fees (TBC University.com)	No charge during your first partial year until the next March 31; charges may apply in future years	As Incurred	We will pay the administrator of the optional online TBC University.com training program the fee to entitle you to access certain programs for the period running from the date of your Franchise Agreement until the next March 31. The terms for participation in the TBC University.com are subject to change each year on March 31. See Item 11 under "Training Programs."
National Convention Registration Fees	Varies depending on location and cost of the national convention. The most recent national convention fee was $500 per adult. Occasionally such fees have been waived for early registration or in conjunction with meeting certain sales targets.	Before the Big O national convention to which it applies.	Payable to us in our discretion.
Resale fee	$5,000	Upon sale of your Big O franchise.	This fee is charged in Big O's sole discretion if the franchisee contracts with Big O in connection with the sale of its franchise, and Big O provides the buyer.
Products and Services	Will vary	On delivery or as agreed	See Items 8 and 11. We charge you for products, equipment and services you purchase through us or our RDCs. See Note 6.

Type of Fee (Note 1)	Amount	Due Date	Remarks
DST End User Software License Agreement Fees	Amount per Store: 1. One-time fees: a. License Fee: $1,000 b. Installation fee: $999 c. Conversion fee: $500 d. Store Training and On-Site Go-Live Support Fees. $4,200-$5,000 ($4,200 for 5 days of on-site go live support that also covers typical travel, lodging and meals expenses) 2. Monthly Maintenance and support: $219 per month which may be raised in accordance with the DST End User Software License Agreement	License Fee: Before training about, or installation of, software Installation, conversion and on-site training and go-live support fees: As negotiated Monthly Maintenance: Monthly in advance of each month	See Note 7 of this Item 6. See Item 11 (under Computer Systems) for more information about the DST End User Software License Agreement.
Fees for miscellaneous assistance	Will vary	As agreed	Periodically, we may provide various types of assistance to you for which we charge a fee (for example, allocating extra storage space for your Big O e-mail account or the provision of prototype floor plans, elevations and equipment layouts for your Store).
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims resulting from your Store operations.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable on your failure to comply with the Franchise Agreement.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Audit fees	Will vary under circumstances	As incurred	If our audit of your records discloses that you understated your Store's Gross Sales by more than 2%, you must reimburse us for the cost of the audit. If you fail to provide required quarterly financial statements and we perform an audit instead, you must reimburse us for the cost of that audit.
Bond	Varies; actual amount determined by your Local Group. For example, the Indianapolis Local Group requires each store to pay $300 per month until $4,800 in reserves is held by the Local Group.	As established by your Local Group	In the discretion of each Local Group, (a) new franchisees, and (b) existing franchisees that are not in good standing with their Local Group due to the failure to timely pay fees or advertising contributions, must obtain a bond until the Local Group is satisfied that the franchisee will pay fees and advertising contributions to the Local Group when due.
Rebill Charge	Currently $3.00 per tire. This charge may be increased or decreased in our discretion (after consultation with the Franchise Advisory Council) as business conditions require.	As incurred	Big O currently charges you $3.00 per tire for any tires you purchase directly from the manufacturer or distributor who invoices Big O for the tires. Big O then bills you for the tires, including the Rebill Charge. See Item 11.
Interest	We may charge you interest on various loans or other advances. (See Item 10 on Financing Programs)	See Item 10	See Item 10

Type of Fee (Note 1)	Amount	Due Date	Remarks
Product Transfer Payment	If a BFF Store wholesales Big O Program Products to non-permitted customers, it must pay us the greater of (a) the price charged by the BFF Store to its customer less the price Big O charged to the BFF Store, or (b) the price Big O charges PDF Stores less the price charged to your BFF Store	At the end of each month in which the non-permitted sale occurs	See Item 16 for more information
Regional Funding Plan Fee	Varies; where now applicable, the charge is currently $0.30 per tire purchased from the Denver RDC, subject to an annual cap after rebates of $2,000 per Store for Colorado Stores and $1,000 per Store for non-Colorado Stores.	Same as due date for payments for tires purchased	Whether this charge is imposed and the amount of the charge is determined by each Local Group. As of the date of this disclosure document, this fee is imposed only on franchisees in the Colorado/Nebraska/Wyoming and Louisville, Kentucky regions. We may charge an administrative fee for collecting contributions to the Regional Funding Plan and for related services, but currently we do not do so.
Manual Processing Fees	Varies, not to exceed $75 per occurrence	At Big O's discretion	These administrative fees may be imposed to offset manual processing costs resulting from a franchisee's failure to comply with requirements that are designed to automate or expedite our administrative tasks, for example, a failure to submit monthly royalty reporting in the prescribed electronic format.

Explanatory Notes

Note 1: Fees are imposed by and payable to us, except as otherwise noted. All fees are nonrefundable, unless otherwise determined at Big O's sole discretion. You must reimburse us for any taxes (other than income taxes) we pay on your royalty fees so that the net amount received by us is as set forth in the Franchise Agreement. Certain fees in our current Franchise Agreement have changed from the amounts charged in the past and may change in the future. Franchisees are only responsible for those fees

contained in the Franchise Agreements that they execute. Therefore, existing and future franchisees may have fees imposed on them that are different from those represented in this table. We may elect to waive or credit, reduce or defer payment of any and all fees and charges of any kind that are payable to us in connection with a franchise on a case-by-case basis.

Note 2: The following royalty provisions control the administration of the royalty for Business Format Franchisees –

a. The royalty rate that you pay for the period from the date your Store begins operations until the end of that calendar year will generally be 5.0%. However, you may be able to receive reductions or rebates of a portion of these royalty payments based on the Royalty Matrix as described below. The royalty rate applies to your Adjusted Gross Sales.

i. Your royalty rate will be calculated in accordance with the Royalty Matrix, which is included in Schedule 9 to Exhibit B-1 (the BF Franchise Agreement). The Royalty Matrix provides for a royalty rate for a given year based on your Gross Sales for that year. This Royalty Matrix will change each year based on the prior year average retail store sales. For new Stores, under the current Royalty Matrix, generally the maximum Royalty Rate will not exceed 5.0% and the lowest royalty rate will not be less than 4.0%. Big O will update and distribute the Royalty Matrix annually. For instance, if you sign the Franchise Agreement (Exhibit B-1) in 2014, the initial Royalty Matrix will be the 2014 Royalty Matrix, it will be updated annually. The Royalty Matrix will establish the minimum amount at which a rebate may be earned by a single Store, which minimum amount is the greater of: (a) 1.47 million, or (b) the average Store Gross Sales of all Big O stores for the previous year, excluding the top 10% of Stores and bottom 10% of Stores and adding $190,000 and rounding down to the nearest $10,000.

ii. If you own more than one Store, you may apply to us to become part of a Multi-Store Royalty Group. We may require, among other things, that Stores in a Multi-Store Royalty Group have 50% or more common ownership by one owner or that the Stores have 2 to 5 common owners with each owner having a 20% or more ownership of each Store.

Qualified Multi-Store Royalty Groups that elect to be treated as a group will have a lower per Store annual Gross Sales requirement to qualify for lower royalty rates than single Store franchisees that are not part of a Multi-Store Royalty Group.

Multi-Store Royalty Groups have a maximum royalty rate of 5.0%, but the royalty rate is subject to reduction on their Adjusted Gross Sales (defined exactly the same as for a single Store for this purpose).

iii. We have adopted royalty payment and true-up rules that are included in Schedule 9, Annex 2 of Exhibit B-1. These govern the application of the Royalty Matrix and various transition situations. These rules also cover the reconciliation of royalty payments made during the year based on estimated annual Gross Sales to the royalty payments that should be paid based on the actual annual Gross Sales.

b. Big O has a policy under which Big O will rebate to a qualified (as defined in the Manual) Business Format Franchisee a portion of its royalty payments if Big O fails to

meet certain "fill rate" standards for certain "Big O Program Products" designated in the policy. "Big O Program Products" are all tires bearing the Big O brand or Big O exclusive products that do not carry the Big O label and all other products designated by Big O periodically in its discretion. This policy may be changed periodically by Big O in consultation with the Franchise Advisory Council (which is further described in Note 4 of this Item 6 below). "Fill Rate" is the rate that Big O fulfills an order with the product ordered or an approved substitution product as designated by Big O. The Fill Rate will be measured on a warehouse by warehouse basis using a popularity code system. The amount, calculation and other details concerning the rebates paid under the Fill Rate Policy will be set forth in the Manual. Failure to fulfill orders due to causes beyond our control (such as natural disasters, strikes, governmental actions, war(s), or other causes), do not count against the Fill Rate or qualify a franchisee for a royalty rebate.

c. For BF Conversion Stores (that is, non-Big O retail tire stores converting to a BFF Store), for Additional Stores opened under the Additional Store Development Program that are operated as Business Format Franchises, and for BFF Stores that are opened by new Franchisees who sign Franchise Agreements by June 30, 2015 and open their Stores by March 31, 2016, Big O will temporarily charge reduced royalties in accordance with the following program during part of the first term of the Franchise Agreement:

For each participating Store, the royalty rate on monthly Adjusted Gross Sales of the Store will be: 2% for Year 1 and 4% for Year 2, with Year 2 beginning on the first day of the month immediately following the first anniversary of the Commencement Date. In subsequent years, the royalty rate will be the full royalty in accordance with the Royalty Matrix rate. These royalty rates will not affect the royalty rates on sales to National Account Customers or Key Account Customers, Excess Service Department Sales, or sales of Farm Class Tires, which will continue to be 2%, and will not affect other fees, such as Local Fund contributions and National Marketing Program Fees.

New Franchisees who sign Franchise Agreements by June 30, 2015 and open their Stores by March 31, 2016 are also entitled to other incentives for grand opening advertising described in Items 5 and 10.

d. Certain Business Format Franchisees pay a reduced royalty rate ("Alternate Rate") that applies for a temporary period, pursuant to a program we offered for a limited time in 2011, and extended from April 15, 2013 to July 15, 2013 as an incentive for Product Distribution Franchisees to convert to Business Format Franchises ("Conversion Incentive"). The Alternate Rate could have been as low as 3.5% for a period of 2 years from the date a franchisee or company owned Store elected to participate in the Conversion Incentive. At the end of the 2 years, the Alternate Rate is increased by 0.5% and remains in effect for an additional 2 years. The royalty rate is then based upon the Royalty Matrix in effect at that time. Financing options under the Conversion Incentive also included a flooring loan for up to $30,000 in credit for the purpose of financing increases in tire units in inventory. Term loans were made available to provide financing of the BOT POS system and Service Central interior displays and exterior signage and for store remodeling costs for Stores under the Conversion Incentive. Up to $17,000 was available for financing the BOT POS system and up to $7,000 was available for financing the displays and signage for up to 60 months at rates that varied depending upon the length of the loan. Up to $50,000 was available for financing of store remodeling costs for up to 36 months at rates that varied depending on the length of the

loan. The Alternate Rate and Conversion Incentive Loans are transferrable (for the remaining period of the Alternate Rate) to Franchisees who acquire a Store from a franchisee that elected to utilize the Alternate Rate and Conversion Incentive Loans, or who acquire a company owned Store that is operating under the Alternate Rate.

e. "Excess Service Department Sales" means the amount by which your Service Department Sales, defined below, excluding Service Department Sales to National Account Customers and Key Account Customers, exceed 40% of your Gross Sales, excluding Gross Sales to National Account Customers and Key Account Customers, as determined on a monthly basis. "Service Department Sales" means the amount of Gross Sales derived from non-tire related service work and products, including, but not limited to parts and labor for the following: air conditioning, alignment, batteries, brakes, front end repairs, fluid replacement, inspections, maintenance services, shocks and struts, oil changes, shop supply fees for items used to perform such services, and any warranties sold in connection with any such Sales. Service Department Sales shall include such other services and parts as we may determine, from time to time, in our sole discretion.

Note 3: The Local Fund contribution is non-refundable. Periodically, your Local Group may increase the amount you must spend for advertising (by contributions to the Local Fund or otherwise) above 4%, but your Local Group may not reduce this amount below 4% except by agreement with Big O or by policies as determined by Big O periodically in its sole discretion. Under our current policies, these reductions may include:

a. The Local Fund contribution rate on Gross Sales to National Account Customers and Key Account Customers approved by us and/or on Gross Sales of Farm Class Tires may be set at 2%.

b. Advertising contributions by one Store to its Local Fund are capped for each applicable calendar year at 4% (or such lower amount equal to the required Local Fund contribution then in effect) of the greater of $2.5 million or twice an approximation of the system-wide average Store sales for each prior 12 month period ending on October 31 of each year. For example, if the System-wide average Store sales for a given year are $1,500,000, and the then effective Local Fund minimum contribution percentage is 4%, the maximum contribution per Store would be $120,000 (2 X $1,500,000 = $3,000,000; X 4% = $120,000.) Under our current policies, this advertising contribution cap may start for a franchisee for the calendar year beginning on the first January 1 after the date of the franchisee's Franchise Agreement. The approximation of the system-wide average Store sales for each 12 month period will be calculated in accordance with policies periodically established by Big O in its discretion (for instance, this average is now calculated based on retail sales of the middle 80% of comparable Stores) and will be communicated by Big O no later than December 31 of that year.

c. The minimum contribution has been reduced by .4% to 3.6% of a Store's Gross Sales based on certain marketing programs which may be changed or terminated in the future, as described in Item 11.

Note 4: The "Franchise Advisory Council" or "FAC" is a group of elected representatives of our franchisees who meet regularly with our management, provide input to our strategic planning and present viewpoints on issues involving the franchise relationship. The FAC has approved an increase in the National Marketing Program fee by .6% from .25% to .85% based on certain marketing programs which may be changed or terminated in the future, as described in Item 11. Additionally, we have committed to FAC that we will not raise the National Marketing Fee until April 1, 2015 without FAC approval.

Note 5: The current fees are:

Company Office and/or Field Staff Professional/Managers	$10,000
Manager	$ 7,500
Assistant Manager	$ 3,500
Service Technician	$ 3,500
Salesperson	$ 2,500
Alignment Technician only	$ 2,000
Speed Lane Captain	$ 1,500
Tire Technician	$ 500

This fee may be waived by us in our sole discretion, upon your written application to us detailing why this fee is not applicable.

Note 6: You must maintain an inventory of Big O brand tires, other approved brands of tires and other products in amounts and variety as we may reasonably require. Your initial inventory will cost between $35,000 and $125,000. Product prices may include freight, fuel charges, and other delivery costs included in a stated delivered price or as stated separately.

Note 7: These fees reflect Big O's arrangement with DST Inc., a Solera company ("DST"), formerly, "Navex, Inc.", which provides the computerized point of sale system that is referred to as the "BOT POS System" in this disclosure document. You must acquire the BOT POS System. You must become licensees of DST in order to acquire the BOT POS System. All franchisees acquiring the BOT POS System must pay (i) the DST software license fee to Big O, (ii) fees for installation, conversion, training and onsite support to Big O, and (iii) monthly fees for maintenance and support to Big O, or as otherwise directed by DST and Big O. These fees may change periodically. The monthly maintenance and support fee also provides you with access to third party vendor data, such as the Epicor suite of automotive repair and service catalogues. DST may also charge hourly rates and other charges for services (such as installation, training and consulting) not included in the contracted maintenance and support services. See Item 11 (under Computer Systems) for more information. Certain portions of the fee paid to DST may be allocated to our development fund to be used for POS application enhancements. See Item 8.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Expenditures	Low	High	When Due	Method of Payment	Refundability	To Whom Payment Made
Initial Franchise Fee (See Note 1)	0	$30,000	See Item 5	See Item 5	See Item 5	Big O
Initial Training- Fees, Travel & Lodging Expenses (See Note 2)	$1,000	$7,800	As Incurred	As Agreed	Nonrefundable	Third Parties
Real Estate Leases (One to Three Months' Rent Plus Security Deposit) (See Note 3)	$4,000	$64,000	As Specified in Lease	As Agreed	Some or all of the security deposit may be refundable at the end of the lease term	Big O or Third Parties
Equipment, fixtures and other fixed assets (See Note 4)	$100,000	$275,000	See Note 4	As Agreed	Nonrefundable	Big O and Third Parties
Construction, Remodeling, Leasehold Improvements and Decorating Costs (See Note 5)	$5,000	$330,000	As Incurred	As Agreed	Nonrefundable	Big O and Third Parties
Signs	$10,000	$35,000	As Incurred	As Agreed	Nonrefundable	Big O or Third Parties
Grand Opening Advertising	$10,000	$50,000	As Incurred	As Agreed	Nonrefundable	Third Parties
Initial Inventory	$35,000	$125,000	As Incurred	As Agreed	Nonrefundable	Big O and Third Parties

Expenditures	Low	High	When Due	Method of Payment	Refundability	To Whom Payment Made
Insurance and Other Security (3 months) (See Note 6)	$2,000	$5,000	As Incurred	As Agreed	Nonrefundable	Third Parties
Computer Hardware and Software (See Note 7)	$16,200	$18,900	As Agreed	As Agreed	Nonrefundable	Big O or Third Parties
Non-recurring Pre-opening Costs (See Note 8)	$5,000	$35,000	As Agreed	Cash	Nonrefundable	Third Parties
Additional Funds (up to 12 months) (See Note 9)	$50,000	$150,000	As Incurred	As Agreed	Nonrefundable	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 10)	$238,200	$1,125,700				

Explanatory Notes

Note 1: **Initial Franchise Fee**. The initial franchise fee may vary as described in Item 5. You must reimburse us for any taxes (other than income taxes) we pay on your initial franchise fee so that the net amount received by us is as set forth in the Franchise Agreement.

Note 2: **Initial Training – Fees, Travel and Lodging Expenses**. We may charge you training fees, except that the initial Online Training, Facilitated Training, and on-location training program for one person are included in the initial franchise fee. In addition, you will have to bear expenses arising in connection with your training, such as travel, daily transportation to and from the training facility, and any other living expenses. We will pay for lodging during the classroom portion of the new franchisee orientation training program. See Item 11 under "Training" for more details.

Note 3: **Real Estate Leases**. If you do not own adequate space, you will need to lease or purchase the land and building for your Store. Typically locations for a Store are prime retail sites. You will generally need a facility of 5,000 to 7,536 square feet to operate your store with a prototypical store sized at 6,240 square feet. If leased, the base monthly rent is estimated to range from $4,000 to $16,000 per month, depending on geographic location, size of the premises and other economic factors. Typically, these leases are triple net leases, under which the tenant must pay all taxes, insurance and maintenance expenses over and above the base rent amount. The estimate provided assumes that you will rent the facility and that you must provide a security deposit of one month's base rent to the landlord. In a build-to-suit lease, the landlord may include some or all of the improvements, fixtures, equipment and signs in the cost to build the building and factor these costs into your lease payments. We provide a number of Store lease programs for which you may be eligible. These programs are described in Item 10 below. You may elect to purchase the land and building rather than renting. If you purchase the land and build your store, your estimated combined costs for the land and building construction may range from $900,000 to $2,000,000 depending upon market conditions. If you purchase an existing building and remodel it, your costs may be less. You will not incur the premises rent costs listed above, but will have to factor in additional costs for financing, acquisition and construction of the building.

Note 4: **Equipment, Fixtures and Other Fixed Assets**. The high estimate is based on the purchase of new equipment and fixtures and the low estimate is based on the purchase through Big O, or others, of used or refurbished equipment and fixtures. Generally, you must pay 25% of the equipment order at the time you place the order or, in the alternative, you must provide an irrevocable letter of credit to secure payment of the equipment order. The entire balance you owe for equipment and fixtures and the amount due for your initial inventory order must be paid in full before your initial inventory order is shipped to you. Another alternative is to lease equipment, in which case you must provide proof of the equipment lease agreement. This estimate also includes any investment related to the TBC Retail Group Service Central Program, in which you are required to participate. This program is further described in Items 8 and 11.

Note 5: **Construction, Remodeling, Leasehold Improvements and Decorating Costs**. These estimates do not include new construction; the cost of new construction is discussed in Note 3 above. The cost of remodeling, leasehold improvements and decorating costs will vary based on a variety of factors, such as the location of the Store and the type and condition of the building to be remodeled, improved or decorated. This estimate includes the amount of any real estate development fee if we develop the site for your Store and use a third party developer to develop the site and your Store. This estimate also includes the amount of any real estate consulting charges if you utilize the services of members of the Big O real estate department for consultation in regard to the development, construction, remodeling or conversion of your Big O Store. See Item 5.

Note 6: **Insurance and Other Security**. You must maintain insurance described in Article 21 of the Franchise Agreement and in our Manual and as required by the terms of your lease or sublease, as may be applicable. We may change these insurance requirements periodically. Currently, the types of insurance and the minimum dollar amount of coverage you must maintain are: (a) Workers' Compensation; (b) Comprehensive or Commercial General Liability (including among other things, product liability) with limits not less than $1 million per occurrence and $2 million general aggregate; (c) Vehicular/Automobile Liability of not less than $1 million per occurrence combined single limit; (d) "All Risk" Property for repair/replacement coverage and valuation of all assets and Business Income/Extra Expense insurance; (e) Garage liability of not less than $1 million per occurrence and $2 million general aggregate and Garagekeepers Legal Liability of not less than $100,000 combined single limit per location; and (f) Commercial Umbrella Liability of not less than $1 million per occurrence combined single limit. Other insurance coverage is recommended by Big O and you must maintain these other coverages if required by law where the franchised business operates. These may include Inland Marine, Boiler and Machinery, Employment Practices Liability and Comprehensive Fidelity/Crime. The investment amounts set forth in the table represent three months of initial commitment costs with additional premiums at or just before opening. Premiums for these coverages will vary greatly because of location, amounts of coverage, values being insured, annual sales, number of employees, experience ratings, and other factors.

A transferee of a Franchised Business or a franchisee under the CPR Plan must, at our discretion, obtain a surety bond or letter of credit of not less than $10,000 (or such other amount as we may periodically designate) to secure payment of contributions to the National Marketing Program, the Local Fund, or both. Fees for these bonds or letters of credit will vary based on a variety of factors, including the transferee's or other franchisee's creditworthiness.

Note 7: **Computer Hardware and Software**. You must acquire, install and use the BOT POS System. You must pay (i) the DST software license fee to Big O, (ii) all fees for installation, conversion, training and onsite support to Big O, and (iii) monthly fees for maintenance and support to Big O, or as otherwise directed by DST and Big O. Franchisees acquiring the BOT POS System are also responsible for all hardware and management costs. The estimated approximate average initial cost to purchase and install the BOT POS System (including the license fee, installation fee, conversion fee and store training and on-site go live support fees described in Item 6) is $16,200 to $18,900 (See Item 11 for more details). These costs do not include taxes, shipping fees, or the travel expenses for the POS trainer.

Note 8: **Non-recurring Pre-opening Costs**. This estimated amount includes deposits for utilities, fees for city, state and local business licenses, any loan origination fees, any bank fees, and other non-recurring expenses.

Note 9: **Additional Funds.** This amount includes estimated pre-operational expenses not listed above, as well as estimated additional funds necessary to pay on-going expenses not covered by sales revenues for the first twelve months of operations, including payroll costs. You may have additional expenses starting or converting your business. Your costs depend on several factors, including how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market for our products and services, the prevailing wage rate, competition, your competitive advertising and promotion, and the sales level reached during the initial period. Also, if you wish to become a franchisee of a new Store with an anticipated "high" cost real estate project, you must, at our discretion, meet certain higher net worth and liquidity requirements before we approve you as a franchisee. The current standards for high real estate costs are $2 million or more for purchased real estate or lease payments of $16,000 per month or more for leased real estate. The current net worth and liquidity requirements are a net worth of $500,000 or more and liquid assets (that is, cash

and cash equivalents) of $150,000 or more when you are leasing an existing store or a new store and a net worth of $1,000,000 or more, and liquid assets of $300,000 or more for a high cost real estate project.

Note 10: **Total Estimated Initial Investment**. We have relied on our experience since 1962 in the retail tire store and automotive service business in compiling these estimates. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. Other than the limited situations discussed in Item 10 of this Disclosure Document, we do not offer financing directly or indirectly for any part of the initial investment.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must establish and operate your Big O Store in compliance with your Franchise Agreement and the standards and specifications contained in our confidential operating manual ("Manual"). Our Manual consists of various written, electronic, audio, video, and Internet instructions, including our Franchise Policies & Standards Manual, consisting of our policies and standards on various matters. The Manual also includes any training materials, including the online learning management system, TBC University.com, or any other proprietary information and other materials stating Big O's standards, policies, procedures, technical bulletins or other information, including any information posted on the Big O Tires Website Business Center. Our Manual may be modified by us periodically to reflect changes in authorized products and services, standards or service quality, and the operations of Big O Stores. It is your responsibility to maintain an updated Manual, or if provided electronically, to regularly check for updates to the Manual and maintain compliance with the current Manual. In the event of a dispute as to the contents of the Manual, the most recent revision made and issued by us shall control.

We have standards and specifications for your Store, the premises where your Store is located, equipment, signage, furniture, fixtures, wearables, supplies, forms, inventory, advertising materials, computer software and hardware, and most products and other items used in or sold through your Big O Store. Standards and specifications include standards for delivery, performance, warranties, signage, fixtures, design, appearance, quality and other matters. You must purchase or lease all products, equipment, supplies, and services used in or sold through your Big O Store in accordance with our standards and specifications only from us or other sources approved by us. When you sign the Franchise Agreement, we will grant you online access to the Manual. Included in the Manual is a list of our approved suppliers. We have the right to change the standards and specifications included in the Manual, including the list of approved suppliers. You must comply with all standards and changes which are deemed, by their terms, to be mandatory; provided that the changes are applied in a reasonable and nondiscriminatory manner among comparable Big O franchisees. The Franchise Agreement also provides that you must comply with Big O's national fleet account policies and must participate in Big O's national fleet account programs, which are described in Item 11 (see paragraph 7 under "Continuing Obligations"). Also, periodically, we may institute pricing or discount programs in which the availability of lower prices or of discounts may depend, in whole or in part, on your meeting certain requirements established by us.

Tires. We sell lines of private label tires to Big O Tires Stores. These private label tires are manufactured by Sumitomo Corporation and unaffiliated manufacturers. You must purchase and maintain minimum inventory levels of these lines. We may look to other manufacturers to produce tire products in the future. We do not manufacture tires. Most products are delivered to franchisees from the RDC servicing their area at a minimum of twice weekly. We commit to supply you with the Big O branded tire lines but we do not guarantee to supply you with any specific numbers or sizes of tires or

with any other specific tire brands. However, we do have a fill rate policy which is described in Item 6, Note 2.

We are the only approved supplier of Big O private brand tires, Service Central brand products and other private brand products which are manufactured exclusively for us or TBC. We may add or change private brands of tires and other products periodically. We are also an approved supplier of various major brand tires. You must purchase your tires bearing the Big O trademark and other brands from the RDC in your area or, with our approval, other RDCs. In addition, you may purchase other lines of tires through the RDC or from any other approved source.

From the date at the end of the 180 day period from the date you open your Store (or in the case of a transferee or Conversion Store, from a date we designate), for the rest of the calendar year after this date and for each calendar year after that, 40% or more of all your tire unit sales at your Store must be Big O brand tires, Big O or TBC Retail Group exclusive tires, or other brand tires periodically designated by us as exclusive to the Big O product screen, excluding sales of snow tires (other than snow tires periodically designated by Big O) and ultra high performance tires (as those terms are defined in the Manual), Farm Class Tires and trailer tires. Big O may periodically change this percentage (that is, the 40%) for its franchisees generally or for particular areas or circumstances.

We anticipate that purchases you make from us and our designated or approved sources will comprise 90% of your initial tire inventory investment and 80% or more of your ongoing purchases of tire products and supplies.

To differentiate our products in a commodity market, all Big O brand tires are sold with limited warranties periodically prescribed by us. You must offer and honor these limited warranties, including terms providing for free replacements. You must also honor warranties for certain products and services sold by non-Big O Stores in accordance with policies we may establish periodically; under our current policies, you must honor certain warranties for products and services sold by designated non-Big O, TBC affiliated retailers.

At the discretion of your Local Group, you may offer the Premium Tire Service Policy which provides certain services and products as part of the purchase price of the new tires, which are generally provided at an additional charge by our competitors. These include mounting and balancing of new tires, wheel weights and new rubber valve stems.

Wearables, Services, and Signs. All specialty items, wearables, merchandising and display materials, and signs bearing the Big O trademark must be purchased only from or through Big O or another supplier approved by us.

Payments by Suppliers to Big O. We derive revenue from your purchases through certain designated or approved sources of certain products and services on a percentage basis ranging from 1% to 10% of the purchase price, which range could vary, depending upon the combined annual purchase/sales volume of you and other franchisees or as may be negotiated periodically with vendors. Also, as a result of the combined volume of purchases by Big O, TBC, and other companies affiliated with them, the amount of annual volume bonuses available to TBC and its affiliates on its purchases of certain products (such as tires) is greater than it would be without Big O. Periodically we may participate in other programs in which suppliers of products or services to franchisees make payments to us in the form of rebates, commissions, endorsement fees or other payments or make payments to the National Marketing Program (described in Item 11) for authorizing, promoting or otherwise facilitating franchisee purchases of certain goods or services. These programs vary among suppliers, but may include payments

ranging from 1% to 3% of franchisee purchases from these suppliers. Also, we may derive revenues from your licensing of certain approved software, which partially offsets the costs we incur to develop, support and maintain such software (See Item 6, note 7).

Service Central Program. We offer the TBC Retail Group Service Central program to stores in the TBC Retail Group, including Big O Stores, to enable them to offer consistent services under the Service Central brand. You are required to participate in this program. This Service Central brand program is further described in Item 11. Under this program, a Franchisee is required: (a) to sell/perform fluid services to include oil changes and fluid exchange services, (b) to sell/perform battery installations, (c) to sell/install wiper blade products, (d) to sell/perform any future programs that will be added to the Service Central offering, and (e) to purchase and use a Service Central point of purchase (POP) package (which currently costs between $4,500 and $8,000). You will be required to purchase products/services that have been approved under the "Service Central" brand. An approved Service Central brand product/service is one that has "Service Central packaging" or that otherwise has met the minimum quality standards, TBC Retail Group warranty guidelines, product liability requirements, packaging fill rate, and other Service Central / TBC Retail Group guidelines from Big O or an approved manufacturer, distributor or retailer designated or approved by Big O. Many Service Central approved products/services will have promotional programs that will be exclusive to Big O Tires franchisees and cannot be sold or performed to/by any company outside TBC Retail Group. We reserve the right, in our sole discretion, to exempt (upon the franchisee's request) any franchisee from performing Service Central services if providing such services conflicts with a prior non-compete provision, restrictive covenant or other circumstance that would prohibit franchisee from providing such services.

Accounting Services. At our discretion, new franchisees must use some or all of the services of a retail accounting center ("RAC"), which may be a cooperative or association of franchisees or another entity owned by Big O franchisees or third parties, or an operation that is part of Big O or an independent third party, for the generation of financial statements and for providing accounting, payroll and related services. In the event you utilize the services of a RAC, you must provide sufficient financial information to a RAC to enable it to prepare on an accurate and timely basis financial statements that you must deliver to us and must authorize that RAC to deliver these financial statements directly to us. At our discretion, you must join a RAC specified by us, which may be a regional RAC or a RAC operated by Big O or an independent third party on a system-wide or other basis. The services offered by each RAC may vary by region. The RAC or preferred vendor will assess you a fee for the services you use. See Item 6.

Computer Systems. Franchisees must implement, maintain and use any computer or information system required by Big O. Currently, Business Format Franchisees must acquire, install and use the BOT POS System (which is further described in Item 11).

Franchisees acquiring the BOT POS System become licensees of DST. Franchisees acquiring the BOT POS System must pay (i) the DST software license fee to Big O, (ii) all fees for installation, conversion, training and onsite support to Big O, and (iii) monthly fees for maintenance and support to Big O, or as otherwise directed by DST or Big O (including, for instance, the monthly maintenance and support fee under the EULA which is disclosed in Item 6). All franchisees acquiring the BOT POS System must also obtain all the necessary computer hardware that meets our specifications (as more fully described in Item 11), and will be responsible for all hardware and maintenance costs. A portion of the fees collected by Big O shall be used by Big O for BOT POS System application enhancements as provided in the EULA.

Insurance. You must maintain the insurance coverages, at your expense, as set forth in Section 21 of the Franchise Agreement, in our Manual, and as required by the terms of your lease or sublease, as may be applicable. The types of insurance and the minimum dollar amount of coverage you currently must maintain are listed in Note 6 to Item 7.

Interest of Officers. One or more officers of Big O own an interest in TBC, which may occasionally sell products or supply services to Big O franchisees.

Unapproved Suppliers. If you want to purchase or lease any products, equipment, supplies, or services, or use a supplier not listed in the Manual as previously approved by us, you must first obtain our written approval. We will determine whether to approve a supplier selected by you using the following procedures:

(1) You must submit a written request to us for approval of the supplier and provide us evidence of the need for the products or services and that the products do not conflict with existing marketing program products;

(2) The supplier must demonstrate to our reasonable satisfaction that it is able to supply the product or service to you which meets our standards and specifications, and that it is able to do so on a timely basis;

(3) The supplier must demonstrate to our reasonable satisfaction that it is financially sound and in good standing in the business community with respect to the reliability of its products and services;

(4) The supplier must indemnify and hold you and us harmless from and against any claim or liability based on the supplier's products or services, including claims of defects in materials and workmanship, and the supplier must provide to us certificates or other evidence of insurance coverage with limits sufficient to cover the risks associated with its products and services, and with an endorsement naming you and us as additional insureds; and

(5) Any supplier of tire products must meet the then current requirements under the TREAD Act.

We will notify you of our approval or disapproval in writing as soon as practicable after we have received all of the information requested by us. We may withhold our approval of any product, service equipment or supplier as we determine in our sole discretion. For instance, we would withhold our approval if in our opinion the product conflicts with existing marketing program products or the product cannot be adequately warranted and serviced by other Big O franchisees. We may also withhold our approval of any services as we determine in our discretion. We do not charge a fee to consider a new supplier or service for approval. We can revoke approval of an approved supplier at any time at our sole discretion. We will notify you if we revoke approval of an approved supplier or service that you have told us you are using.

Your National Fleet Account transactions are processed through third parties selected by us. These parties currently charge a fee of up to 12.5% of the amount of each transaction for this service. The fee payable to the third party will depend on the third party designated for a particular transaction. We do not currently collect any handling fee, but may do so in the future. See Item 6. We currently receive a processing allowance from one tire manufacturer, of $5.00 per tire for certain brands of tires that are installed through one of the National Fleet Account programs. This allowance is to partially

reimburse us for our expenses associated with administering this program. We may receive additional allowances from this manufacturer and other parties related to the processing of National Fleet Account transactions in the future.

We and certain of our affiliates also derive revenues from purchases made through us. During the 12 month period ended March 31, 2014, we and our affiliates had total consolidated revenues of $251,262,195 (this amount does not include revenues of TBC, TBC Private Brands, SCOA and Sumitomo Corporation and their non-Big O subsidiaries). Of this amount, $225,081,877 (approximately 89.6%) consisted of revenues from products or services (other than real estate sales or leases) sold by us or our affiliates to Big O franchisees. In addition, we and our affiliates leased or subleased real estate to some of our franchisees. Total revenues from leases or subleases with Big O franchisees were $4,559,618 (approximately 1.8% of total consolidated revenues), which when netted against our lease expenses of $4,363,453, resulted in net gain of $196,165 for the 12 month period ended March 31, 2014.

Cooperatives. We do not have any purchasing or distribution cooperatives.

Credit Card Program. Franchisees may choose to participate in a private label credit card program which is currently being offered through Citibank (South Dakota), N.A. ("Citi"). In order to participate in this program, you will be required to sign a Dealer Agreement with Citibank, a copy of which is attached as Exhibit S. In the event you do not meet Citi's credit criteria to participate in the program, we may, in our sole discretion, guaranty your obligations to Citi on the condition that you agree to indemnify us in the event of your default by signing the Deposit and Indemnity Agreement attached as Exhibit T. We may also require that you deposit $1,000 with us as security for our guaranty of your obligations to Citi.

Negotiable Prices. On occasion we negotiate purchase arrangements with suppliers for the benefit of our franchisees. You may receive benefits from these purchase arrangements for your use of any particular designated or approved source. These benefits include the right to sell Big O brand products, to sell other branded products, to receive competitive pricing and to receive promotional support, warehousing, delivery and other services from our designated and approved sources.

Material Benefits. We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described in this Item 8.

Except as is described in this Item 8, you do not receive a material benefit from us based on your use of any particular designated or approved source.

Other than the requirements above, you are not obligated to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate from us or any other specifically designated source.

ITEM 9
FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

Obligation	Section in Agreements	Disclosure Document Item
a. Site selection and acquisition/lease	Section 6.02 and Schedule 4 to the Franchise Agreement; Section 1 of Franchise Deposit Receipt Agreement; Sublease; Lease Agreement	Items 7 and 11
b. Pre-opening purchases/leases	Sections 6.02, 6.03, 6.04, 14.01, 14.02, 14.06, Paragraph 4 of Schedule 7, and Schedule 10 of the Franchise Agreement; Section 4 of Sublease; Section 3 of Lease Agreement	Items 7, 8 and 10
c. Site development and other Pre-opening requirements	Sections 6.01, 6.02, 6.03 and 6.04 and Paragraph 4 of Schedule 7 to the Franchise Agreement;	Items 6, 7, 10 and 11
d. Initial and ongoing training	Sections 7.01, 7.02, 11.01 and 11.02 and Schedule 7 to the Franchise Agreement; Certification Program Agreement	Items 5, 6, 7, 11 and 15
e. Opening	Sections 6.04 and 6.05 and Schedule 7 to the Franchise Agreement	Item 11
f. Fees	Section 10.03, Articles 8 and 15, Schedule 7 and the Summary Pages to the Franchise Agreement; Sections 3, 4 and 16 of Sublease; Sections 2, 3, and 28.9 of Lease Agreement; Section 5.1 of End User Software License Agreement; Articles 5 and 6	Items 5, 6, 7 and 11

Obligation	Section in Agreements	Disclosure Document Item
g. Compliance with standards and policies/ Operations Manual	Articles 6, 10, 11, 12, 13, 14 and 15 and Schedule 7 to the Franchise Agreement; Section 5 of Sublease and Sections 4 and 5 of Lease Agreement	Items 8, 11, 14 and 16
h. Trademarks and proprietary information	Article 9, Sections 13.02 and 17.02 and Schedules 6 and 7 to the Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Article 14 and Schedule 7 to the Franchise Agreement; Section 5 of Sublease; and Sections 4 and 5 of Lease Agreement	Items 8 and 16
j. Warranty and customer service requirements	Sections 14.01 and 14.04, Paragraph 13 of Schedule 7 to the Franchise Agreement	Items 8 and 11
k. Territorial development and sales Quotas	Section 14.01 and Articles 2 and 6 to the Franchise Agreement; Market Reservation Agreement	Items 5 and 12
l. On-going product/service purchases	Sections 14.01, 14.02, 14.03, 14.06, Schedule 7 and Schedule 10 of the Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 5.02(b), 6.03, 10.01 and 18.04(b)(vii) to the Franchise Agreement	Items 7, 10, 11 and 16
n. Insurance	Article 21 to the Franchise Agreement; Section 5 of Sublease; Section 9 of Lease Agreement; and Section 9.6 of Security Agreement	Items 6, 7 and 8
o. Advertising	Article 15 and the Summary Page to the Franchise Agreement	Items 6, 7 and 11

Obligation	Section in Agreements	Disclosure Document Item
p. Indemnification	Section 23.01, Paragraph 13 of Schedule 7 to the Franchise Agreement; Section 7 of Sublease; Section 15 of Lease Agreement; Section 11 of Franchise Deposit Receipt Agreement; Section 6 of End User Software License Agreement; Section 13 of Citibank Dealer Agreement; Deposit and Indemnity Agreement	Items 6, 11 and 16
q. Owner's participation/ management/staffing	Article 11 to the Franchise Agreement	Item 15
r. Records and reports	Article 16 to the Franchise Agreement; Sections 3 and 4 of Technology Agreement	Items 6, 8 and 11
s. Inspections and audits	Article 12 and Sections 14.06, 16.02 and 16.04 to the Franchise Agreement	Items 6 and 11
t. Transfer	Article 18 to the Franchise Agreement; Section 11 of Sublease; Section 16 of Lease Agreement; Agreement and Consent to Assignment of Big O Tires Store	Items 6 and 17
u. Renewal	Section 4.02 and Article 5 to the Franchise Agreement; Section 2 of Sublease	Items 6 and 17
v. Post-termination obligations	Section 20.01 to the Franchise Agreement	Item 17
w. Noncompetition covenants	Article 17 and Schedule 7 to the Franchise Agreement	Item 17

Obligation	Section in Agreements	Disclosure Document Item
x. Dispute resolution	Articles 27 and 29 and Schedule 3 to the Franchise Agreement; Section 29 of the Franchise Agreement; Technology Agreement; Deposit and Indemnity Agreement	Item 17 and 11
y. Computer system requirements	Sections 6.03, 10.01 and 16.05 to the Franchise Agreement; Technology Agreement; End User Software License Agreement	Items 6, 7 and 11

ITEM 10

FINANCING

Summary of Items Financed (See Notes 1-9)

Financing Program	Items Financed	Eligibility	Amount Financed	Interest Rate	Term	Security Required	Liability Upon Franchisees:		Payment Terms
							Default	Waiver of Legal Rights	
Real Estate Sub-lease (See Note 10)	Big O may lease space for your store and sublease it to you.	At Big O's discretion.	Varies	Interest due only on past due rent. See Exhibit F.	Varies	Security deposit specified in sublease; personal guarantee by owners and others.	See Note 10.	Indemnification of Big O from claims arising from sublease.	Monthly rent payments on the first day of each month.
Real Estate Lease (See Note 11)	Big O may own the property where your franchise is located and lease it to you.	At Big O's discretion.	Varies	Interest due only on past due rent. See Exhibit P.	Varies	Security deposit specified in lease; personal guarantee by owners and others.	See Note 11.	Mutual waiver of subrogation; Indemnification of Big O from claims arising from leased premises.	Monthly rent payments on the first day of each month.

Financing Program	**Items Financed**	**Eligibility**	**Amount Financed**	**Interest Rate**	**Term**	**Security Required**	**Liability Upon Franchisees:**		**Payment Terms**
							Default	**Waiver of Legal Rights**	
Financing Programs (See Notes 12 and 13)	Certain costs for a non-Big O store to convert to a Big O BFF Store or costs to acquire, open and operate an additional Big O Store.	You must be financially qualified, and, as applicable, either (i) meet the requirements for the CPR Plan, sign a Converter Rider, and the converting Store must become a BFF Store, or (ii) be an existing Franchisee approved by us. See Notes 12 and 13.	Up to $75,000 for inventory and/or certain matching grants. See Notes 12 and 13.	"Prime rate" as published in the Wall Street Journal plus negotiated percentage per annum.	Up to 37 months for inventory loan.	Accounts receivable, inventory, equipment, fixtures, intangibles and other assets of Store, personal guaranty of owners and others. See Exhibit H.	Acceleration of note; increased interest rate; payment of collection costs (including attorneys' fees).	Waives delinquency of collection, presentment for payment, duty to enforce security.	See Notes 12,13 and Exhibit G.
Manager Incentive Program (See Note 14)	Purchase of a Store by Store manager from Big O.	Managers of Big O owned Stores designated by Big O in its discretion. Available only for Business Format Franchisees.	The purchase price of a Store as negotiated by Big O and the manager.	Prime plus 2% per annum.	Negotiated by Big O and the manager.	Negotiated by Big O and the manager. Generally security interest in all assets of the Store is required.	Negotiated by Big O and the manager. Liability includes acceleration of the promissory note.	Negotiated by Big O and the manager.	Negotiated by Big O and the manager.

Financing Program	Items Financed	Eligibility	Amount Financed	Interest Rate	Term	Security Required	Liability Upon Franchisees:		Payment Terms
							Default	Waiver of Legal Rights	
Other Financing (See Note 15)	Inventory, equipment or other.	In our discretion	Varies. In last fiscal year, 8 franchisees borrowed a total of $508,500.	Prime plus 2% per annum plus loan origination fee.	Varies, generally not more than 36 months. In last fiscal year, no term longer than 36 months.	Varies. Generally, all assets of your Store.	As provided in Exhibits G and H (See Note 8).	As provided in Exhibits G and H (See Note 8).	Varies

Explanatory Notes:

Note 1: General Factors: All financing options and terms are provided at the discretion of Big O, which may be affected by such factors as: accounting rules, business and regulatory requirements, creditworthiness of franchisee, benefit to Big O and the availability of funds from internal or other sources. Big O may deny participation in any of these programs to any franchisee on this basis, for any other reason or for no reason.

Note 2: Source of Financing: By Big O for all programs listed above, other than the Manager Incentive Program (see Note 14).

Note 3: Down Payments: May be required for any program listed above.

Note 4: Prepayment Penalty: There is no prepayment penalty on any financing program.

Note 5: Automatic Clearing House Payments: Unless otherwise specified, all amounts payable to Big O must be paid by Automatic Clearing House debits to your checking account.

Note 6: SBA Registry: Our franchisees are eligible for expedited Small Business Administration ("SBA") loan processing through the SBA's Franchise Registry Program. See www.franchiseregistry.com.

Note 7: General Interest Rate Terms: Unless otherwise noted, the interest rate on loans provided by Big O will be the "prime rate" as published in the Wall Street Journal plus 2% per annum. This may vary as negotiated. Unless otherwise noted, the increased interest rate on default is the lesser of 18% per year or the highest rate permitted by applicable law.

Note 8: General Default Terms: The standard promissory note in Exhibit G provides that: (a) your liability on default includes acceleration of the note; increased interest rate, and payment of collection costs (including attorneys fees); and (b) you waive delinquency of collection, presentment for payment and duty to enforce security. The security agreement in Exhibit H provides that: (a) on your default, we can take possession of the collateral, and you are required to pay costs of collection (including attorneys fees) and (b) you waive any right to have Big O seek collection from a third party or for Big O to make presentment on payments made to Big O with respect to collateral. The Franchise Agreement provides that Big O will have good cause to terminate your Franchise Agreement if you (or any of your affiliates or guarantors) default on any loan, agreement or lease with Big O. Franchise Agreement Section 19.01(k).

Note 9: Financing of Delinquent Payments: Big O may, in its discretion (without waiving any other rights available) enter into negotiated payment arrangements with franchisees who have been late in payment. Under these circumstances, we may charge a loan origination fee, we may impose restrictions on the franchisee's operations and we may require security and/or other consideration for the loan.

Note 10: Real Estate Sublease: Subject to change by Big O in its discretion, your rent will generally be: (1) market rates as determined by Big O, or (ii) initially, Big O's cost plus a mark-up based on risk and market conditions. Initial rental rates are generally subject to increase on a periodic basis. Improvements to the leased facility made by us will require additional rent sufficient to amortize the improvements plus provide return on the investment. Liability Upon Default: Loss of security deposit; termination of sublease; liability to Big O for all damages suffered and/or costs incurred as a result of

default; late fees; interest; cost of collection including attorneys' fees. Big O has a right of re-entry. See Sublease Exhibit F.

Note 11: Real Estate Lease: Rent will be calculated to include amortization of the cost of property including improvements plus a return on the investment. These rates are subject to change on a periodic basis. Liability Upon Default: Loss of security deposit; termination of lease; liability to Big O for all damages suffered and/or costs incurred as a result of default; late fees; interest; cost of collection including attorneys' fees. Big O has a right of re-entry. See Lease Exhibit P.

Note 12: BF Conversion Store Financing Program: The term "Conversion Store" does not include conversions from a PDF to a BFF store. Amount Financed: Varies as negotiated by Big O and Franchisee. This may include up to $75,000 in financing to acquire initial inventory from RDCs only. In addition, Big O may provide funding by: (a) matching dollar for dollar up to $25,000 the amount you spend for opening or changeover advertising and/or (b) matching dollar-for-dollar up to $25,000 the amount you spend to re-image, remodel, re-merchandise or re-equip your store. You will be required to spend matching funds in accordance with certain conditions and deadlines determined by us. Payment Terms: Interest only payment in first (partial) month, then monthly payments of principal and interest for 36 months. See, Converter Rider, Schedule 7 to Franchise Agreement; Exhibit G, Promissory Note (Inventory Note).

Note 13: Additional Store Development Financing Program: Eligibility: When expanding to create additional Big O Stores you may be eligible for the financing amounts and terms described in Note 12 above if you: (i) have supported our RDCs through inventory purchases, (ii) attended monthly owner's meetings held in your region, (iii) are current with your financial commitments and reporting obligations to Big O, (iv) are in compliance with all Big O related agreements and (v) exhibit an overall support of system marketing plans. Payment Terms: Interest only payments for 6 months, then monthly payments of principal and interest for 30 months. See, Exhibit G, Promissory Note (Inventory Note).

Note 14: Manager Incentive Program: Program Description: Under this program, the managers of certain stores owned by Big O may, in our sole discretion, be granted an option to buy the Store, and the manager may earn "Purchase Credits" equal to a percentage of the annual net earnings of the Store he or she manages. Once the Purchase Credits equal or exceed a predetermined percentage of the agreed upon purchase price for the Store, the Purchase Credits can be used to pay a down payment toward the purchase of the Store. The manager will be required to provide a promissory note for the balance of the purchase price. See Manager Incentive Contract, Exhibit R.

Note 15: Other Financing: Documentation Required: Generally Promissory Note, Exhibit G and Security Agreement, Exhibit H. On occasion, we sell the notes receivable we receive from our franchisees to third party lenders. In that event, the Franchisees may need to make payment directly to the third party lender. We reserve the right to continue to occasionally do so in the future in our discretion. We may remain primarily liable to provide all services, if any, due to you under the notes receivable from you, and the third party who may acquire these notes may be immune under the law to any defenses to payment you may have against us. Also, the Security Agreement in Exhibit H provides that, if we transfer our rights under the Security Agreement to a third party, in any litigation brought by the third party to recover sums due or recover collateral under the Security Agreement, you may not assert against that third party any defenses or claims you may have against us.

All financing that we offer may have significant regulatory implications to Big O. We reserve the right in our sole discretion to deny participation in any of these programs to any franchisee on this basis, for any other reason or for no reason.

We do not offer financing under which you must confess judgment against us or a lender. We do not receive any direct or indirect payments for placing financing. We do not guarantee your obligations to third parties other than as set forth in this Item 10.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND TRAINING

Except as listed below, Big O is not required to provide you with any assistance.

Pre-Opening Obligations.

Before the opening of your Big O Store, under the Franchise Agreement, we (or our designee) must provide the following assistance and services to you to the extent and as determined by us periodically:

1. If you choose to purchase the land and building, and you request that we develop the site, we may, in our discretion, hire a developer and require that he use reasonable efforts to complete the work of the building and installation to a point of readiness for your occupancy. This represents our current policy, which we may change in our discretion. However, the Franchise Agreement does contemplate that Big O will provide certain assistance in site development (as described below) and that Big O, in its discretion, may provide other assistance. (Franchise Agreement Section 7.01).

2. To assist you in selecting a site for your Store, we will provide you criteria for a satisfactory site conduct an on-site inspection and determine whether a proposed site fulfills the requisite criteria before formal approval of a site selected by you. (See "Additional Site Selection Information" in this Item 11 below) (Franchise agreement Section 7.01(a)).

3. We will provide you a prototype floor plan, elevation and equipment layout for your Store. We may charge you our cost (as reasonably determined by us) for these documents. You must purchase the equipment, signs, and fixtures as detailed in Item 7. (Franchise Agreement Section 7.01(b)).

4. We will provide training for one person in the operation of your Big O Store online ("Online Training") and at one or more locations designated by us ("Facilitated Training"), and we will provide field training and certification for that one person at a Big O Store. The Online Training may be conducted at your home or any other location you choose. The number of weeks of this initial training will be the number specified by us in our discretion; currently, we specify approximately one or two days of Online Training, two weeks of Facilitated Training, two weeks of required field training and two weeks of optional field training in a Store. Also, in certain cases (typically involving a Store with high real estate costs or high past sales) the franchisee must take part in additional training. (See "Training Programs" in this Item 11, below) (Franchise Agreement Section 7.01(c)).

5. We will provide you with online access to our Manual (which is further described in Item 8) or other proprietary information (Franchise Agreement Section 7.01(d)).

6. We will assist you in selecting your initial inventory (Franchise Agreement Section 7.01(e)).

7. We will assist you in the lay-out, merchandising and display of your Store (Franchise Agreement Section 7.01(f)).

Schedule for Opening.

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Big O Store is 3 to 24 months. The Franchise Agreement provides that, unless otherwise agreed in writing, you have 16 months after the signing of the Franchise Agreement to open and begin operating your Store. Some factors which may affect this timing are your ability to locate an acceptable site, the time to acquire the site through lease or purchase, the time to build your Store facility, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances and the timing of the delivery and installation of equipment and signs.

Continuing Obligations.

During the term of the Franchise Agreement, we (or our designee) will provide the following assistance and services to you to the extent and as determined by us periodically:

We will not charge a fee for the following assistance:

1. If available to us, we will provide you a source from which you may purchase Big O private brand tires. Franchise Agreement Section 7.02(a)(i). We acknowledge our obligation to have products available to our franchisees that enhance and support the Big O System, and further acknowledge our obligation to use reasonable commercial efforts to maintain a competitive source of supply for the benefit of our franchisees and to aid in the promotion of Big O products and services (Franchise Agreement Section 32(a)). Service levels in delivering Big O Program Products (such as frequency of delivery) to you may, in our discretion, periodically be reduced based on changes in fuel costs or low order volume on particular delivery routes (Franchise Agreement, Schedule 10). We have a "fill rate" policy under which we will rebate to a qualified franchisee a portion of such franchisee's royalty payments if we fail to meet certain "fill rate" standards in our supply of products to Business Format Franchisees. This is described in Item 6, Note 2, paragraph (b).

2. In our discretion, we will make available to the Franchise Advisory Council ongoing marketing research into new tire selections and other lines of products and services and ways to enhance the competitiveness of your Big O Store (Franchise Agreement Section 7.02(a)(ii)).

3. We will provide you recommended prices for Big O brand tires and other brands of tires exclusive to Big O; provided that you will not be required to sell at any particular price if such a requirement would be unlawful (Franchise Agreement Section 7.02(a)(iii)). Also, see paragraph 10.a of the following section.

4. We periodically will make available programs offered to Franchisees by parts vendors approved by us. Currently, these vendors are NAPA, Carquest, O'Reilly's Advance and Auto Zone. These programs may include such features as national account pricing, rebates paid directly to Franchisees, and prompt payment discounts (among others features). The basic vendor programs may be enhanced for BFF Franchisees. Some of these enhancements may include higher rebates, inventory management programs, training, and promotions. The mix of the vendors, amount of the rebates (if any) and other details of the programs may periodically change. We may modify or discontinue any of these programs in our discretion.

5. We will provide you with 25 megabytes of storage space on the Franchisee E-mail System (the "E-mail Service") server. At our discretion, we may allocate additional space for your account, in increments of five megabytes, upon terms and subject to conditions established by us, such as

the payment of fees. We may restrict or prohibit access to the E-mail Service and may impose an excessive use charge on you for such excessive use. We reserve the right to establish additional conditions and restrictions governing your use of the E-mail Service (collectively, the "E-mail Terms") and, in our sole discretion, to change, modify, add, or remove portions of the E-mail Terms at any time, effective immediately upon notice to you, which notice may be published on our website, http://businesscenter.bigotires.com (the "Site") or otherwise provided to the you. We reserve the right to restrict or terminate your access to the E-mail Service in the event of a violation of the E-mail Terms. WE SHALL HAVE NO LIABILITY FOR UNAUTHORIZED ACCESS TO, OR ALTERATION, THEFT OR DESTRUCTION OF, THE SITE OR OF YOUR DATA FILES, PROGRAMS, E-MAIL, CONTENT OR INFORMATION.

We may charge a fee for the following assistance:

1. We will make available to you additional training for your "Operator" or your other personnel. We use the term "Operator" to mean the person designated by you to assume the responsibility for the operation of your Big O Store (Franchise Agreement Section 7.02(b)(i)).

2. We will provide you a warranty or replacement program for Big O private brand tires and other related automotive products and services, which we may revoke or modify at our sole discretion. This represents our current policy, which we may change in our discretion. However, the Franchise Agreement does contemplate warranties sponsored by Big O and you must honor them (Franchise Agreement Sections 14.01 and 14.04). We will absorb the franchisee's costs for (i) claims related to replacement due to road hazard contemplated in the terms of the applicable Big O Program Products warranty for Big O I Tires (tires that carry the "Big O" label on the sidewall) in accordance with the terms and procedures prescribed in the Manual; and (ii) claims related to the prorated manufacturer's workmanship and material warranty for "Big O II Tires" (those that are (i) Big O exclusive tires that do not carry the "Big O" label on the sidewall, (ii) other tires exclusive to TBC Retail Group, and (iii) any other tires designated as exclusive to the Big O product screen) and any other tires that are Big O Program Products in accordance with the terms and procedures described in the Manual. (However, the warranty costs absorbed by us will be included in our costs in determining the prices at which we sell Big O Program Products to you). You must cover all other warranties (Franchise Agreement Section 14.04(b)).

3. We will provide you regional training and field assistance, inspections and merchandising advice pertaining to your Store (Franchise Agreement Section 7.02(b)(ii)).

4. We or a licensee designated by us will make available to you point of sale advertising materials and wearables utilizing the Big O marks and local advertising plans and materials, special promotions and similar advertising (Franchise Agreement Section 7.02(b)(iii)).

5. For each national promotion, we will make available to you or your Local Group electronic copies, or, where we deem appropriate, hard copies, of radio and television commercials (Franchise Agreement Section 7.02(b)(iv)).

6. In our sole discretion, we may provide other assistance occasionally under terms and conditions and for fees and charges as periodically established by Big O in its sole discretion (Franchise Agreement Section 7.02(c)). This may include, for instance, helping you locate a manager or other personnel, real estate consulting and other matters. See Item 6 in regard to fees.

7. Big O has established and/or may suspend and reestablish national fleet account and Key Account Customer programs and policies, which it may revise periodically in its sole discretion. The national fleet account programs and policies and Key Account Customer programs and policies may include: (a) Big O (or its designated provider) making arrangements with larger customers with multiple locations and/or multiple vehicle users ("National Account Customers") or large commercial or governmental customers of Franchisee that Big O has approved or designated as "Key Account Customers" for whom a 2% royalty rate will apply in accordance with criteria periodically established by Big O in its Manual to have Big O franchisees provide automotive products and services; (b) permitting the National Account Customers and Key Account Customers to purchase the specified products and services from you and the other franchisees at prices not more than those negotiated by Big O and the National Account Customer or Key Account Customer; (c) central billing by Big O (or its designated provider) of National Account Customers or Key Account Customers for these specified products and services; and/or (d) fees to be paid by franchisees for administrative services (such as central billing) provided by Big O (or its designated provider) in connection with the national fleet account programs or Key Account Customer programs. You must comply with the national fleet account and Key Account Customer policies and participate in the national fleet account programs or Key Account Customer programs as periodically established by Big O. Participation includes carrying the inventory as is necessary to provide the specified automotive products to National Account Customers or Key Account Customers. (Franchise Agreement Section 10.03). Participation does not now require a franchisee to provide any certain services not directly related to the sale of specified products and services, but Big O has the right to impose this requirement in the future. The current fee for the third parties we select to process your national fleet account transactions is up to 12.5% of the amount of each transaction for this service, but is subject to change depending on the third party. Big O reserves the right to charge an additional handling fee to offset costs associated with managing national fleet account and Key Account Customer programs, but does not do so at this time. See Item 6.

8. We will sell Big O Program Products (described in Item 6) to you at the Big O Program Products Price. The Big O Program Products Price is the sum of Big O's costs to purchase the products, mold depreciation costs (if any), warranty costs, costs for Big O to distribute the products to you, the Rebill Charge applied to rebill tires and certain true-up costs to allow us to recover any underpayments by franchisees in the year before.

Big O's rebill program allows franchisees to purchase tires through Big O that are shipped directly from the manufacturer or distributor. The manufacturer or distributor invoices Big O for the tires and Big O invoices Franchisee, including a Rebill Charge. For Business Format Franchisees, the Rebill Charge currently is three dollars ($3.00) per tire. (Franchise Agreement Sections 1 and 8.06).

Definitions of these costs are included in Section 1 of the Franchise Agreement. The Franchise Policies & Standards Manual and revisions to that Manual are established by us periodically after consulting with committees that include franchisees (but which may or may not include you). A description of our current policy (which is or will be included in our Franchise Policies & Standards Manual) on determination of the Big O Program Product Prices is included in Schedule 10 to the Franchise Agreement (Exhibit B-1).

We have sought to include a number of safeguards for franchisees in connection with the calculation of the Big O Program Product Prices for Business Format Franchisees. One safeguard is the definition of Big O Program Product Prices and the components of Big O Program Product Prices in Section 1 of the Franchise Agreement. Other safeguards are included in Schedule 10 to the Franchise Agreement (which is subject to change by us periodically, as described in the previous paragraph).

9. In our discretion, we will make available various programs and products offered by independent vendors. Big O's fee for this service may be an upcharge determined as a percentage of the price of the relevant programs and products, or a flat fee. Big O may limit, modify, or discontinue the availability of any of these programs and products at any time in its discretion.

10. The following services may be made available to you at our discretion (Franchise Agreement Section 7.02(d)). We may or may not charge you for all or some of these services in our discretion:

a. We will provide you with periodic surveys of competitive retail pricing and recommended retail pricing in your general market territory. This does not encompass specific competitor pricing in each location, but will generally focus on price competitive, regional retailers. We will provide this information to you in an electronic format, so that you can update your pricing files in the BOT POS System. You will also have the ability to change this retail pricing at your discretion.

b. We will provide Category Management Complete Solution to assist you with making merchandising decisions. This service compiles local, national, and third party data relative to the tire industry to help you develop product marketing and inventory strategies for your local markets. The service provides guidance in building product screens, managing inventory productivity, identifying the most popular tire sizes in your market, market profiling, and demographics of your market to help you customize your product offerings.

c. We make available the online learning management system, www.tbctraining.com, for all stores. This site combines Big O and Industry specific courses which have been selected by the Training Department.

d. We will offer the TBC Retail Group Service Central program to stores in the TBC Retail Group, including Big O Stores, to enable them to offer consistent services under the Service Central brand. You are required to participate in this program. The program currently includes:

Marketing. In order to distinguish the TBC Retail Group stores (including Big O Stores) in a highly fragmented industry, TBC Retail Group will offer a package of market awareness, service standards and some Service Central branded parts and products.

Point of Purchase Materials. To help you market the Service Central brand, we will offer to sell you various point of purchase materials, such as stand-alone point of purchase displays presenting our Service Central commitment; bay banners; wall posters calling out the benefits; interior hanging signs; and customer receipt envelopes.

Internal Learning Content Programs. To help you deliver quality services, we offer internal learning content programs. These programs now include training for Tire Technician, Auto Technician, Service Manager, Sales Associate, Store Manager and Store Owner.

The scope, process, procedure and timing of these services in this paragraph 10; the availability of and charges for these services; and even the outright elimination of these services, will be determined periodically by Big O in its sole discretion and, if established, will be described in our Manual or other written documents.

Advertising Programs.

National Marketing Program

(a) Under the advertising program, each month you must contribute (in the form of the National Marketing Program fee described in Item 6) up to 1% of your previous month's Gross Sales (the "NMP Percentage Fee") plus such amount per month charged per franchisee to the Big O marketing fund by a third party who administers the National Auto Service Warranty for Big O (currently this amount is $50.00 per month, per store) to a program which is exclusively maintained and administered by us for systemwide marketing and other activities that promote the Big O system ("National Marketing Program", which was formerly known as the "National Advertising Program"). Currently, the NMP Percentage is 0.85% of Gross Sales, based on the temporary increase referenced below. We cannot increase the current NMP Percentage Fee contribution rate to the National Marketing Program more than one-tenth of 1% of Gross Sales in any 12 month period except with the consent of the Franchise Advisory Council. The NMP Percentage Fee has been increased, with authorization from the FAC from its previous amount of 0.25%, by a total of 0.6%, with 0.2% allocated to pay for part of the SEO/SEM Program defined below. Each of these increases will remain in effect for so long as Big O continues the relevant program.

(b) We deposit the National Marketing Program funds in our operating bank account.

(c) The National Marketing Program funds are maintained by us, in our discretion, for advertising, promotional materials and programs, public relations programs and marketing programs warranty programs, publications, research, programs or activities to promote the Big O System and the Licensed Marks and other activities approved or administered by us or which utilize the resources of the National Marketing Program or local franchisee cooperatives or franchisee associations or which pertain to or benefit the Big O Stores, the Big O System or the Licensed Marks generally. We do not use any part of the National Marketing Program funds to defray our general operating expenses other than those reasonably allocable to the National Marketing Program activities or other activities reasonably related to the administration of the National Marketing Program and its related programs. However, Big O may reimburse itself from the National Marketing Program funds for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives in connection with the National Marketing Program. At our discretion, we may advance funds to the National Marketing Program to cover expenditures of the National Marketing Program. At our election, we may recover any funds so advanced from future franchisee contributions and we may adjust future expenditures as may be necessary to make funds available for our recovery. We do not promise that marketing expenditures from the National Marketing Program will benefit you or any other franchisee directly or on a pro rata basis. We assume no other direct or indirect liability or obligation to collect amounts due to the National Marketing Program or to maintain, direct or administer the National Marketing Program. We make available to the members of the Franchisee Advisory Council an annual statement detailing the income and expenses during the previous fiscal year of the National Marketing Program funds that show how the proceeds have been spent, customarily at the spring Franchisee Advisory Council meeting. No refund of contributions to the National Marketing Program is paid to you upon termination or expiration of your Franchise Agreement.

(d) The National Marketing Program is used for production of commercial print, radio or television advertising, direct response literature, brochures, collateral material advertising, surveys of advertising effectiveness, fees or expenses for any advertising agency, other advertising or

public relations expenditures and general efforts to promote the Big O brand and system, such as web site development, store rating programs, research, retail selling system development and administration of the National Auto Service Warranty. During the 12 month period ended March 31, 2014, approximately 98% of the National Marketing Program funds were expended on production and printing of advertising materials and general efforts to promote the Big O brand and system and approximately 2% were expended on administrative costs to manage and administer the National Marketing Program.

(e) Big O requires that Franchisees participate in a customer relationship management program ("CRM Program") under which Big O or its approved supplier will send a number of postcards and other communications such as e-mails and text messages each month to certain categories of customers. The number of cards per month to which a Store is entitled varies based on its annual sales, reported monthly. The annual volume of postcards at various levels of annual sales is:

Annual Sales	Cards/Month
• Less than $1,000,000	500
• 1,000,001 – 1,500,000	750
• 1,500,001 – 2,000,000	1,000
• 2,000,001 – 2,500,000	1,250
• 2,500,001 – 3,000,000	1,500
• Over $3,000,000	2,000

Although Big O will not directly charge you a fee for this service, this service will be paid for in part by the National Marketing Program and in part from contributions from Big O. Franchisee must pay for additional mailings or additional services that you choose to obtain. In order to participate in the CRM program, you must provide certain sales and customer information to Big O or its approved supplier. The CRM Program may be modified or discontinued at any time in Big O's sole discretion after consultation with FAC. We require that Franchisees participate in a search engine optimization/marketing program ("SEO/SEM Program"). You must participate in and comply with the terms of the SEO/SEM Program, unless we agree otherwise. The costs of operation of the SEO/SEM Program may be paid by the National Marketing Program.

Local Funds

(a) Each month, you must contribute a minimum of 4% of your Store's Gross Sales for the previous month to us or as we direct for a fund used for advertising and related expenditures ("Local Fund"). The minimum of 4% may periodically be subject to certain reductions as described in Item 6. In particular, we have authorized the Local Ad groups to reduce the Local Fund rates by .4%, meaning the minimum contribution amount has been reduced to 3.6% of a Store's Gross Sales, to partially offset the increase in the NMP Percentage Fee based on the CRM Program and the SEO/SEM Program as referenced above while those programs remain in effect. It may be increased at our discretion when one or both of those programs no longer continue in effect. At present, if a Local Fund has been established by a Local Group in your marketing area, we generally direct that all or a portion of that contribution be paid to the Local Fund established by the Local Group. We may, in our discretion, direct that you spend this percentage of your Store's Gross Sales for the previous month in approved advertising and, when doing so, you must use the services provided by an advertising service approved by us. Also, we retain the discretion to have all or some of your contribution be paid to Local Funds

administered by Local Groups and/or be paid to us: we may use the amounts paid to us (in whole or in part) for a Local Fund administered by us to be used as described below or forward the amounts paid to us (in whole or in part) to a Local Fund administered by a Local Group. We may, in our discretion, periodically allow 3% of your Store's Gross Sales for the previous month to be paid to your Local Fund and 1% of your Store's Gross Sales for the previous month to be retained by your Store and used for advertising; provided that you comply with all requirements established by Big O relating to the use of these funds. Big O may change the structure of the payment of your advertising contributions at any time at its discretion.

(b) The Local Group may vote that its members must contribute to the Local Fund additional amounts above our minimum requirements. The members of the Local Groups that have these Local Funds may agree to increase or decrease the current fees, except that the amount of the advertising contributions may not be decreased below the minimum amount described above without our approval; however, we may provide that: (a) the Local Fund contribution rate on sales to National Account Customers and Key Account Customers approved by us and/or on sales of Farm Class Tires may be set at 2% and (b) contributions to the Local Fund by one Store may be capped for each applicable calendar year at 4% (or such lower amount equal to the required Local Fund contribution then in effect) of the greater of $2.5 million or twice the system-wide average Store sales for the previous calendar year (See Item 6, Note 3).

(c) Some Local Groups offer other services such as insurance, information technology, and accounting services for its members, and may charge additional amounts for these services. Members in other Local Groups must make monthly contributions for advertising only.

(d) In some Local Groups new franchisees or existing franchisees who have failed to timely pay fees and advertising contributions due to the Local Group, must obtain a bond or make some type of additional payment in an amount specified by the Local Group until it is satisfied that these franchisees are and will remain current in their payment of fees and advertising contributions.

(e) The Local Fund (or Local Funds) to which your contributions are sent will be administered by the Local Group or us, depending on how we direct your Local Fund payments. These Local Funds will generally be used for advertising in local areas or regions where Big O Stores are located. However, we do not promise that all or any portion of the Local Funds will be used in the area or location where your Store is located, and we do not promise that advertising expenditures from the Local Fund will benefit you or any other franchisee directly or on a pro rata basis. The Franchise Agreement provides that the Local Funds may be used to meet any and all costs incident to the advertising it supports, but that, as to Local Funds administered by Big O, no part of these Local Funds may be used by us to defray our general operating expenses other than those reasonably allocable to the supported advertising or other activities reasonably related to the administration or direction of the Local Funds and related programs. Since, at present, Local Funds are generally administered by Local Groups, we have not yet established rules or procedures (such as audit requirements) as to Local Funds that may be administered by us in the future. No refund of contributions to the Local Funds will be paid to you upon termination or expiration of your Franchise Agreement.

(f) Each Local Group must comply with all applicable laws and must be operated under the structure and guidelines we may establish or approve. Generally, this will include the requirement that the Local Group operate under written documents that provide, among other things, that the articles of incorporation and bylaws of the Local Group be available for review by franchisees who are members of that Local Group, that the Local Group will prepare annual financial reports and that the

annual financial reports and accounting books and records of the Local Group be available for review by franchisees who are members of that Local Group.

(g) A Local Group is a cooperative, association or other entity consisting of franchisees formed and operating in their marketing area, as determined by us, under structures approved or prescribed by us to promote the franchisees' Stores and the products and services offered by the Stores. In our discretion, franchisees must form a Local Group, and we may, in our discretion, dictate to which Local Group a Store must belong. In certain instances a Local Group also provides management systems, insurance programs and related services to its members. We must approve those services. Once a Local Group has been established in your marketing area, you must become a member of it, contribute all or a portion of your Local Fund contribution to the Local Fund established by the Local Group as we direct and be bound by any decisions your Local Fund makes if they are approved by us. All Big O Stores owned and controlled by us and our affiliates must contribute to Local Funds on the same basis as non-affiliated franchisees and, if located within the geographic area of a Local Group, must also become a member of the Local Group and contribute to it on the same basis as other members. Unless otherwise required by applicable law, all decisions of a Local Group are decided by a majority vote of its members with each store located within the geographic area of the Local Group entitled to one vote. While generally all Big O franchisees must contribute to the Local Funds, Big O retains the discretion to enforce, refrain from enforcing or compromise the scope of enforcement of these obligations.

Other Advertising Disclosures

You must purchase and use other advertising and marketing materials as we designate periodically. See Item 6 on Point of Purchase Packages.

You must provide for "Grand Opening Advertising" (advertising in the first 120 days of your operation of a Big O Store) to promote the opening of the Big O Store. The amount you must spend on Grand Opening Advertising is periodically determined by Big O and is now a minimum of $10,000. For some CPR Plan participants, Big O, in its discretion, may help pay for some Grand Opening Advertising and/or help pay for certain remodeling and remerchandising costs. This support is described in Item 10.

Each Big O Store must participate in Regional Funding Plans if adopted by the Local Group (or a region within a Local Group), for the region in which the Store is located. As of the date of this disclosure document, the Colorado, Nebraska, Wyoming and Louisville, Kentucky regions are the only regions that have adopted a Regional Funding Plan. The Regional Funding Plan fee is described in Item 6. Company owned Stores (if any) are required to contribute to Regional Funding Plans for regions in which they are located. The contributions for the Regional Funding Plan are collected by us and are then swept into an account held and administered by the Local Group. We may charge an administrative fee for collecting these contributions or related services, but currently we do not do so. The Regional Funds may be used for cooperative events and activities such as high school and other sports events, franchisee meetings and retreats, regional training sessions and charity events. The accounts in which Regional Funds are held will be monitored by the Regional Steering Committee of the Local Group and accounting reported monthly at meetings of the Local Group.

For the Local Fund, the National Marketing Program and the Regional Funding Plan, amounts not spent in any fiscal year are carried forward and spent in the next fiscal year. Neither the Local Fund nor the National Marketing Program uses any funds for advertising that is principally a solicitation for the sale of franchises.

We may have suppliers who contribute to the National Marketing Program fund and to Local Funds based on purchases of these suppliers' products. We also have a program with a supplier of products to us for resale to franchisees under which the supplier makes payments to us for cooperative advertising; we use or plan to use these cooperative advertising payments for a variety of advertising and promotional purposes, such as providing information about this supplier's products, inventory reports, point-of-purchase materials and telephone directory advertising. These programs and other programs with these and other suppliers may periodically be negotiated by Big O and may be discontinued at any time in Big O's discretion or by the suppliers.

In the past, we have used an outside advertising agency to create some of our advertising. While we retain the right to do so, we do not currently place any advertisements except in the Oklahoma City and Las Vegas areas. Advertising is purchased either by the franchisee separately, or, on most occasions, through the Local Group or us. Advertising is usually done through local media within a geographical area.

You may create your own advertising and promotional materials, however, all advertising, materials and promotions by you must be approved by us before you use them and must comply with our standards.

Except as described above, we are not obligated to spend any amount on advertising in the geographical area where you are or will be located.

Computer Systems.

Franchisees must implement, maintain and use computerized information, communication and management systems as periodically prescribed by us. This includes electronic point-of-sale systems and systems that enable you to communicate by e-mail with us, have access to the Internet, transmit sales and consumer data to us, participate fully in any intranet established by us (for instance, for claim management and other purposes) and participate in interactive remote learning and training.

You must sign a Technology Agreement (the "Technology Agreement") with us and an End User Software License Agreement with DST ("EULA"). The forms of these agreements are attached as Exhibit J to this Disclosure Document.

You must acquire the BOT POS System. The estimated approximate average initial cost for the BOT POS System is between $16,200 and $18,900 depending upon the current hardware, software, data standards, and professional services, which is paid by the Franchisee. These costs do not include taxes, shipping fees, or the travel expenses for the POS trainer. The system includes a DST license, hardware, software, installation, training, and data conversion. Franchisees acquiring the BOT POS System are also responsible for all ongoing costs of the BOT POS System, such as maintenance and support (See Item 6). You must: (a) replace and upgrade hardware and other equipment and software periodically in accordance with specifications of its hardware and software licensors, and the replacement equipment must meet the specifications periodically issued by Big O and must be purchased from Big O or a supplier approved by Big O, and (b) comply with all policies concerning information systems established by Big O periodically in its sole discretion, including but not limited to arranging for off-site back-up of all data at Franchisees sole cost and expense.

Under the EULA, you will be the licensee of DST, for certain software ("Licensed Software"). Initially, the Licensed Software will provide for an electronic point-of-sale system that will track goods and services sold by you and the inventory held by you. Also, under the EULA, DST will provide, and

you are required to purchase, maintenance and support services for the Licensed Software. Fees charged to you under the EULA are set forth in Section 6 above.

In addition, software has been developed by DST, to enable you to (and under the Technology Agreement you must) collect and transmit to us certain "Shared Information", which may include customer and service history, store-level sales and profit information, product movement data, inventory status information and other information. We may also develop the Licensed Software to enable us to transmit information to you, such as information regarding new products, cost changes, recommended pricing changes and inventory availability. (Technology Agreement, Section 3). After we begin collecting the Shared Information, we will accumulate it and provide access to it to ourselves and, on a customer-by-customer basis, other Big O franchisees to provide customer relationship management, warranty support and services, national and local marketing and other services. We may also use such accumulated information to determine consumer data, trends, market analysis and other purposes. The Technology Agreement provides that, upon the termination of a Store's Franchise Agreement that is subject to the Technology Agreement, we will not market to any local customer of that terminated Store for two years after the termination, if that Store is in full compliance with all the termination provisions of its Franchise Agreement and certain other conditions are met and subject to exceptions for warranty work by another Store (Technology Agreement Section 4).

Other than the BOT POS System described above, we do not now require that you acquire any particular type or brand of software for your computerized information and management systems. We may, however, revise our policy in our discretion so that you must obtain specific systems in the future. In this case, you must purchase or lease all software and hardware designated by us to implement any required information and management systems, including, for instance, point of sale systems (if you have not already acquired the BOT POS System), inventory control systems and communication systems, but you will not be required to implement a new information and management system more than once every four years.

No contractual restrictions exist concerning our ability to require you to give us independent access to your computer system.

Big O maintains, at its sole cost, a Business Center section of its Website on which it posts current information for franchisees (http://businesscenter.bigotires.com); access to this Business Center is restricted to franchisees and authorized Big O personnel. Big O also provides franchisees with access, at Big O's sole cost, to the Big O Franchisee System E-mail that franchisees may use for communications with retail customers and other proper business purposes. Your use of the Business Center is currently voluntary but it may, in Big O's discretion, become mandatory in the future. You will be given an e-mail address on the Big O Franchise System E-mail, and you are required to use of it on a daily basis. Additionally, Big O will utilize the Big O Franchise System E-mail as the primary method of communication of important data and operational information. It is your responsibility to log on the Big O Franchise System E-mail, at least daily, to review and act upon the information conveyed. All Notices required to be given under the Franchise Agreement, however, shall be mailed by registered or certified mail or overnight courier as provided in the Franchise Agreement. To use this Business Center or e-mail system, you must provide (at your expense) your own computer hardware and software (except for some specific software we may supply). To use the e-mail system, you must abide by the relevant provisions of the Franchise Agreement.

Additional Site Selection Information.

Although you must select and acquire a site for your Big O Store under the Franchise Agreement, we provide assistance to help you locate a potential site (except if you are utilizing the CPR Plan) by providing criteria for a satisfactory site, including zoning considerations, appropriate size and dimensions, proximity to other Big O Stores, other types of retailers in the area, visibility factors, traffic flow and patterns, access and exits, area population and a consideration of market conditions. You must receive formal written approval from us for your Big O Store location. **However, the final decision about whether to acquire a given approved site or whether to sign any particular lease shall be your sole decision. We disclaim all liability for the consequences of approving a given site. Our approval of a site or provision of criteria regarding the site does not constitute a representation or warranty of any kind as to the suitability of the site for a Big O Store or for any other purpose. It only indicates that we believe that the site falls within the acceptable criteria established by us.** Our written approval of the site for the Store must be obtained by you within 120 days from the Franchise Agreement's Effective Date, as that term is defined in the Franchise Agreement. If this deadline is not met, we may seek to terminate your Franchise Agreement (as described in Item 17) or we may allow you to propose another site. As a condition of our approval of a Store lease, at our direction, you and your landlord must sign an agreement substantially in the form of the Lease Rider and Modification which is attached as Schedule 4 to the Franchise Agreement, which provides, among other things, that the landlord will accept Big O as a tenant to replace you if you are in default of the lease or if Big O has the right to take over possession of the leased premises for any reason. Big O does not typically own the site upon which your store will be located, but under certain circumstances, it may lease a site to you. In the event the same party executing the Franchise Agreement as the individual or business entity franchisee also owns, or becomes the owner of, the site for the Store, Big O may require you to enter into a Lease Option with Big O for the remainder of the term of the Franchise Agreement that could be exercised at Big O's option in the event of a default by you that would allow Big O to take over possession of the Store. A Memorandum of Lease Option may be recorded or filed by Big O in the event a Lease Option is required. The Lease Option will provide that, if the Lease Option is exercised, the terms for the lease to Big O will be substantially similar to the terms of the Lease Agreement attached as Exhibit P, except that the amount of the rent shall be the fair market value of the site for the Store at the time of the exercise of the Lease Option, and the Lease Option will contain a right of first refusal to purchase the site for the Store. The Lease Option will not be required so long as the site of the Store is owned by a different individual or legal entity than the individual or business entity franchisee which signs the Franchise Agreement.

Manual.

Attached to this Disclosure Document as Exhibit M are the Tables of Contents of the most current edition of our Franchise Policies & Standards Manual showing its contents and the number of pages in each section.

Training Programs.

We may periodically change our training program in our discretion, but we describe our current program below.

We have described in the following table our current standard new franchisee orientation training regimen, which is generally applicable to our Franchisees.

TRAINING PROGRAM

ONLINE TRAINING PROGRAM
(for new Franchisee/Manager)

New Franchisee Orientation – Online Prerequisites			
Column 1 Subject	**Column 2 Hours of Classroom Training**	**Column 3 Hours of On-the-Job Training**	**Column 4 Location**
Alignment for Service Sales	0.5		Online
Basic Automotive Tire Service (BATS)	2.5		Online
Brakes for Service Sales	0.5		Online
Motorist Assurance Program (MAP)	0.5		Online
Telephone Dr. - Business Friendly Customer Service	0.5		Online
Telephone Dr. - Essential Telephone Skills	0.5		Online
Advanced Tire Pressure Monitoring Systems	2.5		Online
Valvoline Guest Sales	0.5		Online

New Franchisee Orientation – Classroom Week 1			
Column 1 Subject	**Column 2 Hours of Classroom Training**	**Column 3 Hours of On-the-Job Training**	**Column 4 Location**
Day 1			
Program Overview	0.5		See Note 1
Big O History & Culture	0.5		See Note 1
Marketing & Advertising	1.0		See Note 1
Brand Development	1.0		See Note 1
Lunch	1.0		
VIP Process Overview and Skills Assessment	1.5		See Note 1
Speed Lane Process	1.0		See Note 1
TBC Phone Sales Process	2.0		See Note 1
Day 2			
Creating Successful Customer Experiences	0.5		See Note 1
Journey of a Customer	1.5		See Note 1
Connecting with Customers Video	1.0		See Note 1
Lunch	1.0		
TBC Retail Group Vehicle Inspection Process	0.5		See Note 1
Learning about MAP video	1.0		See Note 1

New Franchisee Orientation – Classroom Week 1			
Column 1 Subject	**Column 2 Hours of Classroom Training**	**Column 3 Hours of On-the-Job Training**	**Column 4 Location**
Improving Sales using the TBC Vehicle Inspection Process	2.0		See Note 1
Vehicle Inspection Process Video	0.5		See Note 1
Day 3			
Tire Sales 101	8.0		See Note 1
Day 4			
Tire Sales 201	8.0		See Note 1
Day 5			
Product Distribution	1.0		See Note 1
Product - Non Tire	1.5		See Note 1
How to Select the Right Tires	0.5		See Note 1
Lunch	1.0		
Go Get Program	1.0		See Note 1
Creating Profitable Tire Sales	3.5		See Note 1

Note 1: This classroom training will be conducted at Huntington Beach, California, Palm Beach Gardens, Florida, or Centennial, Colorado, depending on when you attend the training.

New Franchisee Orientation – Classroom Week 2			
Column 1 Subject	**Column 2 Hours of Classroom Training**	**Column 3 Hours of On-the-Job Training**	**Column 4 Location**
Day 6			
TBC University Management Overview	0.5		See Note 1
Understanding Electronic Services	1.0		See Note 1
POS by DST	1.5		See Note 1
Store Merchandising (Store)	1.0		See Note 1
Lunch	1.0		
Finance Basics	1.0		See Note 1
Financial Performance Analysis	1.0		See Note 1
Improving TPMS Sales	1.5		See Note 1
Day 7			
FABS Playbook Review	0.5		See Note 1
FABS	0.0		See Note 1

New Franchisee Orientation – Classroom Week 2			
Column 1 Subject	**Column 2 Hours of Classroom Training**	**Column 3 Hours of On-the-Job Training**	**Column 4 Location**
Improving Fluid Sales	1..5		See Note 1
Improving Alignment Sales	1.5		See Note 1
Improving Brake Sales	0.5		See Note 1
Improving Shock & Strut Sales	0.5		See Note 1
Lunch	1.0		
Improving Tire Protection Package Sales	1.0		See Note 1
Improving Tire Adjustment Success	1.0		See Note 1
Day 8			
Improving Fleet Sales	1.0		See Note 1
TBC Vehicle Inspection and Customer Service Absolutes	2.0		See Note 1
Resources and Review	0.5		See Note 1
Lunch	1.0		
Franchise Certification Test	1.0		Online

Note 1: This classroom training will be conducted at Huntington Beach, California, Palm Beach Gardens, Florida, or Centennial, Colorado, depending on when you attend the training.

New Franchisee Orientation (Field Training) – Store Moderated Training			
Column 1 Subject	**Column 2 Hours of Classroom Training**	**Column 3 Hours of On-the-Job Training**	**Column 4 Location**
Store Moderated Training with Franchisee		40.0	Store
Store Moderated Training with Franchisee		40.0	Store

Optional New Franchisee Orientation (Field Training) – Financial and Software Training			
Column 1 Subject	**Column 2 Hours of Classroom Training**	**Column 3 Hours of On-the-Job Training**	**Column 4 Location**
* Financial Training (Optional)		20.0	Store
* Software Training (Optional)		TBD	Store

FAST TRACK TRAINING PROGRAM
(for experienced franchisees or managers)

We may provide a "Fast Track" program to experienced Franchisees or experienced managers from our TBC Retail Group who purchase Big O franchises. This current Fast Track program has a number of changes from our general training program described above. To provide the best learning experience based upon your circumstances and the store environment, the curriculum for this program will be determined via an evaluation by corporate resources (Big O Tires Management, Franchise Development, Franchise Business Consultants, and the Training Department). The fast track program may include any and all components of the standard outlined above, as well as additional components as defined by the evaluation process.

The Big O Tires Training Department may relocate any or all portions of the Facilitated training from Centennial, Colorado to an alternate site within the Training Department's sole discretion.

Before the opening of your Big O Store and provided you have paid the franchise fee, we provide an initial Online Training program and the Facilitated Training Program for one person. The curriculum of the Facilitated Training Program (which may be updated and revised at any time within the sole discretion of Big O), may be conducted at our company training facilities or at any geographical location. Additionally, field training and operations certification will be conducted at a Big O Store designated by us. The number of weeks of this initial training will be the number specified by us in our discretion; currently, we specify approximately one or two days of Online Training, two weeks of Facilitated training, two weeks of required field training and two weeks of optional field training. There is no fee for the optional field training. The two week portion of the initial training program is conducted at a Big O Store. This training can be conducted by an existing franchisee of Big O at that franchisee's approved location, or at your Big O Store location if approved by the Training Department. This portion of the training program consists of "hands-on" training in front office skills (such as marketing and customer relations) and back room skills (such as recommended accounting procedures based upon our business model, receiving tires, stacking tires and clean-up). The configuration, content and timing of classroom training and "hands on" training may be determined based upon time and attendance considerations of each training session. Each individual receiving the field training and certification must sign a Certification Program Agreement in the form of Exhibit U with Big O and the franchisee providing the training. Unless we waive the training requirements or a part of the training requirements, you, or if you are not an individual, your Operator (the person designated by you to assume the responsibility for the operation of your Big O Store), must attend and successfully complete the training program. If you or your Operator fails to successfully complete the training program, at our direction you or your Operator must attend an additional training program at your cost or we may terminate the Franchise Agreement.

The tuition or training fee covering the initial training program for one person (which may be you if you are an individual or may be your Operator), is built into the franchise fee. With regard to the Facilitated Training Program, you must bear all travel, lodging, food and all other living expenses, which are incurred by this first trainee while attending the initial training program. For the two or four weeks of field training and certification (which will take place at a Big O Store designated by us), you must pay all travel, lodging, food, and other expenses for your first trainee. You may send people in addition to your Operator to the initial training program. For all these additional trainees, you must pay a training fee of $75 per week per person for the classroom portion of the training and $500 per week per person for the two weeks of mandatory field training and certification and, for the entire period, bear all travel, lodging, food and other expenses. If you are a franchisee opening a Conversion Store, in our discretion, we will provide this training as we deem appropriate: (a) at or near the site of each of your conversion Big O Stores (and not charge you training fees or travel, lodging and food expenses for this local area training),

or, (b) at Big O's national training center or at other training sites we designate (and we will not charge you training fees for training at the Big O National Training Center but we may charge a fee for field training and certification), or (c) partially at our National Training Center and partially near your site. In all these cases, you must bear your own travel, lodging and food expenses. This local area training may, in our discretion, be in addition to your initial training or may replace part of your initial training. Also, for franchisees opening a Conversion Store, we may (in our discretion) provide some of your training online.

We have not established a policy that requires any certain minimum amount of experience to be an instructor at our National Training Center or for our field training. However, the instructors of our initial training at our National Training Center generally have at least five years of experience in the subject matter they will be teaching. The instructors for our field training and certifications are Big O employees who generally have at least five years experience in the subject matter they will be teaching and existing franchisees who generally have at least five years experience as Big O franchisees. We choose the trainer/franchisees in our discretion. The instructors of our multi-unit franchise management training are Big O employees who generally have at least five years experience in the subject matter they will be teaching and existing multi-unit franchise operators who generally have at least five years of experience as Big O franchisees.

The instruction materials include portions of our Manual known as the Franchise Policies & Standards Manual, and our new franchisee orientation program, handouts, media presentations, and online learning materials. The instructors for the Facilitated Training Program in the initial training program are members of the Big O Training Department and other employees of Big O who are knowledgeable in the particular subject matter, but training may also periodically include non-employee speakers such as franchisees or supplier representatives. The instructors for the field training in the initial training program are franchisees designated by us.

In addition to the initial training program described above, we may offer you, your Operator and Managers, defined in Item 15, or other personnel additional training programs, seminars and online training. These additional training programs may be conducted on a mandatory or voluntary basis and, at our discretion, you must pay a tuition or fee for your trainees.

We offer an optional online training program called "TBCUniversity.com ." We will pay the fee charged by the administrator of the TBCUniversity.com training for your participation in the online learning management system TBCUniversity.com for the period running from the date of your Franchise Agreement until the next March 31 (the "LMS Term"). This payment will enable you to access approximately 55 preselected training programs from the TBCUniversity.com library during the LMS Term, including approximately 15 that are specific to the Big O System in terms of operations and corporate culture. Additional new online courses are in development as of the date of this Disclosure Document, and we expect that additional online courses will be developed in the future. A franchisee's right to access any particular programs offered as part of the TBCUniversity.com shall terminate on the expiration of the LMS Term, regardless of when the franchisee executed its Franchise Agreement or submitted its additional payment or coupon. Upon the expiration of the LMS Term, all terms and conditions related to the TBCUniversity.com, including the selection of programs, the fees, and the amounts that we will pay, are subject to change.

At our direction, you must also attend at your expense an orientation session at one of our RDCs (or Regional Distribution Centers) in addition to the required training discussed above.

Onsite training is provided in Big O's discretion by the national training staff upon a request of a franchisee or a Franchise Business Consultant ("FBC"), and it may be directed by Big O. Onsite training programs or sessions may be conducted on a mandatory or voluntary basis and, at our discretion, you may be required to pay a site visit tuition or fee for your trainees. To request onsite training or to suggest topic areas for training, you should contact your FBC, the Big O Tires National Training Manager or e-mail requests to: training@bigotires.com.

You will be required to have your employees complete and pass a Motorist Assurance Program test established by AMRA to become qualified to participate in that mandatory program. See Item 16.

For all training, you must pay all your employee costs, such as salaries and wages, benefits and uniforms.

In some circumstances designated by Big O in its sole discretion (for instance, for Stores with real estate costs or past sales at high levels designated by Big O in its sole discretion), Big O may provide or arrange for certain "additional training" that Franchisee's Operator or Manager and such of its managerial personnel or Owners as are designated by Big O must take. You must pay for your own transportation, lodging and living expenses which are incurred while attending this additional training; Big O, in its sole discretion, may charge a reasonable fee for this additional training; the amount of this fee, if any, has not been set as of the date of this Disclosure Document. This "additional training" will typically consist of spending an additional 60 working days training in a similar Store. Big O's current standards for these "high levels" include real estate project costs of $2 million or more for purchased real estate or lease payments of $16,000 or more per month for leased real estate.

If you are a corporation or other legal entity, you must designate at least one Manager acceptable to us to receive training and you must provide for the day-to-day operations of the Store. The initial training program must be attended by you or your Operator and the Manager or Managers for your Store, all of whom must complete the training program to our reasonable satisfaction. If we are not satisfied with the trainee's attendance and completion of the training program, we have the right, on written notice to you, to disqualify that person from acting as the Manager or Operator of the Store. If there is a change in the Manager of your Store, at our direction, the new Manager must attend and complete our full training program to our satisfaction.

At our direction, you must pay the then current initial training fee for each additional individual (that is, after the first individual attending the training) attending the initial training program regardless of whether the individual is an additional or replacement Manager or Operator. Presently, the initial training fee for additional Managers or Operators is $75.00 per person per week for the Facilitated Training Program at Big O's National Training Center in Centennial, Colorado or other designated location and $500 per person per week for field training and certification at a Big O Store designated by us. In addition, you must bear all travel and living expenses of the additional Manager and any other trainees. All franchisees must meet all the training requirements, even if the franchisee has previous experience with Big O (such as a manager for another franchisee) except for specific requirements that we may, in our sole discretion, waive for specific franchisees, such as (by way of example but not limitation): (a) we may waive all or part of the training requirements for new Stores opened by existing franchisees, and (b) we may waive the requirement that your initial and/or additional Operators and Managers attend the entire initial training program if your Operator or Manager has previously worked in a Big O Store and previously received training from us or in other circumstances.

If you open a second Big O Store, at our direction, you must attend our multi-unit franchise management training conducted at our National Training Center in Centennial, Colorado or other

designated location. For those franchisees opening their third or more location, attendance is at our discretion. The multi-unit franchise management training is conducted when needed (that is, not on a pre-scheduled basis). The instruction materials include a multi-unit workbook, case studies and a number of operational hand-outs prepared by the Training Department.

There is a $100 training fee for the multi-unit franchise management training. However, you must bear all travel, lodging and meal expenses during the multi-unit franchise management training.

If your Store or an interest in your entity is transferred to a third party, we charge the transferor or transferee a transfer fee of up to $1,500. The transferee must attend our training program except if and to the extent we waive any training requirements. If the transferee must attend our training program, we charge the transferee a training fee of up to $4,000 for the first trainee (this fee includes lodging). The transferee must bear any and all transportation and living expenses (other than lodging) which are incurred by the first trainee while attending the initial training program. The training fee for additional persons is $75 per person per week for the Facilitated Training Program and $500 per person per week for field training and certification at a Big O Store designated by us. The transferee must bear any and all transportation, lodging and living expenses which are incurred by additional trainees while attending the initial training program. If the transferee must receive "additional training" as described in Item 11 above, in our discretion we may charge a reasonable additional training fee for each trainee. The amount of this fee for additional training, if any, has not been set as of the date of this Disclosure Document. The transferee must bear any and all transportation, lodging and living expenses of its trainees for this additional training.

We may periodically offer online training classes and host webinars for franchisees. Based upon the operational content of these classes, franchisees should make every effort to take these classes when offered. While many of these courses may be free of charge, there could be charges associated with certain classes presented by Big O or vendors of Big O.

We hold national conventions, which are currently held annually, but that is subject to change at Big O's discretion. You (or your representative approved by us) must attend the first national convention after your Store opens for business. We charge a registration fee for this convention, and you must pay all travel, lodging and other expenses associated with attendance at the convention. See Item 6 for more details.

ITEM 12
TERRITORY

Your Franchise Agreement grants to you the right to operate one Big O store at a single location. However, subject to the limitations described in this Item 12, we agree not to operate for ourself or grant to any other person the right to operate any more than one Big O Store for every 50,000 persons residing in your Trade Area. Trade Area is defined in Schedule 1 to the Franchise Agreement. We may, in our discretion, redefine the Trade Area as population increases or moves within your Trade Area.

Absent your approval before we do so, we will not permit the establishment or operation of another Big O Store within a two mile radius (as determined by us in our discretion) of your Store, but after you give approval to a Store within the two miles radius, that approval may not be revoked and remains in effect for that Store location, regardless of change of ownership, transfer, closing and re-opening or other changes. Moreover, subject to the conditions described below, if we or any prospective franchisee propose to open a Big O Store within a five mile radius (as determined by us in our reasonable discretion) of your Store (other than by a franchisee converting an independent retail tire store to a Big O

Conversion Store and other than the relocation of an existing Big O franchise that has been approved by us), you will be notified of your first option ("First Option") to acquire a franchise for the additional Store. You may exercise your First Option only if (i) you are in compliance with the terms of your Franchise Agreement, as determined by Big O, (ii) you meet our then current criteria for new franchisees, and (iii) except as otherwise provided in a separate written agreement with us, if you are a Business Format Franchisee, all Stores owned or operated by you or an affiliate of yours are Business Format Franchises or have signed agreements to become Business Format Franchises. If you and other Big O franchisees have Stores within a five mile radius of the site of the proposed new Big O Store, you and all of the other franchisees will be invited simultaneously by written notice from us to exercise the First Option rights. If more than one franchisee applies for the same Big O Store, it will be awarded to the qualified franchisee who has a Store that is closest to the site of the proposed new Big O Store; provided that if two qualified franchisees have Big O Stores that are equidistant (within 100 feet) from the proposed site of the new Big O Store, the proposed Store will be awarded to the qualified franchisee who owns the franchised Big O Store that was first licensed as a Big O Store to the current or a previous owner.

The restrictions described in the two paragraphs above concern only locations where additional Big O Stores may be established. The Franchise Agreement grants you the non-exclusive license to use the Licensed Marks and the exclusive right to operate the Franchised Business from a single location. The Franchise Agreement and our policies also prohibit your use of the Internet to sell products and services except with Big O's express written consent. Except for these restrictions, neither the Franchise Agreement nor Big O policy prohibits you from soliciting and making sales inside or outside of your Trade Area. Also, other franchisees may solicit and make sales in your Trade Area.

Additional Outlets. If you have been granted a Big O Tires franchise, you may request and we will consider, if you wish for us to do so, granting you an option to apply to develop an additional Big O Store in an open market area within 15 miles of your existing Store for a period of time determined by us in our sole discretion from the date of a Market Reservation Agreement you sign with us if this option is granted. In order for you to obtain this option, you and Big O must agree to the area in which you may develop the additional Store (which may not conflict with the rights of any other validly existing Big O franchisee), you must sign a Market Reservation Agreement in the form of Exhibit Q to this Disclosure Document and you must pay Big O a fee. The fee will vary from one market area to the next, but currently ranges from $2,500 to $6,000. This fee is only for reserving the right to open one Store in the agreed market area, does not guaranty that your application for a Big O Tires franchise will be approved, does not apply to the initial franchise fee for the additional Big O Store if you are approved, and is not refundable under any circumstances.

The Franchise Agreement restricts your use of the Internet as follows: you may not set up, maintain or utilize social media, an Internet website or home page to sell products and services or cause or allow the Licensed Marks, or any of them, to be used or displayed, in whole or in part, as an Internet domain name, or on or in connection with social media, any Internet home page or website without our express written consent before you do so (which we may grant or withhold in our sole discretion), and then only in the manner and in accordance with the procedures, standards and specifications as Big O periodically establishes. Our current policy is not to approve any franchisee use of the Internet, but certain information about your Big O Store (such as address and hours of operation) may be included as part of the Big O national web page.

The continuation of your rights to your Trade Area during the term of the Franchise Agreement is not dependent upon you achieving any sales volume or market penetration, but you are required to meet the required exclusive product sales percentage requirements. Specifically, 40% or more of all your

tire unit sales at your Store must be Big O brand tires, Big O or TBC Retail Group exclusive tires, or other brand tires periodically designated by us as exclusive to the Big O product screen, excluding sales of snow tires (other than snow tires periodically designated by Big O), ultra high performance tires, Farm Class Tires, and trailer tires.

Our affiliates may establish Midas, SpeeDee or Midas/SpeeDee co-branded outlets within the proximity of your Big O Store. Otherwise, we do not plan to establish other franchises or company-owned outlets selling or leasing similar products or services under a different name or trademark within the proximity of your Big O Store, but we reserve the right to do so. We also retain the right to, among others: (1) use, and license others to use, the Licensed Marks and Big O System for other Big O Stores or company-owned Stores; (2) solicit, sell to and service local, regional or national accounts wherever located; (3) use the Licensed Marks and Big O System with other services or products, or in alternative channels of distribution, including the Internet, without regard to location; and (4) use and license the use of other proprietary marks or methods which are not the same as or confusingly similar to the Licensed Marks, whether in alternative channels of distribution or with the operation of any type of tire sales and service business, at any location, which may be the same as, similar to or different from the business of a Big O Store. We may use or license the rights on any terms and conditions we deem advisable, and without granting you any rights in them. Big O is now considering various financial aspects of Internet sales, such as procedures, sharing (if any) of margins and related matters. When standards and policies are determined for these matters, Big O will add them to the Manual. In light of the limitations on your territorial rights described in this Item 12, we make the following disclosure: You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

TBC, Big O's indirect parent corporation, and its subsidiaries (not including Big O and its subsidiaries), distribute products and services in the automotive replacement market through channels of distribution not involving Big O franchisees. The products distributed by TBC and its non-Big O subsidiaries include tires and tubes.

The primary brand names for tires distributed by TBC include Cordovan, Multi-Mile, Sigma, Vanderbilt Eldorado, Jetzon, Telstar, Sumitomo, Sailun, Harvest King, Power King and Towmax. Other brands under which TBC products are marketed include Grand Prix, Grand Am, Grand Spirit, Wild Country, Wild Trac, Supreme, Stampede, Wild Spirit, Grand Sport, Power King, Harvest King and Turbo Tech. TBC Retail Group, an indirect TBC subsidiary which was acquired in June 2000, also makes wholesale sales of tires and other automotive products under well-known brand names such as Bridgestone, Dunlop, Firestone, General, Continental, Goodyear, Michelin, Pirelli, Yokohama and Falken. Treadways, a wholly-owned subsidiary of TBC, markets tires in the United States to retail dealers and wholesale distributors under various brand names and under private brand names. These private brand names are Sumitomo, Mirada, Velozza, Wild Country, Wild Trac, Stampede, Turbo-Tech, Grand Am, Grand Prix, Arctic Claw and Trailcutter. TBC distributes its products through a network of distributors in the United States, Canada and Mexico. Some of these distributors act as wholesalers, some as retailers, and some as both wholesalers and retailers.

Our affiliate SpeeDee sells franchises for retail shops that operate under the SpeeDee name and trademark which provide car care services, including oil changes, tune-ups, factory scheduled maintenance, transmission services, radiator flushes, brake system repair and replacement services, air conditioner recharges, emission control system services, replacement of filters, fuel systems cleaning, replacement of wiper blades, radiator caps and other automotive care services. SpeeDee's principal business address is 4300 TBC Way, Palm Beach Gardens, Florida 33410.

Our affiliates Midas and Midas Canada sell franchises for retail shops that operate under the Midas name and trademark, which sell and install motor vehicle exhaust systems, brake components, suspension parts, heating and cooling system parts, tires and batteries and other motor vehicle parts, perform services in connection with these sales, and performs general and scheduled vehicle maintenance services, including oil changes, tune-ups, transmission services, radiator flushes, air conditioner recharges, emission control system services, replacement of filters, fuel systems cleaning, replacement of wiper blades, replacement of radiator caps and other automobile care services. Midas's principal business address is 4300 TBC Way, Palm Beach Gardens, Florida 33410. Midas Canada's principal business address is 8300 Woodbine Avenue, Suite 100, Markham, Ontario L3R 9Y7.

TBC and certain of its non-Big O subsidiaries own retail outlets selling tires and other automotive aftermarket products: As of March 31, 2014, TBC and its wholly-owned subsidiaries operated approximately 767 non-Big O, non-Midas, and non-SpeeDee retail tire and automotive service centers. These retail outlets do business under the trade names "Tire Kingdom," "Merchant's," "National Tire Battery," "NTB," "Tire America," "Midas," and "SpeeDee," and may be located in your geographic area.

Retail outlets carrying products of, or which are owned and operated by, TBC, its non-Big O subsidiaries, and their franchises and distributors, may be located in your Trade Area, may accept orders from within your Trade Area, and may compete with you.

As discussed in Item 1, TBC Shared Services, Inc., our parent, also owns Midas, Inc. and its subsidiaries, including Midas, Midas Canada, and SpeeDee, which offer franchises. Big O currently shares offices and training facilities with Midas and SpeeDee. Presently, because Big O, Midas, and SpeeDee licenses are for the respective licensed brand only, TBC Shared Services, Inc. does not anticipate conflicts between franchisees of different systems or between franchisees and franchisors of these different systems. Should any conflict arise as to territory, customers, or franchisor support between Big O franchisees and franchisees from Midas or SpeeDee, or between franchisees and franchisors from these different systems, such conflicts will be resolved as TBC Shared Services, Inc. deems appropriate under the circumstances.

Except as described above with respect to the performance requirements, the continuation of your rights described in this Item 12 during the term of the Franchise Agreement is not dependent on achieving any certain sales volume, market penetration or similar contingency or other circumstances.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the nonexclusive right to use the Licensed Marks with your Franchised Business.

We have current registrations for the following Licensed Marks on the United States Patent and Trademark Office ("USPTO") principal register:

Licensed Mark*	Effective Date	Registration No.
Big-O	09/24/74	993,415
Big O	10/01/74	994,466
Big O Tires and Design	08/28/90	1,611,160
Big O Tires and Design	10/05/10	3,857,070
Big O Tires	12/12/00	2,411,926
Big Foot	04/24/07	3,233,881
Big Foot	07/11/95	1,904,955
Big Foot	09/12/78	1,102,059
Big Foot Country & Design	02/22/96	2,927,656
Big Foot & Design w/Face	03/09/04	2,821,054
Big O Tires Lube Center	01/31/06	3,056,024
Dare to Compare	09/23/01	2,492,236
Extra Care & Design	11/18/86	1,417,730
Ready to Road Trip & Design	09/02/08	3,494,895
The Team You Trust	09/02/08	3,495,041
Tires, Service, Straight Talk	11/25/08	3,536,151

Licensed Mark*	Effective Date	Registration No.
Tires Service Straight Talk & Design	11/18/08	3,533,267
Big O Tires, The Team You Trust w Team Silhouette	04/10/2012	4,124,132
www.BIGOTIRES.com	04/12/01	2,514,975

* Similar mark descriptions have a different design and, therefore, have a separate registration. Specimens of each mark are available from Big O or online using the registration number above at www.uspto.gov/trademarks/.

Big O has filed all affidavits required to be filed with the USPTO (that is, Sections 8 and 15 affidavits) for the above listed Licensed Marks. The US registrations for the above listed Licensed Marks have been renewed as necessary to keep these registrations in effect.

The following statements apply to any of our Licensed Marks that are not registered: We do not have a federal registration for these principal trademarks. Therefore these trademarks do not have as many legal benefits and rights as federally registered trademarks. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must follow our rules when you use our Licensed Marks. You cannot use any of the Licensed Marks or any marks, names, or indicia, which are or may be confusingly similar in your entity or business name. Any use of the Licensed Marks other than as expressly authorized by the Franchise Agreement, without our written consent before such use, is an infringement of our rights. You must modify or discontinue your use of our Licensed Marks if we require the modification or discontinuance of them, at your own expense (but we may bear a portion of the expenses if there is a change from the name "Big O" to an unrelated name). You must operate and advertise only under the name or names designated by us for use by similar Big O franchisees. You must refrain from using the Licensed Marks to perform any activity or to incur any obligation or indebtedness in a manner, which may subject us to liability. You must observe all laws relating to the registration of trade names and assumed or fictitious names. You must include in any application for trade name or assumed or fictitious name a statement that your use of the Licensed Marks is limited by the terms of the Franchise Agreement, and provide us with a copy of the application and other registration documents. You must observe all requirements with respect to trademark and service mark registrations, copyright notices and other notices as we may require, or as may be required by law.

There are no agreements currently in effect which significantly limit our rights to use or license the use of our principal Licensed Marks in a manner material to the Big O franchise.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement,

opposition or cancellation proceedings or any pending material litigation involving any of our principal Licensed Marks which are relevant to their use in any state in which we are seeking to sell franchises. To our knowledge, there are no superior prior rights or infringing uses that could materially affect your use of the Licensed Marks in any of the states where your franchised business may be located.

You must promptly notify us of the use or attempted use of our Licensed Marks, any colorable variation of our Licensed Marks or any other mark, name or indicia in which we claim a proprietary interest. We are not contractually obligated by the Franchise Agreement to protect you or indemnify you against claims of infringement involving the Licensed Marks, but it is our policy to do so when, in the opinion of our counsel, your rights require protection. We have the sole right to defend, or settle any legal proceeding relating to the Licensed Marks. We will pay all costs, including attorneys' fees and court costs, associated with any litigation we commence or defend on your behalf to protect the Licensed Marks, and your rights to use them. You must fully cooperate with us in any litigation we commence or defend for your benefit. If we defend you for your benefit, then at our discretion, you must reimburse us for costs.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights.

We claim a common law copyright interest in our Franchise Agreement and any other contractual forms, our Manual, training modules and materials and franchising and sales brochures and forms, and our Franchise Disclosure Document(s). No other patents, pending patent applications or copyrights are material to the franchise.

Manual and Other Information.

Our Manual and related training tapes, manuals, books, and audio and video materials, including our online training materials, are proprietary and confidential. They are our property to be used by you only as described in the Franchise Agreement. You may not use our confidential information in any unauthorized manner and must take reasonable steps to prevent its disclosure to others.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Big O Store will only be operated by the Operator or a Manager employed by you who is subject to approval by us; that is, Big O, in its discretion, may exercise the right to approve or disapprove your original and later Operators and Managers. If you are an individual, you may be the Operator. Your "Manager" is the individual who is responsible for the day-to-day operation of your Store. This individual could be the Operator or could be a different person. All initial and later Operators and Managers are also subject to approval by us. Our approval, if required, will be conditioned on the Operator's or Manager's successful completion of any training required by us. We may waive some or all of our initial training requirements for Operators or Managers who have already received training as a result of their affiliation with another Store or Big O franchisee or in other circumstances, in our sole discretion.

Your Operator or Manager and those managerial personnel of yours as you may select, shall complete, to our reasonable satisfaction, all training programs, which we require or provide at the time as

we may reasonably prescribe. Except as otherwise described in Item 11 under "Training"; you must bear all expenses of these persons while they are receiving our training, including costs of travel, room and board, as well as wages of the persons receiving the training.

Under Section 11.03 of the Franchise Agreement, if you request, we may, but are not required to, replace your Operator, Manager or both, with our employees or agents to operate your Store for your benefit. Our employees or agents will have complete discretion over all matters relating to your Store's operation. You will pay our then current store management fee as well as the out of pocket expenses we incur for travel, food and lodging while providing these services.

If you are a corporation, limited liability company or partnership, your Operator and each of your officers, directors, partners and their spouses, shareholders and their spouses, or members and their spouses, (and, if you are an individual, your spouse) must sign our standard Guaranty of Franchisee's Agreement, a copy of which is attached to the Franchise Agreement as Schedule 3. Other than the above, we make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

You or your pre-approved representative must attend Big O's first national convention after your Store opens for business. See Item 5 for more details.

BIG O DOES NOT GUARANTEE THE SUCCESS OR PROFITABILITY OF YOUR STORE IN ANY MANNER.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must comply with all published rules, regulations, policies and standards established by us, including those contained in the Manual. You must operate and maintain your Store only in the manner and under those standards and shall make any modifications to your operations that we may require. (Franchise Agreement, Section 10.01(b)).

You must participate in and be bound by the decisions of any Local Group established and operated under standards and within the guidelines prescribed or approved by us. You cannot enter into any agreement to fix prices, or allocate customers or territories, which would violate any applicable laws. (Franchise Agreement, Section 10.01(i)).

Periodically Big O may establish maximum pricing for certain products or services, for certain customers and/or for certain situations. You must follow this maximum pricing, but you are not required to sell products and services at any particular price or at or above any minimum price if such a requirement would be unlawful (Franchise Agreement, Section 10.02).

You must comply with Big O's national account policies and participate in Big O's national account programs, which are described in Item 11 (see paragraph 7 under "Continuing Obligations") (Franchise Agreement Section 10.03).

You must participate in the AMRA "Motorist Assurance Program" pursuant to that Facility Participation Agreement attached as Exhibit I. This will require that you have personnel qualified by AMRA to render certain services and that you provide a warranty on those services. The terms for participation in the program are established by AMRA.

You must at all times have in stock at your Store a complete representative line of Big O private brand tires, related merchandise, and other products and services in such quantities as we may periodically prescribe (Franchise Agreement Section 14.01). As of the date of this Disclosure Document, the Manual requires, among other things, that you carry a minimum of 700 tire units. On an annual basis, 40% or more of all your tire unit sales at your Store must be Big O brand tires, Big O or TBC Retail Group exclusive tires, or other brand tires periodically designated by us as exclusive to the Big O product screen, excluding sales of snow tires (other than snow tires periodically designated by Big O) and ultra high performance tires (as those terms are defined in the Manual), Farm Class Tires and trailer tires. Big O may periodically change this percentage (that is, the 40%) for its franchisees generally or for particular areas or circumstances. (Item 8 and Franchise Agreement Section 14.01).

You may not offer or sell from your Store any product or service which has not been selected or approved by us, and you may not offer or sell any product or service except in accordance with conditions we require. (Franchise Agreement, Section 14.02). However, for Conversion Stores during the three year period starting on the Commencement Date of the initial term of the Franchise Agreement, the Conversion Store may provide services ("Non-Standard Services") that meet both of the following: (a) were provided by it at the premises of its Big O Store immediately before the Commencement Date, and (b) are listed on a schedule to the Franchise Agreement (Franchise Agreement, Schedule 7, Section 12). The three year period during which the Conversion Store may offer Non-Standard Services may, in Big O's discretion, be extended on an annual basis. Big O will provide written confirmation of an extension of the period. You may not use the Licensed Marks for or in connection with the Non-Standard Services except that Non-Standard Services may be offered from your Store. If you provide any Non-Standard Service, you must provide conspicuous notice to the public by signage, disclaimers on invoices and/or other means that these Non-Standard Services are not provided by nor affiliated with Big O and you must provide warranties satisfactory to us through a third party carrier approved by us. We do not offer training, support or supervision in connection with the Non-Standard Services. You will immediately cease or modify any Non-Standard Services that present a threat to the health or safety of the public or any individual and/or that could cause the occurrence of any damages. You must indemnify us against any claim or liability arising from your offer, sale or provision of Non-Standard Services. (Franchise Agreement, Schedule 7, Section 13; Schedule 7, Section 11).

You must maintain an inventory of products in the minimum amounts and type as we require, and offer all services, which we require. You may not offer any products or services not approved or authorized by us. (Franchise Agreement, Section 14.03).

If we sell Big O Program Products to you at or for the account of your store or at the Big O Program Products Price, you may not wholesale those Big O Program Products for resale. Also, you may not sell those Big O Program Products at or for the account of any other Big O Store that is not a BFF Store or otherwise transfer those Big O Program Products to any other Big O Store that is not a BFF Store. However, such sales or transfers may be permitted in some circumstances and under certain conditions set forth in policies adopted by us periodically in our sole discretion. (Franchise Agreement, Section 14.06(d)). In this regard, our current policy is as follows: In those instances where you wholesale Big O Program Products purchased from Big O, you must pay to Big O the greater of: (a) the price charged by you to the purchaser less the price Big O charged to you, or (b) the price we charge Product Distribution Franchisees for such products less the price Big O charged to you.

If you operate a PDF Store that has signed a Multi-Unit BFF/PDF Amendment in the form of Exhibit B-2, and that PDF Store receives a transfer of Big O Program Products from a BFF Store, you must immediately reimburse us for the difference in the price paid by the BFF Store and the price that would have been charged to a PDF Store. (Exhibit B-2, Section 8.2).

Except for any business already operating and identified in the Franchise Agreement, you may not engage in or open any business, other than as a Big O franchisee, without a waiver from Big O, which offers or sells tires, wheels, automotive services, or other products or services which compete with our products and services. (Franchise Agreement, Section 17.01).

You may not use your Store or the premises where your Store is located for any purpose other than your franchised Big O business. Neither you nor any of your guarantors may engage in or open any business at any location that is located within a prescribed distance from your Big O Store. That distance may be periodically prescribed by us but we have not yet established a prescribed distance. (Franchise Agreement, Section 10.01).

Except as described above, you are not restricted by the Franchise Agreement, or any other practice or custom concerning the goods or services which you may offer or the customers whom you may solicit.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Franchise Agreement or Other Agreement	Summary
a. Length of the franchise term	Article 4	10 years.
b. Renewal or extension of the term	Section 5.01	Additional 5 or 10 years.
c. Requirements for franchisee to renew or extend	Sections 5.01, 5.02 and 5.03 of the Franchise Agreement	Notice, provide evidence of legal control of the premises on which the Store is located, sign new franchise agreement in our then current form, refurbish the Store, pay renewal administrative fee, sign a general release (in substantially the same form as Exhibit C), meet standards of compliance with Franchise Agreement and Big O System, others. You may be asked to sign a contract with materially different terms and conditions than those in your original contract.

Provision	Section in Franchise Agreement or Other Agreement	Summary
d. Termination by franchisee	Section 19.04 and Schedule 7, Paragraph 16 of Franchise Agreement.	Only if we have committed a material breach of our obligations under the Franchise Agreement and failed to cure it within 30 days of your written notice to us; on the third anniversary of the Commencement Date for Conversion Stores.
e. Termination by franchisor without cause	None	N/A
f. Termination by franchisor with cause	Section 19.01	We can terminate if you commit any one of the listed violations.
g. "Cause" defined- curable defaults	Section 19.01	5 days for monetary defaults; 10 days for noncompliance with any law or regulation; 30 days for other breach of Franchise Agreement, misuse of Licensed Marks; 30 days for any violation of any policy, standard or specification of Big O; noncompliance with Local Group requirements, selling of unauthorized products or services, understatement of Gross Sales.

Provision	Section in Franchise Agreement or Other Agreement	Summary
h. "Cause" defined-non-curable defaults	Section 19.01	Failure to commence business timely, materially false statement or report to us, unapproved transfer, repeated violations, abandonment, non-operation of Franchised Business for 5 consecutive business days, defaults on obligations to third parties which are not cured, loss of possession of the Store, conviction of a crime, assignment for benefit of creditors, bankruptcy (see Note 1), receiver appointed, excessive customer complaints, operations that reflect negatively on Big O, failure to comply with audit, and others.
i. Franchisee's obligations on termination / nonrenewal	Section 20.01 of the Franchise Agreement; Collateral Assignment of Telephone Numbers, Telephone Listings, Internet Addresses, and Social Media Accounts (Exhibit W)	Obligations include pay outstanding amounts, pay lost fees if terminated due to your default, assign to Big O all telephone numbers, telephone listings, internet website addresses, and social media accounts used in your Franchised Business, return confidential information and return or discontinue use of advertising matter, Big O credit card, Licensed Marks, and Big O System.
j. Assignment of contract by franchisor	Section 18.01	No restriction on right to transfer or assign.

Provision	Section in Franchise Agreement or Other Agreement	Summary
k. "Transfer" by franchisee – defined	Article 18, and Glossary	Includes transfer or pledge of interest in Franchise Agreement, franchise rights or obligations, right to occupy Store premises, partnership interest, stock, membership interest or other equity ownership interest or any change in control, merger or reorganization of a franchisee or the issuance of additional securities by a franchisee.
l. Franchisor approval of transfer by franchisee	Sections 18.03, 18.04, 18.05, and 18.07	All transfers must be approved by Big O before transfer, except transfers to a survivor of franchisee under certain circumstances.
m. Conditions for franchisor approval of transfer	Section 18.04	Includes notification, written consent, transferee qualifies as a new franchisee and meets additional qualifications (such as showing ability to maintain past financial performance and not materially increasing burden or risk to Big O), payment of money owed and transfer fee, transferee satisfactorily completes training program, refurbishment of Store, signing of new Franchise Agreement in our then current form, guarantee, signing of Agreement and Consent to Assignment of Big O Tires Store in a form substantially similar to that attached to this Disclosure Document as Exhibit X, transferee obtains surety bond or letter of credit, others.
n. Franchisor's right of first refusal to acquire franchisee's business	Sections 18.02 and 18.04	You must present any offer to us and we can match it.

Provision	Section in Franchise Agreement or Other Agreement	Summary
o. Franchisor's option to purchase franchisee's business	Sections 20.02 and 20.03	Upon expiration or termination, we can buy your assets.
p. Death or disability of franchisee	Section 18.05	Franchise must be assigned to approved buyer within 6 months.
q. Noncompetition covenants during the term of the franchise	Section 17.01	Except for any business you are currently operating and have identified, no involvement in competing business.
r. Noncompetition covenants after the franchise is terminated or expires	Section 17.04 and Schedule 7, Paragraph 15 of the Franchise Agreement.	None if the Franchise Agreement expires on its terms without a default by you, otherwise no competing business for 2 years within 10 miles of your Store or any other Big O Store that was operational or under construction on the termination date.
s. Modification of the agreement	Section 24.03; Section 13 of Franchise Deposit Receipt Agreement	Only by written agreement signed by both parties, except we may change the Trade Area and Manual without your approval.
t. Integration/ merger clause	Section 32(f); Section 18(f) of Franchise Deposit Receipt Agreement	Subject to state law, the Franchise Agreement, documents referred to in the Franchise Agreement, attachments to the Franchise Agreement and other documents signed concurrently with the Franchise Agreement are the entire agreement and supersede any other agreement. However, nothing in the Franchise Agreement and these other documents is intended to disclaim the representations we make on this Disclosure Document.

Provision	Section in Franchise Agreement or Other Agreement	Summary
u. Dispute resolution by arbitration or mediation	Article 29	Except for certain claims, the parties must first participate in mediation. If not resolved by mediation then, except for certain claims, all disputes must be arbitrated in Denver, Colorado (subject to state laws). If a claim can be brought in court, both you and we agree to waive our rights to a jury trial.
v. Choice of forum	Section 29.06	Colorado (subject to state law).
w. Choice of law	Section 29.06	Federal and Colorado (subject to state law).
x. Cross Default and Termination	Section 19.06	A default by you of your Franchise Agreement will constitute a default of all other agreements between you and us, and vice versa. If we terminate your Franchise Agreement due to a default by you, all other agreements between us may also be terminated.

Explanatory Notes

Note 1: **Termination on Bankruptcy.** A default due to bankruptcy may not be enforceable under federal bankruptcy laws.

If you are obtaining a loan to acquire this franchise in which funding is provided with the assistance of the United States Small Business Administration ("SBA"), the SBA requires that we enter into that Small Business Administration Addendum attached to this Disclosure Document as Exhibit D, as a condition for you to obtain the financing. The Small Business Administration Addendum modifies certain provisions of the Franchise Agreement.

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchise. You are not prohibited by the Franchise Agreement from using the name of a public figure or celebrity in your advertising; however, all advertising must have our approval.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Written substantiation of the data used in preparing the information set forth in this Item 19 will be made available to you on reasonable request.

1. Information about Schedule 1 and Schedule 2:

The information given in Schedule 1 and Schedule 2 of this Item 19 is based on the historical financial performance of specific subsets of Big O Stores. For more information on the subset of Stores included in Schedule 1, please refer to notes 1, 2 and 3 to Schedule 1.

2. Variation in individual results:

The information provided should not be considered as the actual or potential results that will be realized by a new or any other franchisee. Actual results vary from Store to Store. Big O cannot estimate the results of any particular franchise, nor does Big O project any future financial performance or represent that any franchisee can or is likely to achieve the financial results reflected in any information set forth or described in this Item 19. **A new franchisee's or any other franchisee's individual financial results are likely to differ from the results reflected in any information set forth or described in this Item 19.**

3. Cost and Expense Disclaimer:

The financial performance representation figures do not reflect (or do not fully reflect) the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

SCHEDULE 1

Set forth in this Schedule 1 are the average sales per Store information for calendar year 2013 for Stores that reported sales for each and every month during 2013 (the "Included Stores"). The Included Stores consist of 17.5% PDF Stores, 68.5% franchised BFF Stores and 14.0% Company owned BFF Stores. See Notes 1, 2 and 3 below. The figures in Schedule 1 are based on actual monthly sales reports submitted by Big O franchisees for the purpose of computing royalty fees and the actual results of Company owned BFF Stores. We do not know if the figures reported to us by franchisees were audited. We have not independently audited or verified the accuracy of these numbers, and we do not know if these numbers have been verified or audited on behalf of the franchisees. Your Store will differ from some of the Included Stores since your Store will not be Company owned and, in most circumstances, will fall only into one category (Product Distribution or Business Format) of Store.

1. Set forth below are average retail sales per Included Store in 2013 for four categories of Included Stores (categorized by annual volume of sales):

			Included Stores Meeting or Exceeding Average Sales in Row	
Sales Categories	**# Stores**	**Average Sales**	**Number of Included Stores**	**% of All Included**
Over $2.0M	104	$2,684,569	38	36.5%
$1.5M to $2.0M	90	$1,713,601	42	46.7%
$1.0M to $1.5M	122	$1,259,510	64	52.5%
Under $1.0M	62	$ 819,410	37	59.7%
Total	**378**	**$ 1,687,521**	181	47.9%

2. Set forth below are average retail sales per Included Store in 2013 by state:

2013 Overall Sales Summary by State

			Included Stores Meeting or Exceeding Average Sales in Row	
State	**#Stores**	**Average Sales**	**Number of Included**	**% of All Included Stores in Row**
Arizona	46	$ 1,556,644	18	39.1%
California	110	$ 1,567,721	46	41.8%
Colorado	53	$ 2,051,692	24	45.3%
Idaho	10	$ 1,562,822	4	40.0%
Indiana	18	$ 1,806,277	7	38.9%
Iowa	3	$ 988,092	2	66.7%
Kansas	3	$ 2,041,789	2	66.7%
Kentucky	22	$ 1,447,264	11	50.0%
Missouri	11	$ 1,692,455	3	27.3%
Montana	2	$ 1,651,693	1	50.0%
Nebraska	3	$ 2,061,853	2	66.7%
Nevada	24	$ 1,575,836	7	29.2%
New Mexico	11	$ 1,106,377	3	27.3%
Oklahoma	5	$ 1,153,194	2	40.0%
Oregon	2	$ 1,782,390	1	50.0%
Utah	41	$ 2,106,537	20	48.8%
Washington	6	$ 1,213,930	2	33.3%
Wyoming	8	$ 1,867,470	3	37.5%
Total	**378**	$ 1,687,470	158	41.8%

Note 1: Schedule 1 to this Item 19 sets forth average sales data of certain Stores in the United States from calendar year 2013. These Stores are referred to as the "Included Stores" as that term is defined at the beginning of this Schedule 1. The Included Stores are comprised of a mixture of franchised PDF Stores, franchised BFF Stores and Company owned Stores (that is, Stores owned and operated by Big O or an affiliate of Big O). Some of the Included Stores began 2013 as PDF Stores and converted to BFF Stores

during 2013. There is no assurance that the average sales in Schedule 1 or in any of these categories will reflect or indicate the sales that you or any other franchisee may achieve or will achieve.

Note 2: Of the 378 Included Stores, as of December 31, 2013: (a) 66 (about 17.5%) were franchised PDF Stores, 259 (about 68.5%) were franchised BFF Stores and 53 (about 14.0%) were Company owned BFF Stores; and (b) the 66 franchised PDF Stores constitute about 97.1% of all the franchised PDF Stores, the 259 franchised BFF Stores constitute about 88.7% of all the franchised BFF Stores and the 53 Company owned BFF Stores constitute 100% of the Company owned BFF Stores. As of December 31, 2013, the 378 Included Stores were about 91.7% of the 412 Stores of any category of Store (that is, franchised PDF Stores, franchised BFF Stores and Company- owned BFF Stores).

Note 3: The "Included Stores" are not dispersed in the same ratio as the number of Stores systemwide. The states in which Included Stores are located are listed in the table below (Column 1), followed by the number of Included Stores in each State (Column 2) and followed by the number of all Big O Stores by state (as of December 31, 2013).

State (Column 1)	**Number of Included Stores by State (Column 2)**	**Number of All Big O Stores by State (Column 3)**
Arizona	46	53
Arkansas	0	1
California	110	119
Colorado	53	61
Idaho	10	10
Indiana	18	19
Iowa	3	3
Kansas	3	3
Kentucky	22	22
Missouri	11	11
Montana	2	3
Nebraska	3	3
Nevada	24	25
New Mexico	11	13
Oklahoma	5	6
Oregon	2	2
Utah	41	42
Washington	6	7
Wyoming	8	9
Total	**378**	**412**

SCHEDULE 2

Set forth in this Schedule 2 are the average sales and average Cost of Goods Sold percentage per franchised Store information for fiscal years ending between August 31, 2013 and December 31, 2013 for

franchised Stores that i) provided financial statements for the full fiscal year ending during that period, ii) were open for the full fiscal year; and iii) operated as a BFF store for all of the fiscal year 2013. PDF Stores and Stores that converted from PDF to BFF during their fiscal year are not included, and Company owned stores are not included. Of the 412 total stores in existence as of December 31, 2013, 99 or 24.0% met the criteria above ("Qualified Stores"). We have not audited or verified the accuracy of the financial statements submitted by franchisees and we do not know if these financial statements have been verified or audited on behalf of the franchisees. Additionally, the format of the financial statements submitted by franchisees varies. When possible, we have adjusted data in certain of these financial statements in order to maintain consistency in the calculations.

	# Stores	Average Sales	# of Stores in Row that Exceeded Average Sales	% of Stores in Row that Exceeded Average Sales	Average COGS %	# of Stores in Row that are Below Average COGS	% of Stores in Row that are Below Average COGS	Lowest COGS % in Row
Sales <$1.0M	6	$ 837,526	3	50.0%	48.4%	4	66.7%	41.8%
Sales $1.0M - <$1.5M	27	$ 1,248,803	7	25.9%	48.8%	10	37.0%	42.7%
Sales $1.5M - <$2.0M	31	$ 1,713,090	10	32.3%	47.5%	15	48.4%	42.4%
Sales $2.0M or greater	35	$ 2,791,225	11	31.4%	47.9%	11	31.4%	39.8%

The Sales and Cost of Goods Sold percentages do not reflect the actual potential net income of a Big O Store and should not be relied upon in calculating profitability. Cost of Goods Sold generally includes the cost of products sold which may include the cost of tires, wheels, automotive fluids, filters, batteries, brake parts, front end parts, shock absorbers and struts, and other goods purchased for resale from Big O or others, but does not include labor costs. There are a number of fixed and variable costs associated with a Big O Store that are not reflected in the table above and that vary among individual Big O Stores. These costs, which are significant, include but are not limited to labor costs, rent and other occupancy costs, taxes, utilities, insurance, royalty fees, advertising, supplies, bad debt, warranty expenses, charge card expenses, equipment rental, taxes, debt service, depreciation on equipment and property, legal and accounting fees, regulatory compliance, management costs, general administrative expenses, pre-opening organization costs, employee benefits and repairs and maintenance, and costs described in Items 6 and 7 of this Disclosure Document.

We encourage you to consult with your financial advisors in reviewing the information in this Item 19, in particular, in estimating the categories and amount of additional expenses that may be incurred in establishing and operating a Big O Store.

Furthermore, you should be aware that any particular Big O Store's financial performance may be affected by numerous factors that may vary due to the individual characteristics of the Big O Store. These factors include: competition from car dealers and other tire and automotive service centers, appreciation and acceptance of the services and products the Big O Store offers in its community, a franchisee's experience, business development and managerial skills, advertising programs, personnel and cost controls, geographic and socioeconomic conditions in the Big O Store's area, business cycles and performance of the economy locally, nationally and world-wide.

Other than the preceding financial performance representation, Big O does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting The Franchise Marketing and Sales Support Coordinator, at 4280 Professional Center Drive,

Suite 400, Palm Beach Gardens, Florida 33410, and 1-800-321-2446, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary (Note 1, Note 2)
For Fiscal Years Ended March 31, 2012, 2013 and 2014

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	FYE March 31, 2012	392	372	-20
	FYE March 31, 2013	372	355	-17
	FYE March 31, 2014	355	362	+7
Company-Owned	FYE March 31, 2012	64	67	+3
	FYE March 31, 2013	67	69	+2
	FYE March 31, 2014	69	40	-29
Total Outlets	FYE March 31, 2012	456	439	-17
	FYE March 31, 2013	439	424	-15
	FYE March 31, 2014	424	402	-22

Note 1: Throughout this Item 20, "FYE" means fiscal year ended. The fiscal years referred to are the 12 month period ending March 31, 2012, the 12 month period ending March 31, 2013 and the 12 month period ending March 31, 2014.

Note 2: The Franchised outlets include both PDF Stores and BFF Stores. As of March 31, 2014, the 362 Franchised outlets consisted of 64 PDF Stores and 298 BFF Stores. See Note 1 to Table 3 of this Item 20.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Fiscal Years Ended March 31, 2012, 2013 and 2014

Column 1 State	Column 2 Year	Column 3 State
Arizona	FYE March 31, 2012	0
	FYE March 31, 2013	0
	FYE March 31, 2014	3
California	FYE March 31, 2012	0
	FYE March 31, 2013	2
	FYE March 31, 2014	2
Colorado	FYE March 31, 2012	3
	FYE March 31, 2013	1
	FYE March 31, 2014	2
Indiana	FYE March 31, 2012	0
	FYE March 31, 2013	1
	FYE March 31, 2014	0
Kentucky	FYE March 31, 2012	0
	FYE March 31, 2013	1
	FYE March 31, 2014	0
New Mexico	FYE March 31, 2012	1
	FYE March 31, 2013	1
	FYE March 31, 2014	0
Oklahoma	FYE March 31, 2012	0
	FYE March 31, 2013	1
	FYE March 31, 2014	0
Utah	FYE March 31, 2012	2
	FYE March 31, 2013	1
	FYE March 31, 2014	1
Wyoming	FYE March 31, 2012	0
	FYE March 31, 2013	1
	FYE March 31, 2014	1
Total	FYE March 31, 2012	6
	FYE March 31, 2013	9
	FYE March 31, 2014	9

Table No. 3
Status of Franchised Outlets (Note 1, Note 2)
For Fiscal Years Ended March 31, 2012, 2013 and 2014

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of Year
Alberta, Canada	FYE March 31, 2012	1	0	0	1	0	0	0
	FYE March 31, 2013	0	0	0	0	0	0	0
	FYE March 31, 2014	0	0	0	0	0	0	0
Arizona	FYE March 31, 2012	43	3	0	0	0	0	46
	FYE March 31, 2013	46	1	1	0	0	0	46
	FYE March 31, 2014	46	4	1	0	0	0	49
Arkansas	FYE March 31, 2012	0	0	0	0	0	0	0
	FYE March 31, 2013	0	1	0	0	0	0	1
	FYE March 31, 2014	1	0	0	0	0	0	1
California	FYE March 31, 2012	118	0	3	9	1	2	103
	FYE March 31, 2013	103	0	3	1	3	1	95
	FYE March 31, 2014	95	13	4	7	0	0	97
Colorado	FYE March 31, 2012	59	0	0	0	0	0	59
	FYE March 31, 2013	59	1	0	3	1	0	56
	FYE March 31, 2014	56	6	0	1	0	0	61
Idaho	FYE March 31, 2012	10	0	0	0	0	0	10
	FYE March 31, 2013	10	0	0	0	0	0	10
	FYE March 31, 2014	10	0	0	0	0	0	10
Indiana	FYE March 31, 2012	19	0	0	0	0	0	19
	FYE March 31, 2013	19	0	1	1	0	0	17
	FYE March 31, 2014	17	0	0	0	0	0	17
Iowa	FYE March 31, 2012	3	0	0	0	0	0	3
	FYE March 31, 2013	3	0	0	0	0	0	3
	FYE March 31, 2014	3	0	3	0	0	0	0
Kansas	FYE March 31, 2012	4	0	0	0	0	1	3
	FYE March 31, 2013	3	0	0	0	0	0	3
	FYE March 31, 2014	3	0	0	0	0	0	3

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of Year
Kentucky	FYE March 31, 2012	25	0	0	1	0	0	24
	FYE March 31, 2013	24	0	0	2	0	0	22
	FYE March 31, 2014	22	0	0	0	0	0	22
Missouri	FYE March 31, 2012	13	0	0	0	0	1	12
	FYE March 31, 2013	12	0	0	0	0	0	12
	FYE March 31, 2014	12	0	1	0	0	0	11
Montana	FYE March 31, 2012	3	0	0	0	0	0	3
	FYE March 31, 2013	3	0	0	0	0	0	3
	FYE March 31, 2014	3	0	0	0	0	0	3
Nebraska	FYE March 31, 2012	3	0	0	0	0	0	3
	FYE March 31, 2013	3	0	0	0	0	0	3
	FYE March 31, 2014	3	0	0	0	0	0	3
Nevada	FYE March 31, 2012	10	0	0	0	0	1	9
	FYE March 31, 2013	9	0	0	0	0	0	9
	FYE March 31, 2014	9	1	0	0	0	0	10
New Mexico	FYE March 31, 2012	13	0	0	1	0	0	12
	FYE March 31, 2013	12	0	0	2	0	0	10
	FYE March 31, 2014	10	2	0	0	0	0	12
Oklahoma	FYE March 31, 2012	5	0	0	0	0	0	5
	FYE March 31, 2013	5	0	0	0	0	1	4
	FYE March 31, 2014	4	0	0	0	0	0	4
Oregon	FYE March 31, 2012	2	0	0	0	0	0	2
	FYE March 31, 2013	2	0	0	0	0	0	2
	FYE March 31, 2014	2	0	0	0	0	0	2
South Dakota	FYE March 31, 2012	1	0	0	0	0	0	1
	FYE March 31, 2013	1	0	0	0	0	0	1
	FYE March 31, 2014	1	0	1	0	0	0	0
Texas	FYE March 31, 2012	1	0	0	1	0	0	0
	FYE March 31, 2013	0	0	0	0	0	0	0
	FYE March 31, 2014	0	0	0	0	0	0	0
Utah	FYE March 31, 2012	44	0	1	0	0	0	43
	FYE March 31, 2013	43	1	0	1	0	0	43
	FYE March 31, 2014	43	0	0	1	0	0	42

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of Year
Washington	FYE March 31, 2012	6	0	0	0	0	0	6
	FYE March 31, 2013	6	0	0	0	0	0	6
	FYE March 31, 2014	6	0	0	0	0	0	6
Wyoming	FYE March 31, 2012	9	0	0	0	0	0	9
	FYE March 31, 2013	9	0	0	0	0	0	9
	FYE March 31, 2014	9	0	0	0	0	0	9
Totals	FYE March 31, 2012	392	3	4	13	1	5	372
	FYE March 31, 2013	372	4	5	10	4	2	355
	FYE March 31, 2014	355	26	10	9	0	0	362

Note 1: The outlets listed in Table No. 3 are all Product Distribution Franchises, except as follows:

Column 1 State	Column 2 Year	Column 3 Business Format Franchise Outlets at Start of Year	Column 4 Business Format Franchise Outlets at End of Year
Arizona	FYE March 31, 2012	18 plus 1 (test program*)	20 plus 2 (test program*)
	FYE March 31, 2013	20 plus 2 (test program*)	35
	FYE March 31, 2014	35	39
Arkansas	FYE March 31, 2012	0	0
	FYE March 31, 2013	0	1
	FYE March 31, 2014	1	1
California	FYE March 31, 2012	26 plus 4 (test program*)	26 plus 5 (test program*)
	FYE March 31, 2013	26 plus 5 (test program*)	64
	FYE March 31, 2014	64	77
Colorado	FYE March 31, 2012	36 plus 2 (test program*)	36 plus 2 (test program*)
	FYE March 31, 2013	36 plus 2 (test program*)	53
	FYE March 31, 2014	53	58
Idaho	FYE March 31, 2012	0	0
	FYE March 31, 2013	0	3
	FYE March 31, 2014	3	3
Indiana	FYE March 31, 2012	12	14
	FYE March 31, 2013	14	14
	FYE March 31, 2014	14	14
Iowa	FYE March 31, 2012	3	3
	FYE March 31, 2013	3	3
	FYE March 31, 2014	3	0
Kansas	FYE March 31, 2012	1	1
	FYE March 31, 2013	1	3
	FYE March 31, 2014	3	3
Kentucky	FYE March 31, 2012	10	10
	FYE March 31, 2013	10	15
	FYE March 31, 2014	15	15
Missouri	FYE March 31, 2012	13	12
	FYE March 31, 2013	12	12
	FYE March 31, 2014	12	11
Montana	FYE March 31, 2012	1	1
	FYE March 31, 2013	1	1
	FYE March 31, 2014	1	1

Column 1 State	Column 2 Year	Column 3 Business Format Franchise Outlets at Start of Year	Column 4 Business Format Franchise Outlets at End of Year
Nebraska	FYE March 31, 2012	2	3
	FYE March 31, 2013	3	3
	FYE March 31, 2014	3	3
New Mexico	FYE March 31, 2012	4	4
	FYE March 31, 2013	4	7
	FYE March 31, 2014	7	9
Nevada	FYE March 31, 2012	3 plus 4 (test program*)	3 plus 1 (test program*)
	FYE March 31, 2013	3 plus 1 (test program*)	4
	FYE March 31, 2014	4	8
Oklahoma	FYE March 31, 2012	2 plus 1 (test program*)	2 plus 1 (test program*)
	FYE March 31, 2013	2 plus 1 (test program*)	4
	FYE March 31, 2014	4	4
Oregon	FYE March 31, 2012	1	1
	FYE March 31, 2013	1	1
	FYE March 31, 2014	1	1
Utah	FYE March 31, 2012	34 plus 1 (test program*)	34 plus 1 (test program*)
	FYE March 31, 2013	33 plus 1 (test program*)	41
	FYE March 31, 2014	41	41
Washington	FYE March 31, 2012	1	1
	FYE March 31, 2013	1	1
	FYE March 31, 2014	1	1
Wyoming	FYE March 31, 2012	7	7
	FYE March 31, 2013	7	9
	FYE March 31, 2014	9	9
Total	FYE March 31, 2012	175 plus 13 (test program*)	177 plus 12 (test program*)
	FYE March 31, 2013	177 plus 12 (test program*)	274
	FYE March 31, 2014	274	298

* Certain Product Distribution Franchisees previously tested a modified version of the Business Format Franchise program to determine its viability. The Product Distribution Franchisees who operated under this test program are specifically indicated in this chart.

Note 2: The franchisees listed on Table No. 3 include franchises operated by joint ventures in which Big O or an affiliate of Big O had an equity interest of 50% or less. As of March 31, 2014 there were 12 stores operated by this type of joint venture in Missouri and Arkansas.

Table No. 4
Status of Company-Owned Outlets
For Fiscal Years Ended March 31, 2012, 2013 and 2014

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Arizona	FYE March 31, 2012	5	1	0	0	0	6
	FYE March 31, 2013	6	0	0	0	1	5
	FYE March 31, 2014	5	0	0	0	2	3
California	FYE March 31, 2012	30	0	1	0	0	31
	FYE March 31, 2013	31	0	3	0	0	34
	FYE March 31, 2014	34	0	0	4	12	18
Colorado	FYE March 31, 2012	5	0	0	0	0	5
	FYE March 31, 2013	5	0	1	0	1	5
	FYE March 31, 2014	5	0	0	0	5	0
Indiana	FYE March 31, 2012	2	0	0	0	0	2
	FYE March 31, 2013	2	0	0	0	0	2
	FYE March 31, 2014	2	0	0	1	0	1
Nevada	FYE March 31, 2012	15	1	0	0	0	16
	FYE March 31, 2013	16	0	0	0	0	16
	FYE March 31, 2014	16	0	0	1	0	15
New Mexico	FYE March 31, 2012	2	0	0	0	0	2
	FYE March 31, 2013	2	0	0	0	0	2
	FYE March 31, 2014	2	0	0	0	1	1
Oklahoma	FYE March 31, 2012	3	0	0	0	0	3
	FYE March 31, 2013	3	0	0	0	0	3
	FYE March 31, 2014	3	0	0	2	0	1
Washington	FYE March 31, 2012	2	0	0	0	0	2
	FYE March 31, 2013	2	0	0	0	0	2
	FYE March 31, 2014	2	0	0	1	0	1
Totals	FYE March 31, 2012	64	2	1	0	0	67
	FYE March 31, 2013	67	0	4	0	2	69
	FYE March 31, 2014	69	0	0	9	20	40

Table No. 5
Projected Openings as of March 31, 2014

Column 1 State	Column 2 Franchise Agreements Signed But Store Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Openings in the Next Fiscal Year
Arizona	0	4	0
Arkansas	0	1	0
California	0	3	0
Indiana	0	3	0
Iowa	0	3	0
Kentucky	0	3	0
Missouri	0	1	0
New Mexico	0	1	0
Utah	0	3	0
Total	0	22	0

All of the new franchised outlets projected for the next fiscal year are BFF Stores. New franchised outlets projected includes Company-Owned outlets sold to franchisees.

A list of the names of all franchisees and the addresses and telephone numbers of their Franchised Businesses as of March 31, 2014 is set forth in Exhibit K-1 to this Disclosure Document. A list of the names and last known home addresses and telephone numbers of all franchisees who have had a Franchised Business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within ten weeks of the date of this franchise disclosure document are set forth on Exhibit K-2 to this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

The franchises being offered in connection with this franchise disclosure document may periodically include previously-owned franchised outlets now under our control or which come under our control. In such case, additional information for such outlets for the last five fiscal years will be set forth in a supplement to this disclosure document.

Some franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Big O system. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

We have provided on Exhibit L information (to the extent known by us) for the trademark -- specific franchisee organizations associated with the Big O system created, sponsored or endorsed by us.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit N are the audited consolidated financial statements of TBC Corporation and its subsidiaries as of March 31, 2014, March 31, 2013 and March 31, 2012 and for the years then ended. The Franchise Agreement attached as Exhibit B-1 incorporates by reference a Guaranty of Performance (included as Annex A to the Franchise Agreement) by TBC Corporation of Big O's performance of Big O's obligations under the Franchise Agreement.

ITEM 22
CONTRACTS

These are the only contracts we enter into with any franchisee regarding the offering of franchises in this state:

Exhibit	Contract
B-1	BF Franchise Agreement and Schedules
B-2	Multi-Unit BFF/PDF Operations Amendment
C	Standard Release Form
D	Small Business Administration Addendum to Franchise Agreement
E	Franchise Deposit Receipt Agreement
F	Sublease
G	Promissory Notes
H	Security Agreement
I	Facility Participation Agreement
J	Technology Agreement, End User Software License Agreement and First Amendment to (Prior Version of) Technology Agreement
O	Closing Acknowledgment
P	Lease Agreement
Q	Market Reservation Agreement
R	Manager Incentive Contract
S	Citibank Dealer Agreement
T	Citibank Card Deposit and Indemnity Agreement
U	Certification Program Agreement
V	State Disclosure Addenda and Agreement Riders
W	Collateral Assignment of Telephone Numbers, Telephone Listings, Internet Addresses, and Social Media Accounts
X	Agreement and Consent to Assignment of Big O Tires Store

ITEM 23
RECEIPTS

The very last page of this Disclosure Document should be detached and returned to us acknowledging your receipt of this Disclosure Document. The next to the last page is a duplicate receipt to be kept by you.

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 Toll Free: 1-866-275-2677	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 or Corporation Service Company d/b/a CSC-Lawyers Incorporating Services 2730 Gateway Oaks Drive, Suite 100 Sacramento, CA 95833
ILLINOIS	Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, IL 62706
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street Room E-111 Indianapolis, IN 46204 (317) 232-6681 Toll Free: 1-800-223-8791	Indiana Secretary of State 201 State House Indianapolis, IN 46204 or Corporation Service Company 251 E. Ohio Street, Suite 500 Indianapolis, IN 46204

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MICHIGAN	State of Michigan Department of Attorney General Franchise Section - Consumer Protection Division G. Mennen Williams Bldg. , 1st Floor 525 W. Ottawa Street Lansing, Michigan 48933 P.O. Box 30213 Lansing, MI 48909 Telephone Number: (517) 373-7117	Department of Energy, Labor and Economic Growth Corporations Division Bureau of Commercial Services 2501 Woodlake Circle, 1st Floor Okemos, MI 48864 *Mailing Address* Department of Energy, Labor and Economic Growth Corporations Division Bureau of Commercial Services P.O. Box 30054 Lansing, MI 48909 or CSC-Lawyers Incorporating Service (Company) 601 Abbot Road East Lansing, MI 48823
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101
NEBRASKA	Department of Banking and Finance Commerce Court 1230 "O" Street, Suite 400 Lincoln, NE 65809-5006 *Mailing Address* P.O. Box 95006 Lincoln, NE 68509-5006 (402) 471-3445	CSC - Lawyers Incorporating Service Company 233 South 13th Street, Suite 1900 Lincoln, NE 68508
NORTH DAKOTA	Securities Department State Capitol 600 East Boulevard, Fifth Floor Bismarck, ND 58505-0510 (701) 328-2910	North Dakota Securities Commissioner 600 East Boulevard, Fifth Floor Bismarck, ND 58505-0510

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities 350 Winter Street, NE, Room 410 Salem, OR 97301-3881 (503) 378-4140 or (503) 378-4387	Director of the Department of Consumer and Business Services Division of Finance and Corporate Securities 350 Winter Street, NE, Room 410 Salem, OR 97301-3881 or Corporation Service Company 285 Liberty Street NE Salem, OR 97301
SOUTH DAKOTA	South Dakota Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 (605) 773-4823	Director of South Dakota Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 or Corporation Service Company 503 South Pierre Street Pierre, SD 57501
TEXAS	Texas Secretary of State Statutory Document Section James E. Rudder Building 1019 Brazos Street Austin, TX 78701 *Mailing Address* P.O. Box 13550 Austin, TX 78711 (512) 463-5705	Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company 211 E. 7th Street, Suite 620 Austin, TX 78701
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501 *Mailing Address* P.O. Box 9033 Olympia, WA 98507-8760 (360) 902-8760	Director of Financial Institutions Washington State Department of Financial Institutions 150 Israel Road S.W. Tumwater, WA 98501 or Corporation Service Company 300 Deschutes Way SW, Suite 304 Tumwater, WA 98501

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WISCONSIN	Wisconsin Division of Securities Department of Financial Institutions 345 West Washington Avenue, 4th Floor Madison, WI 53703 *Mailing Address* P.O. Box 1768 Madison, WI 53701-1768 (608) 266-8557	Administrator, Division of Securities Department of Financial Institutions 201 W. Washington Avenue Madison, WI 53703 *Mailing Address* Administrator, Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701-1768

EXHIBIT B-1
BIG O TIRES, LLC
FRANCHISE AGREEMENT

(For Business Format Franchises)

BIG O TIRES, LLC
FRANCHISE AGREEMENT

TABLE OF CONTENTS

BIG O TIRES, LLC FRANCHISE AGREEMENT

SUMMARY PAGES

These pages summarize the attached Franchise Agreement, the details of which shall control in the event of any conflict.

1. FRANCHISEE: _____

2. INITIAL FRANCHISE FEE: Amount Due: _____
with Application: _____
upon signing Agreement: _____
Total: _____

3. ROYALTY FEE: (a) 2% of Gross Sales to National Account Customers and Key Account Customers, (b) 2% of Gross Sales of Farm Class Tires, (c) 2% of Excess Service Department Sales, and (d) a percentage of Adjusted Gross Sales, determined from the Royalty Matrix set forth in **Schedule 9** of this Agreement (which has a maximum royalty rate of 5.0%).

The initial Adjusted Gross Sales Royalty Rate: _____%
(Note: this is the Matrix Royalty Rate.)

4. LOCAL ADVERTISING CONTRIBUTION: Currently 3.6% of Gross Sales based on certain marketing programs which may be changed or terminated in the future.

5. NATIONAL MARKETING CONTRIBUTION: See **Sections 15 and 25**

6. GRAND OPENING ADVERTISING REQUIREMENT: _____

7. STORE LOCATION:

Street and Number _____

City, State and Zip Code _____

Phone Number _____

8. Franchisee's Operator: _____

9. Franchisee's Manager: _____

10. Franchisee's Agent for Service of Process:

Name: _____

Address: _____

_____

_____

11. Big O's Agent for Service of Process:

Name: Corporation Service Company
Address: 1560 Broadway, Suite 2090
Denver, Colorado 80202

12. Effective Date: _____

13. Commencement Date: _____

14. Expiration Date: _____

15. Franchisee's Advisor: _____

16. Send Notices to Big O to:

Name: Vice President of Operations
Address: Big O Tires, LLC
4280 Professional Center Drive, Suite 400
Palm Beach Gardens, Florida 33410

With a Copy to:

Name: Big O Tires, LLC
Attn: Legal Department
Address: 4300 TBC Way
Palm Beach Gardens, Florida 33410

17. Send Notices to Franchisee to the Store at:

Name: _____

Address: _____

_____

With a copy to:

Name: _____

Address: _____

_____

18. Business not subject to **Section 17.01**:

Name: _____

Address: _____

_____

BIG O TIRES, LLC
FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made by and between Big O Tires, LLC ("Big O"), a Nevada limited liability company, with its principal place of business at 4280 Professional Center Drive, Suite 400, Palm Beach Gardens, Florida 33410, and _____ ("Franchisee"), a(n) _____ with a place of business at _____, with reference to the following facts.

RECITALS

A. Big O has developed and provides franchisees with access to Products and Services and a System for marketing and servicing such Products and Services to retail customers through Big O Stores. Since its inception, Big O has added to the Product and Services and System to enhance the competitive posture of its franchisees. Big O has developed and owns certain Licensed Marks which are licensed to franchisees for use in the Big O Stores.

B. Franchisee desires, upon the terms and conditions set forth herein, to obtain a license to operate a Franchised Business and to offer and sell Big O Products and Services. Franchisee acknowledges that it is essential to the preservation of the integrity of the Licensed Marks, and the goodwill of Big O and the Big O System, that Franchisee maintain and adhere to certain standards, procedures and policies described hereinafter and in the Manual.

C. Big O is willing, upon the terms and conditions set forth herein, to license Franchisee to operate a Franchised Business which will utilize the Licensed Marks and the Big O System.

NOW THEREFORE, in consideration of the promises and the mutual provisions herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. CERTAIN DEFINITIONS

Some words will from time to time be defined in other Sections of this Agreement. However, the following capitalized words shall have the following meanings when used in this Agreement:

Acquisition Costs – Big O's wholesale invoice price to acquire Big O Program Products from suppliers (including but not limited to an Affiliate of Big O such as TBC Corporation) less any per unit rebates from tire manufacturers that are fixed, do not fluctuate per unit as purchase volumes increase or decrease and are paid under a rebate program that is more than twelve months in length ("Manufacturers Rebates"). All volume bonuses, quarterly sales allowances, freight allowances, partner and/or supplier bonuses, advertising, marketing or coop payments received from manufacturers or other suppliers or any other payments from suppliers or manufacturers that do not meet the definition of Manufacturers Rebates received by Big O do not reduce Big O's Acquisition Costs.

Adjusted Gross Sales – Gross Sales excluding Gross Sales (a) to National Account Customers and Key Account Customers, (b) of Farm Class Tires, (c) on Excess Service Department Sales, and (d) on which no royalty is due and not otherwise excluded from the definition of Gross Sales.

Adjusted Gross Sales Royalty Rate – The percentage applied to Adjusted Gross Sales to determine the Adjusted Gross Sales royalty fee, which percentage is the Matrix Royalty Rate.

Advertising – All advertising, promotional materials and programs, public relations programs and marketing programs, warranty programs, publications, research, programs or activities to promote the Big O System and/or the Licensed Marks and other activities, which are approved or administered by Big O or by Franchisee, or which utilize the resources of the National Marketing Program or local franchisee cooperatives or franchisee associations or which pertain to or benefit Big O Stores, the Big O System or the Licensed Marks generally.

Affiliate – Includes each Entity, which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Big O or Franchisee, as applicable. Without limiting the foregoing, the term "Affiliate" when used herein in connection with Franchisee includes any Entity fifty percent (50%) or more of whose Equity or voting control is held by person(s) or Entities who, jointly, or severally, hold fifty percent (50%) or more of the Equity or voting control of Franchisee.

Agreement – This Agreement, the Summary Pages and all Riders and Schedules hereto. To the extent that a Rider for a specific state is applicable, such Rider is incorporated herein and this Agreement is modified accordingly. The provisions in such Rider are included as a condition to registration or use in that state, and Big O is not precluded from contesting the validity, enforceability, or applicability of such provisions in any action relating to this Agreement or its rescission or termination.

BEC – BOTDA's Big O Executive Council.

BFF Conversion – the conversion of a Product Distribution Franchise to a Business Format Franchise. The date of BFF Conversion of a Big O Store is the 1st day of the calendar month after the date of the franchise agreement or amendment to franchise agreement by which the Big O Store becomes a Big O Business Format Unit.

Big O – Big O Tires, LLC.

Big O Brand Tires – Tires carrying the "Big O" label, as well as any other brand(s) Big O subsequently includes in its Big O Brand Tires as part of its marketing programs.

Big O I Tires – Tires carrying the "Big O" label on the sidewall.

Big O II Tires – (i) Big O exclusive tires that do not carry the "Big O" label on the sidewall, (ii) other tires exclusive to TBC Retail Group, Inc., and (iii) any other tires designated by Big O as exclusive to the Big O product screen.

Big O Business Format Units – Big O Stores subject to franchise agreements or amendments to franchise agreements providing for royalties based on the Royalty Matrix (or a substantially similar royalty matrix), regardless of whether such Royalty Matrix may not apply during certain time periods (particularly at the beginning of the term) and regardless of whether there may be exceptions to the applicability of the Royalty Matrix from time to time.

Big O Program Products – Big O Brand Tires and any other tires and other items designated by Big O from time to time in its discretion. Big O Program Products shall not include (i) any other products offered or sold by Big O or any of its Affiliates to Franchisee, (ii) equipment or other services offered or sold by Big O or any of its Affiliates to Franchisee for resale to the public, or (iii) wearables and advertising materials sold by Big O, or another party designated by Big O, to Franchisee.

Big O Program Products Price – an amount not greater than the total of (i) the Acquisition Costs; (ii) the Mold Depreciation Costs, if applicable; (iii) all actual and accrued Warranty Costs; (iv) all Distribution

Costs on a Big O national basis, (v) the amount of any Rebill Charge applied to Rebill Tires; (vi) Prior Year True-Up--All Tires, and (vii) Prior Year True-Up--Big O I. **Schedule 10** sets forth details, in effect as of the date set forth in **Schedule 10**, on calculating the Big O Program Products Price for tires and components.

Big O Program Products Warranty – The Big O warranty program or programs relating to Big O Program Products set forth in the Manual, or such other warranty programs relating to Big O Program Products as established by Big O from time to time.

Big O Store or Store – A retail store operated under the Licensed Marks and pursuant to the Big O System.

Big O System or System – The plan and system developed by Big O relating to the complete operation of Stores which are authorized to sell Products and Services, which include some or all of the following: site selection as required, site approval, Store layout and design, product selection and display, purchasing and inventory control methods, accounting methods, merchandising, advertising, sales and promotional ideas, franchisee training, personnel training, and other matters relating to the efficient operation and supervision of Stores and the maintenance of uniform standards of retail merchandising.

BOTDA – Big O Tire Dealers of America.

Business Format Franchises – Big O franchises which operate Big O Business Format Units.

Change in Control – The Transfer of fifty percent (50%) or more of the (i) voting or Equity interests in Franchisee, (ii) the Franchised Business, or (iii) the assets used in the Franchised Business. Change of Control also includes Franchisee's loss of the exclusive right to occupy the Premises.

Claims – Has the meaning set forth in **Section 29.01**.

Commencement Date – The date upon which the Store opens for business or, in the event of transfer or Conversion, the date designated by Big O.

Common Ownership Group – A group of two or more Stores having, directly or indirectly, one or more common owners of 50% or more of the Equity or other interests (such as voting power) in each of the Stores, as determined by Big O.

Conversion – The conversion by a Converter of an independent retail tire store to a Big O Store pursuant to this Agreement.

Converter – A person who converts an independent retail tire store to a Big O Store pursuant to this Agreement, regardless of whether such person previously operated such independent retail tire store or recently purchased the assets or business of such store.

CRM Program – Has the meaning set forth in Section 15.06.

Distribution Costs – any and all costs associated with the distribution (handling, warehousing, distribution) of Big O Program Products, including by way of example but not limitation all costs from the time Big O Program Products are delivered to Big O's warehouse facilities until they are delivered to Franchisee, and specifically including by way of example but not limitation (a) all payroll, payroll taxes, employee benefits and related costs associated with operating Big O's distribution centers; (b) all payroll, payroll taxes, employee taxes, employee benefits and related costs associated with delivering products to

Big O's customers; (c) all general and administrative expenses associated with operating Big O's distribution centers and delivering products to Big O's customers, including all costs reasonably allocated by Big O to the operation of Big O's distribution centers and the delivery of Products to Big O's customers; and (d) any inventory losses, freight expense for transfers or other freight expenses incurred by Big O (excluding any such losses or expenses related to Big O's or its designee's sale of wearables and advertising materials). Distribution Cost will **not** include the following: (a) any payroll, payroll taxes, employee benefits and related costs or general and administrative expenses associated with any special non-tire sales programs offered by Big O that utilize separate and distinct distribution systems; (b) any inventory losses, freight expense for transfers or other freight expenses relating to wearables and advertising materials sold by Big O or its designee; and (c) all payroll, payroll taxes, employee benefits and related costs paid to customer service representatives of Big O.

Due Date – The seventeenth (17th) day of each month: the date by which all royalty fees and advertising and marketing contributions must be received by Big O or, where applicable, Franchisee's Local Group, as designated by Big O.

Effective Date – The date upon which the Franchise Agreement has been executed in full by both the Franchisee and Big O.

Entity – Any limited liability company or partnership, general or limited, each of which shall be referred to as a "Partnership", and any trust, association, corporation or other entity, which is not an individual.

Equity – Stock; membership interests; partnership interests; or other equity ownership interests in a Franchisee which is an Entity.

Expiration Date - The date on which the initial term of the Agreement expires.

Excess Service Department Sales –The amount by which the Service Department Sales, excluding Service Department Sales to National Account Customers and Key Account Customers, exceed 40% of Franchisee's Gross Sales, excluding Gross Sales to National Account Customers and Key Account Customers, as determined on a monthly basis.

Farm Class Tires – Farm tires, radial medium truck tires and similar select tires, as may be more specifically defined by Big O from time to time.

First Option – Franchisee's right to acquire a franchise for a new Store planned for development within a five (5) mile radius of Franchisee's Premises in the manner described in **Section 3** of this Agreement.

Franchise – The rights granted by this Agreement, subject to the terms and conditions set forth in the Agreement.

Franchise Advisory Council – The group of franchisee representatives elected from BOTDA board members, which meets periodically with Big O's management to provide input to Big O's strategic plans as may be presented from time to time by Big O and to present viewpoints on issues involving the franchise relationship. The functions of the Franchise Advisory Council are described in **Section 25** of this Agreement.

Franchisee Audit Committee – A committee of franchisees chosen by certain franchisees to audit certain components of the Big O Program Product Prices as provided in the Manual and to engage an independent auditor to perform such audit.

Franchised Business – The business of operating a Big O Store pursuant to this license granted by Big O which utilizes the Licensed Marks and the Big O System.

Franchisee – The individual(s) or Entity to which the Franchise is granted. Depending on the context of this Agreement, the term Franchisee may include the Owners or guarantors of an Entity Franchisee.

Grand Opening Advertising – Advertising conducted within the first 120 days following the Commencement Date to promote the opening of the Store.

Gross Sales – The aggregate gross amount of all revenues from whatever source derived whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded (except for used tires taken as a trade in credit against the same or a higher number of new tires sold), bartered, or otherwise received by Franchisee (whether or not payment is received at the time of sale or any such amount is proved uncollectible) from or derived by Franchisee or any other person from business conducted or which originated in, on, from or through the Premises, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Sales includes sums paid for claims made on business interruption insurance policies, "shop supply fees" charged for miscellaneous items including but not limited to wheel weights, fluids, repair supplies, and any other fees not individually itemized on an invoice, as well as payments received from employees of Franchisee for products purchased at a discounted price. However, Gross Sales does not include: (i) sales or use taxes collected by Franchisee and paid to the appropriate governmental taxing authority; (ii) the amount of any refunds or allowances made on Products and Services returned by customers; (iii) sums received on account of returns to shippers, vendors and manufacturers; (iv) proceeds derived from the sale of equipment used by Franchisee in the operation of the Store and not acquired for resale or sold in the ordinary course of business; (v) sums received on account of sales of Products and Services to other Big O Stores; (vi) environmental fees and product disposal fees charged to customers provided that such fees are reasonable and customary within the sole discretion of Big O; (vii) Federal Excise Taxes collected; (viii) sums received in settlement of claims for loss or damage to fixtures, equipment or leasehold improvements, other than sums received from business interruption insurance; (viii) sums received from customers to reimburse Franchisee for amounts paid by Franchisee to third party towing services, provided that such fees are reasonable and customary within the sole discretion of Big O; (ix) sums received from customers to reimburse Franchisee for freight charges Franchisee paid for the delivery of goods purchased by customers, provided that such charges are reasonable and customary within the sole discretion of Big O; (x) with respect to work performed under any applicable warranty, any amounts collected from customers specifically for products replaced under warranty, but not for any additional or incidental services or products sold in connection with any warranty transaction. In addition, Gross Sales shall be reduced by the amount of rebates actually paid by Franchisee to customers as part of a national rebate program.

Information – The contents of the Manual or any other manual, computer software, materials, goods, training module and any other proprietary information and information created or used by Big O designated for confidential use within the Big O System, the information contained therein and passwords or other means of access to any other of the foregoing.

Key Account Customer – A commercial or governmental customer of Franchisee, for whom Big O has agreed that a 2% Royalty Rate will apply, in accordance with criteria periodically established by Big O in its Manual.

Licensed Marks – The trademarks and trade names, service marks and associated logos and symbols which Big O may from time to time authorize or direct Franchisee to use and display in connection with the operation and promotion of the Franchised Business licensed hereunder.

Local Fund – The fund, which may be an account at a bank or other financial institution or a trust fund, corporation or other Entity, derived from contributions by Big O franchisees which shall be maintained by Big O or a Local Group for Advertising or related expenditures pursuant to such guidelines as Big O may approve or prescribe.

Local Group – A cooperative, association or other entity of Big O franchisees formed and operating in their marketing area pursuant to a structure approved or prescribed by Big O for the purpose of promoting Big O Stores and their Products and Services, and providing Management Systems and related services to its members to the extent approved by Big O.

Management Systems – Computer hardware, software, cash registers, communication, bookkeeping and accounting services or systems, point-of-sale systems and inventory control systems, and other systems designed to provide information for the management of Big O Stores, communication with Big O and others, training and for other purposes determined by Big O.

Manager – An individual who is responsible for the day-to-day operation of a Store. This individual could be the Operator or could be a different person.

Manual – The various written, electronic, audio, video and internet instructions and manuals, including amendments thereto relating to the operation of the Franchised Business which are provided to Franchisee by Big O and identified as such, including but not limited to Big O's Franchise Policies & Standards Manual, any training materials, any information posted on the Business Center on Big O's website, or any other proprietary information and other materials stating Big O's standards, policies, procedures, technical bulletins or other information.

Matrix Royalty Rate – The percentage to be applied to Adjusted Gross Sales to determine the royalty fee on Adjusted Gross Sales based on the Royalty Matrix.

Mold Depreciation Costs – All costs associated with depreciating molds acquired by Big O for the purpose of allowing manufacturers to manufacture Big O I Tires.

Multi-Store Royalty Group – A group of Stores that qualify as Big O Business Format Units that meet the following qualifications: (a) the Stores are all owned by the same Owner or qualified group of Owners, (b) the Stores apply to Big O to be treated as a Multi-Store Royalty Group, and (c) Big O approves such application. The method of application, criteria for approval and definition of a qualified group of Stores will be as determined by Big O from time to time in its sole discretion. Currently, a group of Stores must have (i) one Owner with an ownership interest of 50% or more in each Store, or (ii) common Owners each of which has an ownership interest of 20% or more in each Store.

Multi-Store Royalty Group Matrix Breakpoint Factor – The Matrix Breakpoint Factor listed for Multi-Store Royalty Groups with two or more Stores on the Royalty Matrix. The Multi-Store Royalty Group Breakpoint Factor will vary depending on the number of Stores in the Multi-Store Royalty Group.

National Account Customers – Larger customers with multiple locations and/or multiple vehicle users (a) with which Big O has made arrangements to have Big O franchisees provide Products and Services that are specified by Big O and accepted by such customers in accordance with criteria periodically established by Big O in its Manual; or (b) who have otherwise been designated or approved by Big O as "National Account Customers."

National Marketing Program – The Advertising program described in and conducted in accordance with **Section 15.02**.

Operator – The individual who shall be responsible for the operation of the Franchised Business. The Operator may be the Franchisee if the Franchisee is an individual.

Option – Big O's right to purchase the interest being offered by the Franchisee and/or any Owner in the event of certain proposed Transfers, pursuant to **Section 18.04(a)(iv)**.

Owner – Any partner, limited partner, member, shareholder, individual or sole proprietor, trustee, or any other person possessing a legal or beneficial interest or holding Equity of any kind or nature in a Franchisee which is an Entity or sole proprietorship.

Pioneer – A person or Entity who owned at least twenty-five percent (25%) Equity interest in a Big O franchisee on March 1, 1987, provided such Equity interest appeared on Big O's records as of July 1, 1987.

Premises – The site from which a Franchised Business will be operated at the Store Location described on the Summary Pages, or where applicable, on **Schedule 1** to the Franchise Agreement.

Prior Year True-Up--All Tires – Has the meaning set forth in **Schedule 10**.

Prior Year True-Up -- Big O – Has the meaning set forth in **Schedule 10**.

Product Distribution Franchises – Big O franchises in which the royalty fee is determined without the use of the Royalty Matrix.

Products and Services – All tires (including but not limited to Big O Brand Tires), products and services produced, organized or distributed under a license granted by Big O, which are now or hereafter approved or designated by Big O for sale or lease in Stores. When used separately, "Products" means the products and "Services" means the services that, in each case, are included within the definition of Products and Services.

Rebill Charge – A charge by Big O for any Rebill Tires acquired by Franchisee. Such charge will be set by Big O in its sole discretion in its Manual after consultation with the Franchise Advisory Council . Such charge is three dollars ($3) per tire as of the date of this Agreement.

Rebill Tires – Those tires sold by Big O to Franchisee under Big O's rebill program, which allows Franchisee to purchase tires directly from the manufacturer or distributor, with the manufacturer or distributor invoicing Big O for such tires and Big O invoicing Franchisee, including the Rebill Charge.

Retail Accounting Center – A cooperative, association, or other entity owned by Big O, Franchisees or third parties, or an operation that is part of Big O or an independent third party, which provides accounting, payroll and related services for the purpose of providing such services at a reasonable cost and providing the financial reporting Big O requires.

Royalty Matrix – The matrix included in **Schedule 9** to this Agreement that is used as the basis for calculating the royalty rate under **Section 8.02** of this Agreement. The Royalty Matrix is subject to change by Big O from time to time as provided in **Schedule 9**, provided that the Royalty Rate may not exceed the maximum royalty rate set forth in **Schedule 9**.

Royalty Rate – The percentage applied to Adjusted Gross Sales, Gross Sales to National Account Customers or Key Account Customers, Gross Sales of Farm Class Tires, or Excess Service Department Sales, to determine the royalty fee. Under this Agreement, the Royalty Rate for Gross Sales to National

Account Customers and Key Account Customers, for Gross Sales of Farm Class Tires, and on Excess Service Department Sales is 2%, and the Royalty Rate for Adjusted Gross Sales is the Adjusted Gross Sales Royalty Rate.

SEO/SEM Program – Has the meaning set forth in Section 15.07.

Service Department Sales – The amount of Gross Sales derived from non-tire related service work and products, including, but not limited to parts and labor for the following: air conditioning, alignment, batteries, brakes, front end repairs, fluid replacement, inspections, maintenance services, shocks and struts, oil changes, shop supply fees for items used to perform such services, and any warranties sold in connection with any such Sales. Service Department Sales shall include such other services and parts as Big O may determine, from time to time, in its sole discretion.

Single Store Matrix Breakpoint Factor – The Matrix Breakpoint Factor listed for a single store on the Royalty Matrix.

Successor Franchise Agreement – A new franchise agreement executed by the parties hereto granting a Franchisee the right to operate the Franchised Business licensed hereunder following the expiration of the initial term of this Agreement.

Summary Pages – The pages of this Agreement, beginning on Page v and ending on Page vi, that summarize stipulated provisions of this Agreement.

Survivor – A surviving spouse, heir(s) or representative(s) of the estate of any Franchisee who is an individual, or any deceased person owning Equity in a Franchisee which is an Entity.

Termination Date – The date upon which this Agreement is canceled or ended by Big O or the Franchisee in accordance with the terms of this Agreement.

Trade Area – The area described on **Schedule 1** to this Agreement within which, subject to certain conditions, Big O agrees to limit the number of Stores to one (1) for every fifty thousand (50,000) persons residing therein. (See also **Section 2.02**.) Big O may, from time to time, redefine Franchisee's Trade Area.

Trade Dress – Any shop or architectural designs, fixtures, improvements, signs, color schemes or other elements of the appearance of the Store which in any manner suggest affiliation of the Store or Premises with Big O, or the System.

Transfer – To give away, sell, assign, pledge, lease, sublease, devise, license, sublicense, or otherwise transfer, either directly or by operation of law or in any other manner: this Agreement, any of Franchisee's rights or obligations hereunder, any interest or Equity in Franchisee, Franchisee's exclusive right to occupy the Premises or a substantial portion of Franchisee's assets used in the Franchised Business. In the case of a Franchisee which is an Entity, any merger, reorganization, recapitalization or consolidation involving Franchisee or the issuance of additional securities representing Equity in Franchisee, shall also be deemed to be a "Transfer" for purposes of this Agreement.

Warranty Costs – All costs incurred by Big O associated with Big O providing the Big O Program Products Warranty on the Big O Program Products, including, but not limited to: (a) all expenses incurred or accrued under generally accepted accounting principles related to providing warranties on tires sold to Big O franchisees, including the cost of replacement tires; (b) the cost of participating in the cross warranty program with any affiliates of Big O; (c) freight expense specifically related to or allocated to

the warranty program; (d) the cost of disposal of junk tires; and (e) any other expenses that have historically been accounted for by Big O as warranty expense. Warranty Cost will not include payroll, payroll taxes, employee benefits and related costs paid to warranty adjustors.

2. GRANT OF FRANCHISE

2.01 Grant of Franchise. Subject to all of the terms and conditions herein, including but not limited to, the condition that Franchisee or its Owners or some of them, personally guarantee the obligations of Franchisee to Big O under this Agreement as set forth in **Schedule 3** to this Agreement, Big O grants to Franchisee the non-exclusive and non-divisible license to use the Licensed Marks and the exclusive right to operate a Franchised Business solely at the Premises set forth in **Schedule 1** to this Agreement (the "Franchise"). If, at the time of execution of this Agreement, the Premises cannot be designated as a specific address because a location has not been selected by Franchisee and approved by Big O, then Franchisee shall promptly take steps to choose and acquire a location for its Big O Store within the following city, county or other geographical area: ("Designated Area"). In such circumstances, Franchisee shall select and submit to Big O for approval a specific location for the Premises, which shall hereinafter be set forth in **Schedule 1**. Franchisee may not change the Store Location, except with Big O's prior written consent, which Big O may grant or withhold in its sole discretion. Regardless of whether the Franchisee changes its Store Location, it will remain obligated for all liabilities and obligations arising out of or in connection with any prior locations.

2.02 Trade Area. During the term of this Agreement, Big O agrees not to operate itself or grant to any other person the right to operate any more than one (1) Store for every fifty thousand (50,000) persons residing in the Trade Area described on **Schedule 1**. Generally, **Schedule 1** will define Trade Areas in metropolitan areas as the Metropolitan Statistical Area ("MSA"). For Franchised Businesses located in more rural areas, the Trade Area may be defined within the boundaries of a county line. Big O may, from time to time, redefine the Trade Area. Absent Franchisee's prior approval, Big O shall not permit the establishment or operation of another Store within a two (2) mile radius (as determined by Big O in its discretion) of Franchisee's Store. After the Franchisee gives approval to another Store within the two mile radius, such approval is irrevocable and remains in effect for such Store location, regardless of any change of ownership, Transfer, closing and re-opening or other changes regarding such Store location.

2.03 Acceptance of Franchise. Franchisee hereby accepts the Franchise, subject to the terms and conditions herein. Franchisee represents and warrants that it has the authority to enter into this Agreement and to be bound hereby, and that entering into this Agreement will not trigger an event of default or result in a breach of any term or condition of any other agreement or contractual relationship of the Franchisee, including, but not limited to, any agreements Franchisee has with its third party lenders.

3. FIRST OPTION RIGHTS

3.01 First Option Rights. Subject to the conditions described below, if Big O or any prospective Big O franchisee should propose to open a Store within a five (5) mile radius of Franchisee's Store (determined by Big O in its reasonable discretion as a radius of five (5) miles from the geographic center of Franchisee's Store), Franchisee shall be notified of its First Option to acquire a Franchise for an additional Store within the five (5) mile radius of its Store. Franchisee may exercise the First Option only if:

(a) at the time Big O notifies Franchisee of the proposal for the new Store, Franchisee is in compliance with all the terms of this Agreement and all other agreements it has with Big O, as determined solely by Big O;

(b) Franchisee meets Big O's then current criteria for new franchisees;

(c) there are not two (2) or more Big O franchisees with Stores within a five (5) mile radius of the site of a proposed new Store, except in accordance with **Section 3.03** below; and

(d) except as otherwise agreed in writing by Big O, all Stores in the same Common Ownership Group are Big O Business Format Units or have signed agreements (which remain in effect at the time) to become Big O Business Format Units.

3.02 Notification by Big O. When notifying Franchisee of a proposal to establish a new Store in accordance with Franchisee's First Option, Big O may notify Franchisee of the proposal to establish the new Store within the general vicinity of Franchisee's Store without identifying a specific site or sites.

3.03 Multiple First Option Rights. If two (2) or more Big O franchisees have Stores within a five (5) mile radius of the site of a proposed new Store, the Franchisee and all such franchisees will be invited simultaneously by written notice from Big O to exercise their First Option rights; but if two (2) or more such franchisees apply for the same franchise, it shall be awarded to the qualified franchisee which has a Store that is closest to the site of the proposed new Store or, if two qualified franchisees have Stores that are equidistant from such site, it shall be awarded to the qualified franchisee which owns the franchised Big O Store which was first licensed as a Big O Store by the current or a previous owner.

3.04 Notification of Qualification. If Franchisee qualifies for the First Option pursuant to this **Section 3**, Big O will provide Franchisee with written notice that it has thirty (30) days within which to submit an application for the franchise in the manner prescribed by Big O in the notice. Franchisee must submit the application within the prescribed time along with the standard franchise deposit then required by Big O. Upon approval of the application by Big O, Franchisee must execute Big O's then current standard Franchise Agreement. Franchisee shall pay the remainder of any initial fee due upon the earlier of: (a) date it signs the new Franchise Agreement, and (b) one- hundred twenty (120) days from the deadline for submitting the application for the new franchise.

3.05 Exercise of Option by Franchisee. If Franchisee is an Entity, the First Option may be exercised only by the Entity itself, or by the individual designated as First Option holder on the Summary Pages.

3.06 Transfer of First Option Rights. The First Option is not transferable without Big O's prior written approval, which may be withheld for any reason, in Big O's sole discretion. Notwithstanding the foregoing, Big O's discretionary approval process will be in accordance with its established procedures.

3.07 Limitation on First Option Rights. The First Option rights described above are void and unenforceable with respect to:

(a) a site proposed for development in an area which is at the time of the proposal subject to a Development Agreement between Big O and Multi-Unit Developer; and

(b) a Conversion; and

(c) relocation of an existing Big O Franchise that has been approved by Big O.

3.08 Expiration of First Option Rights. If a Franchisee has failed to qualify for or otherwise submit an application for a Franchise pursuant to this **Section 3** for a proposed franchise to be granted within the area in which Franchisee holds First Option rights, Franchisee's First Option rights for that

proposed franchise shall lapse regardless of whether the site actually selected for development by Big O is different from the site which was initially proposed for development.

4. TERM

4.01 Term. This Agreement shall take effect upon the earlier of the Effective Date or of the Commencement Date and, unless previously terminated pursuant to **Section 19** hereof, its term shall extend until the earlier of the tenth anniversary of the Commencement Date or such other Expiration Date as is stated on the Summary Pages.

4.02 Continuation. If Franchisee continues to operate its Big O Store with Big O's express or implied consent following the expiration or termination of this Agreement, the continuation will be a month-to-month extension of this Agreement. This Agreement will then be terminable by either party on 30 days written notice. Otherwise, all provisions of this Agreement will apply while Franchisee continues to operate its Big O Store.

5. RENEWAL: EXTENSION OF FRANCHISE RIGHTS

5.01 Grant of Successor Franchise Rights. If Franchisee is not in default under this Agreement and has complied with all of its provisions during the initial term, and has complied in all material respects with all of the provisions of this Agreement and the Manual, upon its expiration Big O will offer a Successor Franchise Agreement for a term of five (5) or ten (10) years with Franchisee, at Franchisee's option, in accordance with **Section 5.03**, below.

5.02 Conditions to Grant of Successor Franchise. Big O will only offer to execute a Successor Franchise Agreement with Franchisee in accordance with its then current terms and conditions for granting successor franchises, which may include any or all of the following:

(a) That Franchisee executes a Successor Franchise Agreement in the then current form being offered to franchisees in the State in which the Big O Store is located, which may include, among other matters, a different fee structure, increased fees, different terms and conditions, a modified Trade Area and different purchase requirements;

(b) That Franchisee must agree to refurbish the Premises or relocate the Premises to conform to Big O's then current standards for similar Stores;

(c) That Franchisee shall pay Big O's renewal administration fee equal to Big O's time to process the renewal multiplied by Big O's hourly rate (as set by Big O from time to time);

(d) That Franchisee and its Owners shall execute a general release in favor of Big O and its representatives on a form prescribed by Big O, of any and all known and unknown claims against Big O and its Affiliates and their officers, directors, agents, Owners and employees;

(e) That at the time Franchisee delivers its renewal notice to Big O and at all times thereafter until the commencement of the renewal term, Franchisee shall have fully performed all of its material obligations under this Agreement, the Manuals and all other agreements then in effect between Franchisee and Big O (or its Affiliates);

(f) Without limiting the generality of **Section 5.01**, Franchisee shall not have committed three (3) or more material breaches of this Agreement during any twelve (12) month period

during the Term of this Agreement for which Big O shall have delivered notices of default, whether or not such defaults were cured;

(g) Franchisee shall have in all material respects maintained its status as a Franchisee in good standing (e.g., achieving at least minimum scores on inspections, and have substantially complied with all material obligations of the Big O System throughout the Term); and

(h) Franchisee provides evidence of legal control of the premises on which the Store is located.

5.03 Notification of Renewal. If Big O is willing to execute a new franchise agreement with Franchisee, and Big O notifies Franchisee of the Expiration Date and the terms and conditions upon which Big O is willing to execute a new franchise agreement with Franchisee, Franchisee must execute a Successor Franchise Agreement for a five (5) or ten (10) year term within sixty (60) days of its receipt.

6. FRANCHISEE'S DEVELOPMENT OBLIGATIONS

6.01 Financing Approval. Unless otherwise agreed to by Big O, Franchisee shall obtain a letter of commitment for the provision of financing through a lender approved by Big O and with minimum credit terms, also approved by Big O, no later than one hundred twenty (120) days from the Effective Date of this Agreement.

6.02 Site Selection. Franchisee shall obtain the written approval of Big O of the site for the Store within one hundred twenty (120) days from the Effective Date of this Agreement. Franchisee shall propose sites for approval by Big O on forms and in the manner designated from time to time by Big O. A proposed site shall only be submitted to Big O for approval after Franchisee has evaluated the site and determined that it meets Big O's then current criteria for sites which Big O shall have communicated to Franchisee. Franchisee shall be responsible for obtaining Big O's then current site criteria prior to submitting a site approval application. Big O shall review the site approval application and within thirty (30) days of Big O's receipt thereof, Big O shall approve or reject the proposed site. Unless otherwise agreed to in writing by Big O, final site approval will be conditioned upon Big O's receipt of evidence of Franchisee's ownership, lease or control of the property in such form as Big O, in its sole discretion, shall deem to be acceptable, including, without limitation, a deed to the property, an executed contract to purchase the property, a lease with a duration of not less than ten (10) years, or an option to purchase the property. Big O may, in its sole discretion, require that the Franchisee negotiate with its landlord the right, but not the obligation, for Big O to cure any Franchisee breaches and/or the right for Big O to assume the franchisee's lease obligations. Franchisee acknowledges and agrees that Big O's approval of a site or provision of criteria regarding the site does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the site for a Big O Store or for any other purpose. Big O's approval of the site indicates only that Big O believes that a site falls within the acceptable criteria established by Big O as of that time. In the case of a Converter, Big O shall deem execution of this Agreement approval of the Store location, unless additional obligations to convert or upgrade the premises are described in **Schedule 7** to this Agreement.

6.03 Real Estate Improvements, Equipment and Signage. Franchisee agrees to construct all improvements to the Premises and the Store in compliance with plans and specifications approved by Big O. Franchisee agrees to purchase, lease or otherwise use in the establishment and operation of the Big O Store only those fixtures, equipment, signs and hardware and/or software that Big O has approved as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee shall purchase or lease approved brands, types or models of fixtures, equipment, and signs

only from suppliers designated or approved by Big O. Franchisee agrees to place or display at the Premises only such signs, logos and display materials that Big O approves from time to time.

6.04 Conditions to Opening. Franchisee agrees, at its sole expense, to do or cause to be done the following prior to opening the Big O Store for business: (i) secure all required financing; (ii) obtain all required permits and licenses; (iii) construct all required improvements and decorate the Store in compliance with approved plans and specifications approved by Big O pursuant to **Section 7.01(b)** below; (iv) purchase (or lease) and install all fixtures, equipment and signs required by Big O for the Big O Store; (v) purchase an opening inventory of tires and supplies in accordance with **Section 14.01** and 14.02; (vi) provide Big O with copies of all required insurance policies, or such other evidence of coverage and payment as Big O requests; and (vii) provide Big O with any other documents as may be reasonably required by Big O, including but not limited to financing statements.

6.05 Commencement of Business. Franchisee agrees to open the Big O Store for business within fourteen (14) days after Big O notifies Franchisee that the conditions set forth in this **Section 6** have been satisfied. Unless otherwise agreed in writing by Big O and Franchisee, Franchisee has sixteen (16) months from the Effective Date of this Agreement within which to have its Big O Store opened and operating ("Development Period"). Big O will extend the Development Period for a reasonable period of time in the event that factors beyond Franchisee's reasonable control prevent Franchisee from meeting this Development Period, so long as Franchisee has made reasonable and continuing effort to comply with such development obligations and Franchisee requests, in writing, an extension of time in which to have its Big O Store open and operating before the Development Period lapses.

7. PRE-OPENING AND ONGOING ASSISTANCE

7.01 Pre-Opening Assistance. Prior to Franchisee's Commencement Date, Big O shall provide Franchisee with the following assistance to the extent and as determined by Big O from time to time in its sole discretion:

(a) Assistance to Franchisee related to approval of a site for the Store, although Franchisee acknowledges that Big O shall have no obligation to select or acquire a site on behalf of Franchisee. Big O's assistance will consist of providing criteria for a satisfactory site, an on-site inspection and determination of whether a proposed site fulfills the requisite criteria, prior to formal approval of a site selected by Franchisee. At Big O's option, Big O may, without fee or expense to Franchisee, review the proposed Store lease. The final decision about whether to acquire a given approved site or whether to execute any particular lease shall be the sole decision of Franchisee. Big O disclaims all liability for the consequences of approving a given site. Big O's participation in site selection in no way is meant to constitute a warranty or guaranty that the Franchised Business will be profitable or otherwise successful. Big O's written approval of the Premises and Store must be obtained by Franchisee before the Store may be opened or relocated. Big O may condition its approval of a Store lease upon Franchisee's execution of a conditional lease assignment in a form, which is the same as, or similar to the one found on **Schedule 4**. In the event Franchisee owns, or becomes the owner of, the site for the Store, Big O may require Franchisee to enter into a Lease Option with Big O in the form then in use by Big O for the remainder of the Term that could be exercised at Big O's option in the event of a default by Franchisee to allow Big O to take over possession of the site. A Memorandum of Lease Option may be recorded or filed by Big O in the event a Lease Option is required.

(b) A prototype floor plan, elevation and equipment layout for the Store. Big O may charge Franchisee its costs (as reasonably determined by Big O) of these. The plans must be modified by Franchisee's architect or contractor to adapt them to conditions at the Premises and to satisfy all

local code requirements. Revisions or modifications to the plans must be approved by Big O. Big O's approval of the revisions or modifications to the plans will not be unreasonably withheld.

(c) Training for one person in the operation of the Franchised Business ("Initial Training Program"). Currently, the Initial Training Program consists of initial online training ("Online Training"), a number of weeks of classroom training at a location designated by Big O in its sole discretion ("Facilitated Training"), and a number of weeks of field training and certification by an existing franchisee designated by Big O at one or more of this existing franchisee's Big O Stores. The number of weeks of such Initial Training Program shall be as specified by Big O from time to time in its discretion. Unless Big O waives the training requirement, the Manager of the Franchisee's Store or Franchisee's Operator and such other managerial personnel as are designated by Big O must attend and successfully complete the Initial Training Program. Franchisee shall pay the training fees charged by Big O from time to time and shall pay for its own employee costs (such as salaries and wages, and benefits), transportation, lodging, and living expenses which are incurred while attending any Big O training program, except that the training fee for the first person to attend the Facilitated Training portion of the Initial Training Program and the field training portion of the Initial Training Program are included in the initial franchise fee required by **Section 8.01** below. In the event that, in Big O's sole discretion, Franchisee's Operator fails to successfully complete the Initial Training Program, Big O may, in its sole discretion, require Franchisee's Operator to attend and successfully complete another training program at Franchisee's cost or terminate this Agreement and, upon receipt from Franchisee of a general release in a form approved by Big O, refund a portion of the initial franchise fee paid by Franchisee equal to the entire initial fee less any amounts necessary to reimburse Big O for the costs it incurred in approving Franchisee and in training Franchisee's Operator and Manager and less other administrative expenses incurred by Big O in regard to Franchisee. In some circumstances designated by Big O in its sole discretion from time to time (for instance, for Stores with real estate costs or past sales at high levels designated by Big O from time to time in its sole discretion), Big O may require and provide or arrange for certain additional training of Franchisee's Operator or Manager and such of its managerial personnel or Owners as are designated by Big O. Big O, in its sole discretion, may charge a reasonable fee for such additional training. Franchisee shall pay for its own transportation, lodging and living expenses which are incurred while attending such additional training. Big O may also provide onsite training at Big O's sole discretion upon a request of Franchisee, or at Big O's own initiative. Onsite training programs or sessions may be conducted on a mandatory or voluntary basis and, at Big O's discretion, Franchisee may be required to pay a site visit tuition or fee for its attendees. While Big O will provide training programs to its franchisees, it may periodically modify, restructure, or eliminate any training programs in its discretion.

(d) Big O will provide Franchisee online access to the Big O Manual or other such proprietary information.

(e) Assistance in selecting Franchisee's initial inventory.

(f) Assistance in the layout, merchandising and display of the Store.

7.02 On-Going Assistance.

(a) Big O agrees to make available to Franchisee the following ongoing assistance for which Big O will not charge the Franchisee a fee for such assistance:

(i) Big O will provide, to the extent available to Big O, a source from which Franchisee may purchase Big O private brand tires;

(ii) Big O may, in its sole discretion, provide to the Franchise Advisory Council ongoing marketing research into new tire selections and other lines of Products and Services and ways to enhance the competitive posture of Big O Stores; and

(iii) Big O will provide recommended prices for Big O brand tires; provided that Franchisee will not be required to sell at any particular price or at or above any minimum price if such a requirement would be unlawful;

(b) Big O agrees to make available to Franchisee the following on-going assistance for which Big O may charge the Franchisee a fee:

(i) Additional training for the Operator or other personnel of Franchisee;

(ii) Regional training provided by Big O personnel and field assistance, inspections and merchandising advice pertaining to the Franchisee's Store provided by Big O area managers.

(iii) Point of sale advertising materials and other merchandising display materials, specialty items and wearables utilizing Big O Licensed Marks will be purchased through Big O or such other licensee as designated by Big O for which Big O may charge the franchisee a fee, and from time to time, local advertising plans and materials, special promotions and similar advertising; and

(iv) At the request of Franchisee's Local Group, Big O will make available to Franchisee or the Local Group electronic copies, or, where deemed appropriate by Big O, hard copies, of radio and television commercials, for which Big O may charge a fee to the Local Group or to Franchisee.

Notwithstanding **Subsections 7.02(b)(i) and (ii)**, above, in certain situations where training is being provided by Big O personnel, training will be provided at no cost to the Franchisee for the personnel conducting the training but, the Franchisee may be charged a fee for costs associated with the materials and training location.

(c) Big O will provide the Franchisee with twenty five (25) megabytes of storage space on the Franchisee E-mail System (the "E-mail Service") server. At Big O's discretion, Big O may allocate additional space for the Franchisee's account(s), in increments of five (5) megabytes, upon terms and subject to conditions established by Big O, such as the payment of fees to Big O by the Franchisee. Big O will utilize the E-mail Service as the primary method of communication of important data and operational information. Franchisee must log on to the E-mail Service, at least daily, to review and act upon the information conveyed. Big O may restrict or prohibit access to the E-mail Service and may impose an excessive use charge on the Franchisee for such excessive use. Big O reserves the right, in its sole discretion, to establish additional conditions and restrictions governing Franchisee's use of the E-mail Service (collectively, the " E-mail

Terms") and, in its sole discretion, to change, modify, add, or remove portions of the E-mail Terms at any time, effective immediately upon notice to Franchisee, which notice may be published on Big O's website, http://businesscenter.bigotires.com (the "Site") or otherwise provided to the Franchisee. Big O reserves the right to restrict or terminate the Franchisee's access to the E-mail Service in the event of a violation of the E-mail Terms. BIG O SHALL HAVE NO LIABILITY FOR UNAUTHORIZED ACCESS TO, OR ALTERATION, THEFT OR DESTRUCTION OF, THE SITE OR OF THE FRANCHISEE'S DATA FILES, PROGRAMS, E-MAIL, CONTENT OR INFORMATION.

(d) Big O, in its sole discretion, will make the following services available to Franchisee, for which additional fees may apply:

(i) Big O will provide Franchisee with periodic surveys of competitive retail pricing and recommended retail pricing in Franchisee's general market territory. This does not encompass specific competitor pricing in each location, but will generally focus on price competitive, regional retailers. Big O will provide this information to Franchisee in an electronic format, so that Franchisee can update its pricing files in Franchisee's point of sale system. Franchisee will also have the ability to change this retail pricing at Franchisee's discretion.

(ii). Big O will provide Category Management Complete Solution to assist Franchisee with making merchandising decisions. This service compiles local, national, and third party data relative to the tire industry to help Franchisee develop product marketing and inventory strategies for Franchisee's local markets. The service provides guidance in building product screens, managing inventory productivity, identifying the most popular tire sizes in the Franchisee's market, market profiling, and demographics of Franchisee's market to help Franchisee customize its product offerings.

(iii). Big O will make available the www.tbcuniversity.com web portal for all Stores. This site combines Big O and Industry specific courses which have been selected by the Training Department.

(iv). Big O will offer the TBC Retail Group Service Central program to Stores in the TBC Retail Group, including Big O Stores, to enable them to offer consistent services under the Service Central brand. Franchisee is required to participate in this program. The program currently includes a marketing package, point of purchase materials, and internal learning content programs.

The scope, process, procedure and timing of the services in this **Section 7.02(d)**; the availability of and charges for these services; and even the outright elimination of these services, will be determined periodically by Big O in its sole discretion and, if established, will be described in the Manual or other written documents.

(e) Big O, in its sole discretion, may provide other assistance from time to time under terms and conditions and for fees and charges as established by Big O in its sole discretion from time to time.

8. FEES

8.01 Initial Franchise Fee. In consideration of the execution of this Agreement, Franchisee agrees to pay Big O an initial franchise fee in the amount and at the times specified on the Summary Pages. Except as described in **Section 7.01(c)** above, the initial franchise fee is not refundable.

8.02 Royalty Fee. After the Commencement Date, Franchisee shall pay to Big O a monthly royalty fee equal to: (a) 2% of Gross Sales to National Account Customers and Key Account Customers, (b) 2% of Gross Sales of Farm Class Tires, (c) 2% of Excess Service Department Sales, and (d) the Adjusted Gross Sales Royalty Rate applied to the Adjusted Gross Sales. The Adjusted Gross Sales Royalty Rate to be used for the balance of the initial calendar year after the Commencement Date is set forth in the Summary Pages. The royalty fee for each month must be received by Big O no later than the Due Date in the following month.

8.03 National Marketing Fee. Franchisee shall pay to Big O a monthly contribution to the National Marketing Program pursuant to **Section 15.02(a)** below.

8.04 Late Fees. If any fee or any other amount due under this Agreement, including payments for Products and Services, is not received within ten (10) days after such payment is due, Franchisee shall pay Big O interest equal to the lesser of the daily equivalent of eighteen percent (18%) per annum of such overdue amount per year, or the highest rate then permitted by applicable law, for each day such amount is past due. This interest rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to this Agreement.

8.05 Taxes. If any federal, state, or local tax other than an income tax is due or imposed upon the initial franchise fee or royalty fees paid by Franchisee to Big O which Big O cannot offset against taxes it is required to pay under the laws of the United States or the state of its domicile, Franchisee agrees to compensate Big O in the manner prescribed by Big O so that the net amount or net rate received by Big O is no less than that which has been established by this Agreement.

8.06 Rebill Charge. Franchisee shall pay Big O the Rebill Charge on all tires purchased by Franchisee under the Rebill Tires program.

8.07 Manual Processing Fee. If Franchisee fails to comply with any requirement that is established by Big O designed to automate or expedite Big O's administrative tasks, Franchisee shall pay Big O an administrative fee in an amount to be established by Big O in its discretion, not to exceed $75 per occurrence.

8.08 Allocation of Payments. Unless other written instructions accompany a specific payment, all payments made by Franchisee pursuant to this Agreement shall be applied in such order as Big O may designate from time to time. Big O shall comply with any written instructions for allocation specified by Franchisee to the extent, in Big O's opinion, it is reasonable to do so.

9. LICENSED MARKS

9.01 Licensed Marks. Franchisee expressly acknowledges that Big O is the sole and exclusive licensor of the Licensed Marks. Franchisee shall not represent in any manner that Franchisee has acquired any ownership rights in the Licensed Marks. Franchisee shall not use any of the Licensed Marks or any marks, names, or indicia which are or may be confusingly similar in its own Entity or business name. Franchisee further acknowledges and agrees that any and all goodwill associated with the Big O System and identified by the Licensed Marks shall inure directly and exclusively to the benefit of Big O and that,

upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of Licensed Marks.

9.02 Limitations on Use. Franchisee understands and agrees that any use of the Licensed Marks other than in accordance with the Manual or other than as expressly authorized by this Agreement, without Big O's prior written consent, is an infringement of Big O's rights therein and that the right to use the Licensed Marks granted herein does not extend beyond the termination or expiration of this Agreement. Franchisee expressly covenants that, during the term of this Agreement and thereafter, Franchisee shall not, directly or indirectly, commit any act of infringement or contest or aid others in infringing or contesting the validity of Big O's right to use, or Big O's ownership of, the Licensed Marks or take any other action in derogation thereof.

9.03 Infringement. Franchisee acknowledges Big O's right to regulate the use of the Licensed Marks and Trade Dress of the Big O System. Franchisee shall promptly notify Big O if it becomes aware of any use or any attempt by any person or legal entity to use the Licensed Marks or Trade Dress of the Big O System, any colorable variation thereof, or any other mark, name, or indicia in which Big O has or claims a proprietary interest. Franchisee shall assist Big O, upon request and at Big O's expense, in taking such action, if any, as Big O may deem appropriate to halt such activities, but shall take no action nor incur any expenses on Big O's behalf without Big O's prior written approval.

9.04 Franchisee's Business Name. Franchisee further agrees and covenants (i) to operate and advertise only under the name or names from time to time designated by Big O for use by similar Big O System franchisees; (ii) to refrain from using the Licensed Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in a way, subject Big O to liability therefor; (iii) to observe all laws with respect to the registration of trade names and assumed or fictitious names; (iv) to include in any application for the above a statement that Franchisee's use of the Licensed Marks is limited by the terms of this Agreement, and to provide Big O with a copy of any such application and other registration document(s); and (v) to observe such requirements with respect to trademark and service mark registrations, copyright notices, and other notices as Big O may, from time to time, require.

9.05 Change of Licensed Marks. Subject to the requirements of **Section 25** of this Agreement, Big O reserves the right, in its sole discretion, to designate one or more new, modified, or replacement Licensed Marks or trade names for use by franchisees and to require the use by Franchisee of any such new, modified, or replacement Licensed Marks or trade names in addition to or in lieu of any previously designated Licensed Marks. Any expenses or costs associated with the use by Franchisee of any such new, modified, or replacement Licensed Marks shall be the sole responsibility of Franchisee. Any expenses or costs associated with a change from the name "Big O" to an unrelated name will be allocated between Big O and the Franchisee in proportionate amounts to be determined by Big O and, if applicable in accordance with **Section 25** of this Agreement.

9.06 Franchisor's Rights. Big O retains the right to, among others: (i) use, and license others to use, the Licensed Marks and the Big O System for other Big O Stores or company-owned Stores; (ii) solicit, sell to and service local, regional or national accounts wherever located; (iii) use the Licensed Marks and the Big O System with other services or products, or in alternative channels of distribution, including the Internet, without regard to location; and (iv) use and license the use of other proprietary marks or methods which are not the same as or confusingly similar to the Licensed Marks, whether in alternative channels of distribution or with the operation of any type of tire sales and service business, at any location, which may be the same as, similar to or different from the business of a Big O Store. Big O may use or license these rights on any terms and conditions it deems advisable, and without granting Franchisee any rights in them.

10. STANDARDS OF OPERATION

10.01 Standards of Operations. Big O shall establish and Franchisee shall maintain high standards of quality, appearance and operation for the Franchised Business. For the purpose of enhancing the public image and reputation of the businesses operating under the System and for the purpose of increasing the demand for Products and Services provided by Franchisee and Big O, the parties agree as follows:

(a) Franchisee shall not open the Store for business until Big O has provided Franchisee with written authorization to do so;

(b) Franchisee shall make such modifications and improvements to the Store and Premises as required by Big O from time to time but may not make any modifications to the Store and Premises without Big O's prior approval.

(c) Franchisee shall comply in good faith with all published Big O System rules, regulations, policies, and standards, including, without limitation, those contained in the Manual. Franchisee shall operate and maintain the Franchised Business solely in accordance with high standards of quality, appearance and operation for the Franchised Business, and in the manner and pursuant to the standards prescribed herein, in the Manual and in other materials provided by Big O to Franchisee, and shall make such modifications thereto as Big O may require;

(d) Franchisee shall at all times operate the Store diligently and in a manner, which is consistent with sound business practices so as to maximize the revenues therefrom;

(e) Franchisee shall at all times maintain working capital and a net worth which is sufficient, in Big O's opinion, to enable Franchisee to fulfill properly all of Franchisee's responsibilities under this Agreement;

(f) Franchisee shall at all times maintain the Premises and its Store in the image of and according to the standards of Big O as prescribed in the Manual. These standards and specifications may include, but are not limited to the safety, maintenance, cleanliness, sanitation, function and appearance of the Premises, the Store and the Store's equipment and signs, as well as the requirement that the employees of the Store shall be required to wear uniforms and to maintain a standard of appearance while employed at the Store. Moreover, Franchisee agrees to cooperate with Big O at Franchisee's expense, to the extent building and site limitations permit, in the implementation of new programs, including those which may require the addition of new equipment or fixtures for the Store. In its sole discretion, Big O may waive some or all of any of its franchisees' obligations to comply with such programs;

(g) Prior to opening, Franchisee shall provide Big O with written certificates or documentary evidence from an insurance company or companies that Franchisee has obtained the insurance coverage prescribed by **Section 21**;

(h) If Franchisee maintains a customer list, such lists or parts thereof shall be disclosed to no one other than Franchisee's employees or Big O without Big O's prior written consent;

(i) Big O will assign Franchisee to a Local Group and Franchisee must become a member of that Local Group. Big O may, in its sole discretion, require Franchisee and the other franchisees in the same marketing area (as determined by Big O) to form a Local Group, continue the Local Group in operation and manage the Local Group in accordance with the standards and

requirements established by Big O from time to time. All Local Groups are required to comply with all applicable laws. Franchisee shall be bound by any decisions the Local Group makes to the extent they are approved by Big O and are consistent with the standards and within the guidelines prescribed or approved by Big O, provided however, that (i) Franchisee shall not be subject to any agreement to fix prices, or allocate customers or territories which would violate any applicable laws; and (ii) Franchisee shall not be subject to any capital investment requirements or other standards established by the Local Group which are inconsistent with this Agreement or which have not been approved or prescribed by Big O. If Franchisee's Local Group so requires, Franchisee must obtain a bond in such minimum amounts and for such periods of time as reasonably determined by Franchisee's Local Group to ensure Franchisee's timely payment of all amounts owed by Franchisee to its Local Group;

(j) Franchisee shall use the Premises and the Store solely for the Franchised Business and for no other purpose; and

(k) Franchisee and its guarantor(s) shall not engage in or open any business at any location that is located less than a prescribed distance from Franchisee's Store. Such distance may be prescribed by Big O, in its sole discretion, from time to time.

10.02 Maximum Pricing. From time to time Big O may establish maximum pricing for certain Products and Services, for certain customers and/or for certain situations. Franchisee shall adhere to such maximum pricing as so established by Big O, provided that Franchisee shall not be required to sell Products and Services at any particular price or at or above any minimum price if such a requirement would be unlawful.

10.03 National Fleet Account and Key Account Customer Programs. Big O has established national fleet account and Key Account Customer programs and policies, which it may revise, suspend and reestablish from time to time in its sole discretion. The national fleet account programs and Key Account Customer programs may include, but are not limited to: (a) Big O (or its designated provider) making arrangements with National Account Customers and Key Account Customers to have Big O franchisees provide Products and Services that are specified by Big O and accepted by National Account Customers and Key Account Customers; (b) permitting designated buyers of the National Account Customers and Key Account Customers to purchase specified Products and Services from Franchisee (and the other franchisees) at prices not more than those negotiated by Big O and the National Account Customer and the Key Account Customer; (c) central billing by Big O (or its designated provider) of National Account Customers and Key Account Customers for such specified Products and Services; and/or (d) fees to be paid by franchisees for administrative services (such as central billing) provided by Big O (or its designated provider) in connection with the national fleet account programs and Key Account Customer programs. Franchisee agrees to comply with the national fleet account policies and participate in the national fleet account programs and Key Account Customer programs as established by Big O from time to time. Such participation will include, among other things, paying the current fees for the services of Big O and third parties related to the administration and services related to the national fleet account programs and Key Account Customer programs, carrying the inventory, and making the services available as are necessary to provide the specified Products and Services to National Account Customers and Key Account Customers.

11. STORE MANAGEMENT

11.01 Store Management. Franchisee's Store shall only be operated by the Operator or a Manager employed by the Franchisee who are subject to approval by Big O. All initial and subsequent Operators and Managers are also subject to approval by Big O. Franchisee will notify Big O of each

initial and subsequent Operator and Manager prior to his or her appointment to give Big O a reasonable opportunity to determine whether Big O will exercise its right of approval or disapproval as to such Operator or Manager. Big O's approval, if required, will be conditioned upon the Operator's or Manager's successful completion of any training required by Big O. Big O may waive some or all of its initial training requirements for Operators or Managers who have already received such training as a result of their affiliation with another Store or Big O franchisee or in other circumstances, in its sole discretion. If Franchisee or Franchisee's Operator has not already successfully completed such training, he/she shall be required to successfully complete the training described in **Section 7.01(c)** above.

11.02 Completion of Training by Operator or Manager. Franchisee's Operator or Manager and such of its managerial personnel or Owners as are designated by Big O, shall complete, to Big O's reasonable satisfaction, any and all training programs Big O may reasonably require or provide at such time as Big O may reasonably prescribe. All training fees and all expenses incurred by persons receiving such training, including, without limitation, costs of travel, room and board, as well as wages of the person(s) receiving such training shall be borne by the Franchisee except as provided in **Section 7.01(c)**.

11.03 Operation of Store by Big O. Under the circumstances described below, upon Franchisee's request, Big O has the option, but not the duty, to replace Franchisee's Operator, Manager, or both, with its own employees or agents, to operate the Franchisee's Store for the benefit of Franchisee with complete discretion over all matters relating to its operation. Franchisee shall pay Big O's then current Store management fee as well as the out-of- pocket expenses Big O incurs for travel, food and lodging in the course of providing such services, provided that such expenses are reasonably related to the services rendered. Big O may operate Franchisee's Store if:

(a) Franchisee's Operator or Manager has failed to satisfactorily complete any training required by this **Section 11**; or

(b) Franchisee's Operator or Manager becomes physically or mentally incapable of operating the Franchised Business; or

(c) Franchisee's Operator or Manager dies and a new Operator or Manager has not completed initial training.

Notwithstanding the foregoing, prior to Big O operating the Franchisee's Store pursuant to the terms of this **Section 11.03**, Big O shall have provided the Franchisee with notice of the nature and extent of Franchisee's failure to comply with the operational requirements of this **Section 11** and the reasonable opportunity to cure the failure by the Franchisee to comply with the operational requirements of this **Section 11**.

12. QUALITY CONTROL

12.01 Inspections. Franchisee hereby grants to Big O and its authorized agents the right to enter the Premises during regular business hours:

(a) To conduct inspections and, upon Big O's request, Franchisee agrees to render such assistance as may reasonably be requested and to take such steps as may be necessary immediately to correct any deficiencies in the operation of its Franchised Business pursuant to this Agreement which are detected during such an inspection; and

(b) To remove from the Premises, certain samples of any Products and Services, supplies or goods, in amounts reasonably necessary for testing or examination by Big O or an independent

laboratory, to determine whether such samples meet Big O's then current standards and specifications. Big O will grant Franchisee a credit equivalent to the cost of any approved Products and Services or supplies damaged or removed by it.

13. MANUAL; NEW PROCESSES

13.01 Manual. To protect the reputation and goodwill of the businesses operating under the System and to maintain high standards of operation under the Licensed Marks, Franchisee shall conduct the Franchised Business strictly in accordance with the Manual, which Franchisee acknowledges belongs solely to Big O.

13.02 Confidentiality of Information. Franchisee shall at all times use its best efforts to keep Big O's Information confidential and shall limit access to the Information to employees and independent contractors of Franchisee on a need-to-know basis. Franchisee acknowledges that the unauthorized use or disclosure of Big O's Information will cause irreparable injury to Big O and that damages are not an adequate remedy. Franchisee accordingly covenants that it shall not at any time, without Big O's prior written consent, disclose, use, permit the use thereof (except as may be required by applicable law or authorized by this Agreement), copy, duplicate, record, transfer, transmit, or otherwise reproduce such Information, in any form or by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source. Any and all Information, knowledge, and know-how not generally known about the System and Big O's Products and Services, standards, procedures, techniques, and such other Information or material as Big O may designate as confidential shall be deemed confidential for purposes of this Agreement, except Information which Franchisee can demonstrate was lawfully in Franchisee's possession prior to disclosure by Big O, or which legally is or has become a part of the public domain by lawful publication or communication by others.

13.03 Revisions to Manual. Franchisee understands and acknowledges that subject to the requirements of **Section 25**, Big O may, from time to time, revise the contents of the Manual to implement new or different requirements for the operation of the Franchised Business, and Franchisee expressly agrees to comply with all such changed requirements which are by their terms mandatory, provided, that such requirements apply in a reasonably nondiscriminatory manner to comparable Big O franchisees. The implementation of such requirements may require the expenditure of reasonable sums of money by Franchisee. Big O will not alter the basic rights and obligations of the parties arising under this Agreement through changes to the Manual. The Manual and updates to the manual, may, in Big O's sole discretion, be delivered to Franchisee electronically via e-mail, online access, CD-ROM, Flash Drive or any other manner in which data can be transferred electronically in a widely acceptable format.

13.04 Improvements to System. If Franchisee develops any concept, process, service, or improvement in the operation or promotion of the Store, Big O may itself use or disclose it to other Big O franchisees without any obligation to compensate Franchisee therefor. If the concept, process, service, or improvement is adopted for use by the majority of Big O Stores, such concept, process, service, or improvement shall become the property of Big O and Big O may itself use or disclose it to other Big O franchisees without any obligation to compensate Franchisee therefor.

14. PRODUCTS AND SERVICES

14.01 Products and Services. Franchisee acknowledges that its principal interest in acquiring a Big O Franchise is to sell Big O private brand tires and related merchandise and benefit from Big O's Products and Services selection, purchasing programs, including programs for the purchase of major brand tires, and marketing expertise. The consuming public expects Big O Stores to offer the full line of Big O Products and Services and advertised warranty services. Accordingly, Franchisee shall at all times

have, in stock and on the Premises, a complete representative line of Big O private brand tires, related merchandise, and other Products and Services in such quantities as Big O may prescribe from time to time. Franchisee agrees that from the date at the end of the one hundred eighty (180) day period from the Commencement Date (or in the case of a transferee or a Converter, from a date designated by Big O) for the rest of the calendar year after such date and for each calendar year thereafter during the term (including renewal terms) of this Agreement, forty percent (40%) or more of all tire sales (in units) at the Store will be Big O brand tires, Big O or TBC Retail Group, Inc. exclusive tires, or other brand tires periodically designated by Big O as exclusive to the Big O product screen, excluding sales of snow tires (other than snow tires periodically designated by Big O) and ultra high performance tires (as those terms are defined in the Manual), Farm Class Tires and trailer tires. Big O may, from time to time, change this percentage (that is, may change the 40%) for its franchisees generally or for particular areas or circumstances. The prices charged to Franchisee by Big O or other suppliers shall be established by Big O or the other suppliers, respectively, from time to time, but the prices charged by Big O for Big O Program Products shall be subject to **Section 14.06**.

14.02 Approval of Products and Services. Prior to commencing business at the Premises, Franchisee shall stock the Store with Products and Services and supplies of such variety and in such amounts as Big O may require. Franchisee may not offer or sell any product or service that has not been selected, designated or approved in writing by Big O, and Franchisee may not sell any product or service except in accordance with the conditions required by Big O. Big O is not obliged to approve any product, service, or merchandise selected by the Franchisee. Franchisee may purchase Products and Services only from Big O or sources approved by Big O. Big O will not give its approval of suppliers selected by the Franchisee which are not at the time listed in the Manual as approved by Big O for use by the Franchisee, except in accordance with the following procedure:

(a) The Franchisee must submit a written request to Big O for approval of the supplier;

(b) The Franchisee must demonstrate to Big O the existence of a need for the product or service and that the product or service does not conflict with Big O's existing marketing program of Products and Services;

(c) The supplier must demonstrate to Big O's reasonable satisfaction, that it is able to supply a commodity to the Franchisee meeting Big O's specifications for such commodity and that it is able to do so on a timely basis;

(d) The supplier must demonstrate to Big O's reasonable satisfaction that the supplier is of good standing in the business community with respect to its financial soundness and reliability of its product and service;

(e) The supplier must agree to indemnify and hold Big O and the Franchisee harmless from and against any claim or liability by reason of the supplier's products, including without limitation, defects in materials and workmanship and supplier must provide to Big O certificates or other evidences of insurance coverage with coverage limits sufficient to cover the risks and an endorsement reflecting that Big O and Franchisee are named as additional insureds under the supplier's insurance policies;

(f) Big O must be reasonably satisfied that the commodity is priced competitively; and

(g) Suppliers of tire products must meet the then current requirements under the TREAD Act.

Big O's current practice is to notify the Franchisee of its approval or disapproval in writing as soon as practicable. Big O may revoke its approval of an approved supplier at any time in its sole discretion.

14.03 Inventory and Services. Franchisee shall at all times maintain an inventory of Products in such amounts and of such variety as Big O may reasonably require, and shall offer all Services which Big O may require.

14.04 Warranties and Guaranties.

(a) Franchisee agrees to issue and honor warranties and guarantees written on certain Products and Services sold to consumers in accordance with the terms and procedures prescribed in the Manual, including but not limited to the Big O Program Products Warranty. Any such warranty or guaranty will be offered through all Big O Stores on a nondiscriminatory basis, subject to such exceptions as determined by Big O from time to time (such as test programs). Only warranties or guarantees sponsored or approved by Big O or its Affiliates may be offered or honored by Franchisee (other than those required by law). Franchisee and Big O shall only honor warranties and guaranties on Products and Services that have been sold to and returned by consumers in accordance with the terms and procedures prescribed in the Manual. Franchisee agrees to honor any and all warranties and guarantees sponsored or approved by Big O, regardless of where or by whom they were issued. Franchisee shall make no charge to a customer for honoring such a warranty or guaranty unless the charge is permitted by the express terms of the warranty or guaranty or the then current Manual. Big O agrees not to change or alter any warranty or guaranty without giving Franchisee at least thirty (30) days prior written notice. Warranties or guarantees issued prior to any such revocation or modification shall be honored according to their terms as interpreted in the Manual.

(b) Big O will absorb Franchisee's costs for (i) claims related to replacement due to road hazards contemplated in the terms of the applicable Big O Program Products Warranty for Big O I Tires in accordance with the terms and procedures prescribed by the Manual; and (ii) claims related to the prorated manufacturer's workmanship and material warranty for Big O II Tires and any other tires that are Big O Program Products in accordance with the terms and procedures prescribed by the Manual (provided, however, that the warranty costs so absorbed will be included in the Warranty Costs used to determine the Big O Program Products Price). Franchisee will cover all other warranties.

14.05 Open Account Financing. In its sole discretion, Big O may provide Franchisee with open account financing for some or all of the Products and Services it sells Franchisee. Whether or not such credit is offered, Franchisee will be required to execute a security agreement and comply with all other requirements of Big O to secure Franchisee's obligations to Big O under the Franchise Agreement and perfect its security interest therein. If such credit is offered, Franchisee will be required to execute a credit agreement and security agreement and comply with all other requirements of Big O to secure such payments and perfect its security interest therein. Franchisee's failure to comply with any credit terms set forth above may cause Big O to terminate these credit terms or, where appropriate, Big O reserves the right to place Franchisee on C.O.D. as well as notifying the Franchisee of an event of default of this Agreement.

14.06 Purchase of Big O Program Products.

(a) Big O shall sell to Franchisee, and Franchisee shall purchase from Big O, Big O Program Products in such quantities as ordered by Franchisee and accepted by Big O, at the Big O Program Products Price.

(b) The Big O Program Products Price will be subject to audit in accordance with Big O's Manual as determined by Big O from time to time. Big O's audit procedures in effect as of the date of this Agreement are set forth in **Schedule 10**.

(c) If it is determined under **Section 14.06(b)** or otherwise that Big O has overcharged or undercharged Franchisee in the determination of the Big O Program Products Prices, then the Parties will make adjustments in accordance with Big O's Manual as determined by Big O from time to time. Big O's adjustment procedures in effect as of the date of this Amendment are set forth in **Schedule 10**. Franchisee's sole remedy against Big O for any overcharge for Big O Program Products will be a credit against amounts due to Big O and, in some circumstances, recovery of expenses paid by Franchisee for a third party audit, all as provided in the Manual.

(d) The restrictions in this **Section 14.06(d)** apply to Big O Program Products that were purchased by Franchisee at or for the account of the Store that is the subject of this Agreement or that Franchisee purchased at the Big O Program Products Price. Franchisee shall not sell any such Big O Program Products to any party, including other Big O Franchisees, on a wholesale basis, or sell any such Big O Program Products at or for the account of (or otherwise transfer any such Big O Program Products to) any other Big O Stores that are not Big O Business Format Units, or any other non-Big O stores that are owned or operated, in whole or in part, by Franchisee pursuant to a franchise agreement with any affiliate or parent of Big O. However, such sales or transfers may be permitted in some circumstances and under certain conditions set forth in policies adopted by Big O from time to time in its sole discretion. If Franchisee violates the restrictions in this **Section 14.06(d)**, it must pay Big O an amount to remedy such violation, which amount will be determined in accordance with policies adopted by Big O from time to time; this remedy and such payment shall be in addition to any other remedies that Big O may have.

(e) Franchisee will generally not be eligible to participate in any promotional programs offered by Big O.

15. ADVERTISING, MARKETING AND PROMOTIONAL PLANS

15.01 Grand Opening Advertising. Recognizing the value of standardized Advertising programs to the furtherance of the goodwill and public image of the Big O System, within the first year of business, Franchisee is required to spend on Grand Opening Advertising, in addition to the required amounts to be paid each month to Big O and/or the Local Group pursuant to **Sections 15.02 and 15.03** below, the amount specified on the Summary Pages. The manner of the Grand Opening Advertising must be approved in advance by Big O.

15.02 National Marketing Program. Big O has established a National Marketing Program which Big O, in its sole discretion, may decide to terminate or suspend at any time. If Big O does terminate or suspend the National Marketing Program, Big O, in its sole discretion, may re-establish it at any time. Big O shall notify Franchisee as to the manner in which it shall function and the amount of contribution required of Franchisee.

(a) Not later than the Due Date, Big O or its designee must have received from Franchisee such amount as Big O shall designate, but not more than one percent (1%) of its previous month's Gross Sales (the "NMP Percentage Fee") plus such amount per month charged per franchisee to the Big O marketing fund by a third party who administers the National Auto Service Warranty for Big O, as a contribution to the National Marketing Program which shall be maintained or approved by Big O for Big O system-wide Advertising efforts. Big O shall limit any increase in Franchisee's NMP Percentage Fee from any amount then currently being charged to one-tenth of one percent (0.1%) in any twelve (12) consecutive month period and an additional one-tenth of one percent (0.1%) for each twelve (12) consecutive months thereafter until the one percent (1%) limitation is reached. Such incremental increases shall not be cumulative so that if Big O fails to adopt an additional incremental increase after any twelve (12) consecutive month period, the next one-tenth of one percent (0.1%) incremental increase will not accrue until actually adopted by Big O and shall constitute the maximum for the next consecutive twelve (12) months; provided, however, in the event Big O shall determine, in its sole judgment and discretion, that a special Advertising circumstance or opportunity is available to Big O and/or its franchisees, Big O may propose to the Franchise Advisory Council a greater increase during any consecutive twelve (12) month period (up to one percent (1%) limit), and if a majority of the members of the Franchise Advisory Council agree to such increase, it shall be implemented by Big O, notwithstanding Big O's limitation as to the phasing in of any increases.

(b) Big O shall, following consultation with the Franchise Advisory Council, direct all system-wide Advertising efforts which are provided through the National Marketing Program with Big O retaining sole discretion over the concepts, materials, and media used therein. All National Marketing Program contributions paid by Franchisee and other similarly situated Big O System franchisees to Big O shall be part of the National Marketing Program.

(c) Franchisee understands and acknowledges that the National Marketing Program is intended to maximize general public recognition and acceptance of the Licensed Marks and for other benefits for the System and that Big O undertakes no obligation in administering the National Marketing Program to insure that any particular franchisee benefits directly or pro rata from the national Advertising. Franchisee agrees that the National Marketing Program may be used to meet any and all costs incident to such Advertising; provided that no part thereof shall be used by Big O to defray its general operating expenses other than (i) those reasonably allocable to such Advertising, or (ii) other activities reasonably related to the administration or direction of the National Marketing Program and its related programs. At Big O's discretion, from time to time, Big O may advance funds to the National Marketing Program to cover expenditures of the National Marketing Program. At Big O's election, it may recover any funds so advanced from future franchisee contributions and Big O may adjust future expenditures as may be necessary to make funds available for its recovery.

(d) Any part of the National Marketing Program contributions paid to Big O, but not spent by Big O during Big O's fiscal year, which Big O may change in its sole discretion, shall remain in the National Marketing Program. Any taxes imposed on the National Marketing Program shall be paid from the National Marketing Program. No refund of contributions to the National Marketing Program shall be due Franchisee upon termination or nonrenewal of this Agreement.

(e) The Franchise Advisory Council shall have the right to review all expenditures of the National Marketing Program on a regular basis.

15.03 Local Fund.

(a) Franchisee shall also contribute by the Due Date a minimum of four percent (4%) of its Store's Gross Sales for the previous month to Big O or as directed by Big O; provided, however, that such contributions may be reduced periodically at times, in circumstances and on conditions set forth in policies adopted by Big O from time to time in its sole discretion. If a Local Fund has been established by a Local Group in Franchisee's marketing area, Big O may, in its discretion, direct that all or any part of that contribution be (i) paid to the Local Fund formed by the Local Group for the purpose of local Advertising and operated pursuant to such structure and guidelines as Big O may prescribe or approve or (ii) paid to Big O, which may include all or some of such payment in a Local Fund administered by it or may forward all or some of such payment to the Local Fund formed by the Local Group. From time to time, the Local Group may agree to increase the amount Franchisee is required to spend for Advertising (by contributions to the Local Fund or otherwise), but, subject to the terms of certain documents already effective on this Agreement's Effective Date. The Local Group may not reduce this required expenditure below the four percent (4%) minimum, unless directed to do so by Big O, and such four percent (4%) may be subject to limitations and reductions as stated in **Section 15.03(b)**.

(b) Under Big O's current policies, for the Store subject to this Agreement:

(i) the Local Fund contribution rate on sales to National Account Customers and Key Account Customers approved by Big O and/or on sales of Farm Class Tires may be set as low as 2%.

(ii) starting on the first January 1 after the date of the Agreement (or starting on such other date as approved by Big O), advertising contributions to its Local Fund are capped for each calendar year at 4% (or such lower amount equal to the required Local Fund contribution then in effect) of the greater of 2.5 million dollars or twice an approximation of the system-wide average Store sales for each prior 12 month period ending October 31 of each year. For example, if the System-wide average Store sales for a given year are $1,500,000, and the then effective Local Fund minimum contribution percentage is 4%, the maximum contribution per Store would be $120,000 (2 X $1,500,000 = $3,000,000; X 4% = $120,000). The approximation of the system-wide average Store sales for each 12 month period will be calculated in accordance with policies periodically established by Big O in its discretion and will be communicated by Big O no later than December 31 of that year. The cap on advertising contributions referred to herein may be reduced periodically at times, in circumstances and on conditions set forth in policies adopted by Big O from time to time in its sole discretion.

(iii) As of the date of this Agreement, the minimum amount has temporarily been reduced to 3.6% of Gross Sales to partially offset the increases to the NMP Percentage Fee based on certain marketing programs which may be changed or terminated in the future in Big O's discretion after consultation with the FAC.

(c) Some Local Groups may offer other services such as insurance, information technology, and accounting services, and may charge additional amounts for these services.

(d) Franchisee agrees to be bound by the decisions of Big O (or its designee) and its Local Group, if one has been established in Franchisee's marketing area, pertaining to local Advertising, provided such decisions have been approved by Big O and do not violate any applicable laws.

(e) Franchisee understands and acknowledges that the Local Fund to which it contributes will generally be used for Advertising in local areas or regions where Big O Stores are located, but Big O undertakes no obligation with regard to any Local Funds administered by it or by any Local Group to insure that all or any portion of the Local Funds are used in the local area or region of the Store location identified in the Summary Pages or to insure that any particular franchisee benefits directly or pro rata from the expenditures by the Local Fund. The Local Funds may be used to meet any and all costs incident to the Advertising it supports; provided that, as to Local Funds administered by Big O, no part thereof shall be used by Big O to defray its general operating expenses other than (i) those reasonably allocable to such Advertising, or (ii) other activities reasonably related to the administration or direction of the Local Funds and related programs. No refund of contributions to the Local Fund shall be due Franchisee upon termination or nonrenewal of this Agreement. Any part of the Local Fund contributions not spent by Big O or a Local Group during its fiscal year, shall remain in the Local Fund. Any taxes imposed on the Local Fund shall be paid from the Local Fund. Big O retains the discretion to take such action or refrain from taking action as it deems appropriate to enforce the obligation of Franchisee to contribute to a Local Fund as provided in this Agreement and to enforce or refrain from enforcing the obligation of other franchisee to contribute to Local Funds as provided in their franchise agreements with Big O, but Big O has no obligation to Franchisee to enforce payments or contributions (in whole or in part) by other franchisees.

15.04 Other Required Advertising. Franchisee will purchase and use other advertising or marketing materials as designated by Big O from time to time in the Manual.

15.05 Approval of Advertising. Franchisee or the Local Group shall submit (through the mail, return receipt requested) to Big O for its prior written approval (except with respect to prices to be charged), samples of all marketing materials and advertising to be used by Franchisee that have not been prepared or previously approved in all respects by Big O or its designated agents, such approval by Big O shall not be unreasonably withheld. Franchisee shall submit tear sheets, receipts, and other evidence of such Advertising in the manner prescribed by Big O. Franchisee will not be required to submit to Big O copies of any proposed Advertising which has been adopted for use by the Local Group and which was previously approved by Big O for use by the Local Group. Franchisee shall not set up, maintain or utilize an Internet website or home page to sell Products and Services nor cause or allow the Licensed Marks, or any of them, to be used or displayed, in whole or in part, as an Internet domain name or on or in connection with any Internet website or home page without Big O's express prior written consent (which Big O may grant or withhold in its sole discretion), and then only in such manner and in accordance with such procedures, standards and specifications as Big O establishes from time to time.

15.06 CRM Program. Franchisee must participate in a customer relationship management program ("CRM Program") under which Big O or its approved supplier will send a number of postcards and other communications such as e-mails and text messages each month to certain categories of customers. The number of cards per month to which a Store is currently entitled varies based on its annual sales reported for the Store's immediately preceding calendar year. The annual volume of postcards at various levels of annual sales is currently:

	Annual Sales	Cards/Month
*	Less than $1,000,000	500
*	1,000,001 – 1,500,000	750
*	1,500,001 – 2,000,000	1,000
*	2,000,001- 2,500,000	1,250
*	2,500,001 – 3,000,000	1,500
*	Over $3,000,000	2,000

Although Big O will not directly charge Franchisee a fee for this service, this service will be paid for in part by the National Marketing Program and in part from contributions from Big O. You must pay for additional mailings or additional services that Franchisee may choose to obtain. In order to participate in the CRM Program, Franchisee must provide certain sales and customer information to Big O or its approved supplier. The CRM Program may be modified or discontinued at any time in Big O's sole discretion.

Nothing contained herein shall be construed to limit or otherwise restrict Big O's ability to make additional increases or decreases to Franchisee's contribution requirements to the Local Fund or National Marketing Program provided such requirements are implemented in accordance with the requirements contained in the Franchise Agreement.

15.07 SEO/SEM Program. Big O currently has a search engine optimization/marketing program ("SEO/SEM Program"). Franchisee must participate in and comply with the terms of the SEO/SEM Program, unless Big O agrees otherwise. The cost of operation of the SEO/SEM Program may be paid by the National Marketing Program.

16. STATEMENTS AND RECORDS

16.01 Invoices. Every sale of Products and Services from the Franchisee's Store shall be accurately recorded on a consecutively numbered invoice or in such other format as Big O may reasonably approve. All invoices, whether voided or used, shall be accounted for by Franchisee.

16.02 Audit. Throughout the term of this Agreement and for two (2) years thereafter, Franchisee shall maintain for not less than three (3) years original, full, and complete records, accounts, books, data, licenses, and contracts which shall accurately reflect all particulars relating to the Franchised Business and such other statistical and other information or records as Big O may require. Big O or its designated agent shall have the right to examine and audit such records, accounts, books, and data, or any other records, accounts, books, and data of Franchisee or any party affiliated with Franchisee, including but not limited to Franchisee's Operator, Manager, owners, guarantors, officers, directors, or other

representatives, any immediate family members of Franchisee or of such affiliated parties, or any companies or entities associated with Franchisee or such affiliated parties, that Big O in its sole discretion determines may be relevant in determining the business results of Franchisee's Franchised Business; such as verifying that Franchisee has paid all fees owed to Big O based on Franchisee's revenues. Examinations and audits may take place without prior notice, during normal business hours or at reasonable times. Big O may audit and inspect documents covering a period beginning with the date on which Franchisee first acquired its Franchised Business and ending on the date such audit is concluded. Inspections and audits may be conducted following the termination of this Agreement for any reason. If Franchisee has understated any amount due Big O or any Local Group or Local Fund, it shall tender payment of the amount due not later than ten (10) days following receipt of the auditor's report, plus interest calculated at a rate which is the lower of eighteen percent (18%) per annum or the highest rate permitted by law. This interest rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to this Agreement. In addition, if any such examination or audit discloses that Franchisee has understated its Store's Gross Sales by more than two percent (2%), Franchisee shall also be obliged to reimburse Big O for the cost and expense of such examination or audit. If Franchisee has overpaid Big O or such Local Group or Local Fund, such amount will be credited to Franchisee against monthly royalty fees or advertising or marketing contributions due to Big O, the Local Group or the Local Fund beginning with the month following receipt of the auditor's report and continuing until the credit is exhausted.

16.03 Monthly Reports. On or before each Due Date, Franchisee shall mail to Big O, together with its payments of royalty fees and advertising or marketing contributions, monthly reports on forms prescribed from time to time by Big O, stating the fees or contributions due to Big O on account of Gross Sales for the prior month, copies of all sales tax receipts or returns and such other information as Big O may require, all signed and certified as true and correct by Franchisee or Franchisee's Operator. Big O reserves the right to require such reporting and payments to be performed and submitted to Big O electronically.

16.04 Financial Statements. Franchisee shall deliver to Big O, no later than forty-five (45) days from the end of each of Franchisee's fiscal quarters, an unaudited profit and loss statement covering the Franchised Business for such quarter and a balance sheet of the Franchised Business as of the end of such quarter, all of which shall be certified by Franchisee as true and correct. All such statements shall be prepared in a format that has been prescribed or approved by Big O from time to time. If Franchisee breaches the foregoing requirements of this **Section 16.04**, Big O may, in its sole discretion, perform an operational audit of the Franchisee's Store for each period for which Franchisee failed to comply on a timely basis and failed to cure each breach after thirty (30) days notice and Franchisee shall be obligated to reimburse Big O for the cost and expenses of such audit. In addition, Franchisee, as well as any guarantor(s) of this Agreement, shall, within thirty (30) days after request from Big O, deliver to Big O a financial statement, certified as correct and current, in a form which is satisfactory to Big O and which fairly represents the total assets and liabilities of Franchisee and any such guarantor(s).

16.05 Management Systems. Franchisee will implement, maintain and use any Management Systems required by Big O. Franchisee will replace and upgrade hardware and other equipment and software of its Management System from time to time in accordance with specifications promulgated by hardware and software licensors from time to time. Replacement equipment must meet specifications promulgated by Big O from time to time and must be purchased only from Big O or a supplier approved by Big O. Also, Franchisee will comply with all policies concerning the Management Systems established by Big O from time to time in its sole discretion, including but not limited to arranging for off-site backup of all data at Franchisee's sole cost and expense. Except as stated in this **Section 16.05**, Franchisee will not be required to make material changes in the Management System more than once every four (4) years.

16.06 Retail Accounting Center. Franchisee may be required, in Big O's sole discretion, to use a Retail Accounting Center operated by Big O or an independent third party or operating within the Franchisee's Local Group, as Big O may designate in its discretion for the generation of financial statements and/or for providing accounting, payroll and/or related services. If the Franchisee utilizes the services of a Retail Accounting Center, Franchisee will be required to provide sufficient financial information to a Retail Accounting Center to enable that center to prepare on an accurate and timely basis the financial statements that the Franchisee is required to deliver to Big O. Franchisee authorizes the Retail Accounting Centers to deliver such financial statements directly to Big O. Franchisee shall be responsible for and pay on a timely basis the fees charged by the Retail Accounting Centers.

17. COVENANTS

17.01 Noncompetition During Term. Except for any businesses already operating and identified on the Summary Pages, during the term of this Agreement, Franchisee its Owners, officers, directors, and any guarantor(s) hereof covenant, individually, not to engage in or open any business, at any location, other than as a Franchisee of the Big O System, or as a franchisee of any affiliate or parent of Big O, or their subsidiaries, which offers or sells tires, wheels, automotive services, or other products or services which compete with Big O Products and Services. The purpose of this covenant is to encourage Franchisee and any guarantor(s) hereof to use their best efforts to promote the Big O System, its Products and Services, to protect its Information and trade secrets, and to generate a successful business at the Store.

17.02 Confidentiality. During the term of this Agreement and thereafter, Franchisee covenants not to communicate either directly or indirectly, divulge or provide access to or use for its benefit or the benefit of any other person or legal entity (including non-Big O stores and their employees and owners that are owned or operated, in whole or in part, by Franchisee pursuant to a franchise agreement or similar agreement with any affiliate or parent of Big O), any trade secrets which are proprietary to Big O or any Information, knowledge, or know-how deemed confidential under **Section 13** hereof, except as expressly authorized by Big O. The protection granted hereunder shall be in addition to and not in lieu of all other protections for such trade secrets and confidential Information as may otherwise be afforded in law or in equity.

17.03 No Interference with Business. Franchisee agrees that during the term of this Agreement that it shall not divert or attempt to divert any business of or any actual customers of the Big O System to any competitive business, by direct or indirect inducement or otherwise.

17.04 Post Termination Covenant Not to Compete. If Franchisee terminates this Agreement other than in a manner prescribed by **Section 19.04** or if this Agreement is terminated for "good cause" as defined in **Section 19.01**, Franchisee, its Owners, officers, directors, and guarantors covenant that they shall not directly or indirectly, for a period of two (2) years after the Termination Date of this Agreement, engage in any business, other than as a Franchisee of the Big O System, or as a franchisee of any affiliate or parent of Big O, or their subsidiaries, which offers or sells tires, wheels, automotive services, or other products or services which compete with Big O Products and Services within a ten (10) mile radius of the Premises or within a ten (10) mile radius of any other Big O Store which was operational or under construction on the Termination Date. If a former Franchisee or guarantor commits a breach of this **Section 17.04**, the two year period shall start on the date that the former Franchisee or guarantor is enjoined from competing or stops competing, whichever is later.

17.05 Survivability of Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this **Section 17** is held unenforceable by a court or agency having valid jurisdiction in an

unappealed final decision to which Big O is a party, Franchisee expressly agrees to be bound by any lesser covenant imposing the maximum duty permitted by law that is subsumed within the terms of the covenant, as if the resulting covenant were separately stated in and made a part of this **Section 17**. Franchisee further expressly agrees that the existence of any claim it may have against Big O, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Big O of the covenants in this **Section 17**. The covenants in this **Section 17** shall survive the Termination Date or Expiration Date of this Agreement.

17.06 Modification of Covenants. Franchisee understands and acknowledges that Big O shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this **Section 17** or any portion hereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply immediately with any covenant as so modified.

17.07 Anti-Terrorism Laws. Franchisee and each Owner represents, warrants and covenants that, at all times during the term of this Agreement, neither Franchisee, the Operator nor any executive officer of Franchisee will violate any law prohibiting money laundering or the aid or support of anyone who conspires to commit acts of terror against any person, entity or government, including acts prohibited by the U.S. Patriot Act or U.S. Executive Order 13224. Franchisee shall immediately notify Big O in writing of any event or circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

17.08 Tire Industry Association. Franchisee hereby authorizes Big O (or any officer of Big O designated by Big O) to vote (by means of a vote, consent or otherwise) at all meetings of the Tire Industry Association and in regard to all resolutions and other matters of the Tire Industry Association voted on or to be voted on by members of the Tire Industry Association.

18. TRANSFER AND ASSIGNMENT

18.01 Assignment by Big O. This Agreement and all rights and duties hereunder may be freely assigned or transferred by Big O and shall be binding upon and inure to the benefit of Big O's successors and assigns.

18.02 Right of First Refusal. Because Big O or someone known to Big O may be interested in purchasing Franchisee's Franchised Business, the Premises, or an interest in either, if Franchisee decides to make a Transfer, Franchisee agrees to offer in writing to make the Transfer to Big O, and describe the terms under which Franchisee offers to make such a Transfer and provide a copy of the actual offer or letter of intent that contains such terms to Big O. If Big O has not offered to purchase what the Franchisee has offered to Transfer to Big O within thirty (30) days after Big O receives the notice from Franchisee, Franchisee may then offer to make the Transfer to third parties on the same or not more favorable terms and conditions as were offered to Big O. If Franchisee does not consummate, in accordance with the terms offered to Big O, the Transfer within six (6) months after Franchisee gives notice of the Transfer to Big O, Franchisee shall not make the Transfer without again first offering to make the Transfer to Big O.

18.03 Transfer Legend. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Big O has granted the Franchise in reliance on Franchisee's personal background, business skills, experience, and financial capacity. It is important to Big O that Franchisee be known to Big O and always meet Big O's standards and requirements. Accordingly, neither Franchisee nor any Owner shall be permitted or have the power, without the prior written consent of Big O, to make any Transfer. To assure compliance by Franchisee with the transfer restrictions contained in this **Section 18**, all share or stock certificates of Franchisee, or other evidence of ownership in a Franchisee which is an Entity, shall at all times contain a legend sufficient under

applicable law to constitute notice of the restrictions on such stock, or other said evidence of ownership, contained in this Agreement and to allow such restrictions to be enforceable. Such legend shall appear in substantially the following form:

> The sale, transfer, pledge, or hypothecation of this [stock] is restricted pursuant to the terms of Section 18 of a Franchise Agreement dated between Big O Tires, LLC, and the issuer of these [shares].

Any Transfer that does not comply with the terms of this **Section 18** shall be null and void.

18.04 Pre-Conditions to Franchisee's Assignment. If Franchisee or any Owner desires to make a Transfer, such person or Entity must comply with the following terms, conditions, and procedures to effectuate a valid Transfer:

(a) If any proposed assignment of any rights under this Agreement, or if any other Transfer would in the reasonable opinion of Big O result in a Change of Control:

(i) The transferee must apply for a Big O franchise and must meet all of Big O's then current standards and requirements for becoming a Big O franchisee, which standards and requirements need not be written and which standards may vary with the circumstances (such as past or anticipated sales volume or real estate value of a particular Store).

(ii) The transferee or Franchisee shall, at Big O's election, execute the then current form of Franchise Agreement generally being offered to franchisees in the State in which the Big O Store is located. Such agreement shall generally provide for a new term equal to the term of the standard Big O franchise agreement then being offered, and may include, among other matters, a different fee structure, increased fees, different terms and conditions, a modified Trade Area and different purchase requirements;

(iii) The transferee, Franchisee, and Big O shall execute an Agreement and Consent to Assignment of Big O Tires Store in the form then in use by Big O;

(iv) Notwithstanding the foregoing, Big O or its assignee may, within thirty (30) days after receipt of notice as provided in **Section 18.04(b)(i)**, below, elect the Option to purchase the interest being offered by Franchisee or any Owner at the same terms, conditions and fees set forth in such notice; and

(v) The transferee or Franchisee shall, at Big O's election, have obtained prior to the Transfer a surety bond or letter of credit in an amount specified by Big O or a Local Group designated by Big O from time to time for each Big O Store of Franchisee issued by a surety company or bank reasonably acceptable to Big O in favor of Big O or, at Big O's election, to the Local Group, which surety bond or letter of credit may not be revoked, terminated or modified until two years (or such other time period as designated by Big O from time to time) after the date of the Transfer. Such bond or letter of credit shall be payable to the order of Big O or the Local Group, as the case may be, for any nonpayment by the transferee or Franchisee of contributions due to the National Marketing Program or the Local Fund pursuant to the Franchise Agreement to which the transferee or Franchisee is a party; or

(b) Regardless of the degree of control which would be affected by a proposed Transfer:

(i) Franchisee shall first notify Big O in writing of any bona fide proposed Transfer and set forth a complete description of all terms, conditions and fees of the proposed Transfer in the manner prescribed by Big O, including the name, address, financial qualifications, and previous five (5) years business experience of the prospective transferee and its owners, officers, directors, partners, members and management, in the case of an Entity;

(ii) If Big O or its assignee fails to exercise the Option to purchase the interest as provided in **Section 18.04(a)(iv)** or if the Option right is not available to Big O due to a transfer of less than fifty percent (50%) of Franchisee's ownership, Franchisee shall be required to obtain Big O's approval of the proposed Transfer and the proposed transferee. Big O shall, within thirty (30) days after receipt of the notice as provided in **Section 18.04(b)(i)**, above, notify Franchisee in writing of its approval or disapproval of the prospective Transfer and transferee. Big O's approval will be granted only if the prospective transferee, its Owners, and/or Operator: (a) meets Big O's then current standards for new franchisees, which standards need not be in writing and which standards may vary with the circumstances (such as past or anticipated sales volume or real estate value of a particular Store); (b) demonstrates to Big O's satisfaction that it or its Operator meets Big O's managerial, business, and technical standards; (c) possesses a good moral character, business reputation, and satisfactory credit rating; and (d) has the aptitude, ability, and financial capacity to operate the Franchised Business (as may be evidenced by prior related business experience or otherwise). Big O also reserves the right to disapprove a Transfer or a particular transferee where such Transfer or transferee would result in Big O having any material increased risk, burden, chance of not obtaining performance of all the provisions of this Agreement or chance of not obtaining financial performance as good as that achieved by the Franchised Business prior to the prospective Transfer. Big O also reserves the right to disallow a transfer of the Premises (without a transfer of the Franchised Business) to a person who would operate a business from the Premises which sells or offers for sale products or services which are the same as or similar to those offered for sale through the Franchised Business. Big O also reserves the right to seek to negotiate a general release of Big O as part of its approval of the proposed Transfer;

(iii) If Big O approves the proposed transferee, Franchisee or the Owner may transfer the interest to the proposed transferee at a price and under terms and conditions which are not more favorable to the transferee than the terms offered to Big O. Big O's approval is conditioned upon the proposed transferee or its Operator having completed (to the satisfaction of Big O) the training program then currently required of Big O franchisees or Operators, and, in some circumstances (such as high past sales volume) additional training as required by Big O from time to time;

(iv) Prior to the consummation of any such Transfer, Franchisee shall pay all amounts due to Big O and cure all other breaches of this Agreement and any other agreement or loan document it may have with Big O;

(v) Big O will, as a condition of any Transfer involving an assignment of this Agreement or a Change in Control, require Franchisee or transferee to pay a transfer fee (but no initial franchise fee). The transfer fee will be as set by Big O from time to time (and is currently $1,500). Franchisee acknowledges that such a transfer fee is appropriate

as necessary to reimburse Big O for any expenses which may be incurred in its review, analysis, and preparation of any documentation relating to the Transfer, including legal and accounting fees, and additional assistance as may be requested by the Franchisee related to the Franchisee's resale of the Store but is not determined by the actual amount of such expenses and costs. In addition, if the transferee requires training, Franchisee or the transferee will also be charged a training fee of up to four thousand dollars ($4,000) for one person plus, in Big O's discretion, a reasonable additional training fee if additional training is required as described in **Section 18.04(b)(iii)**, plus additional training fees shall apply for additional trainees. The transferee shall be responsible for all transportation, lodging and living expenses (other than lodging expenses for the first trainee) incurred by the transferee's trainees while attending the training. Big O shall be the sole arbiter of whether a Change in Control occurred as a result of a single Transfer or a group of Transfers. For any Transfer not involving an assignment of this Agreement or a Change of Control, Big O will, as a condition of any such Transfer, require the Franchisee or the transferee to pay a transfer fee (but no initial franchise fee) equal to Big O's expenses that it incurs in its review, analysis and preparation of any documentation relating to the Transfer, including legal and accounting fees and additional assistance as may be requested by the Franchisee related to the resale of the Store, but not more than one thousand five hundred dollars ($1,500). Big O shall be the sole arbiter of whether a Change in Control will occur as a result of a single Transfer or a group of Transfers;

(vi) Big O may require the transferor and its Owners and guarantors to guarantee the obligations of Transferee under this Agreement or under any new Franchise Agreement entered into between transferee and Big O;

(vii) Prior to approving a Transfer involving a Change in Control, Big O may inspect Franchisee's Store and as a result of such inspection, Big O may prepare a "Punch List" setting forth the necessary repairs, maintenance, or other upgrading of the Store which will become a condition of Big O's approval of the Transfer;

(viii) If the Franchisee acquired its interest in the Franchise as a Pioneer, Converter, or otherwise paid less than the standard initial franchise fee (that is, the initial franchise fee charged by Big O for new franchises when the Franchisee executed this Agreement) when it acquired its interest in the Franchise, and the Franchisee within two (2) years of the Effective Date of this Agreement makes a Transfer of its interests that, if made prior to the date of this Agreement, would have disqualified it from the program allowing such lower initial franchise fee in regard to the Franchise that is the subject of this Agreement, the Franchisee must pay Big O as a condition of such Transfer the difference between the initial franchise fee paid by Franchisee and thirty thousand dollars ($30,000.00), which is the standard initial franchisee fee charged by Big O for new franchises when Franchisee executed this Agreement; provided, however, that to the extent that the Franchisee received the lower initial franchise fee pursuant to a Converter Rider with special provisions governing payment of the balance of lower initial franchise fees on a Transfer or change in certain ownership criteria, those special provisions will govern in lieu of this **Section 18.04(b)(viii)**; and

(ix) Franchisee shall comply with all other applicable transfer requirements as designated in the Manual or otherwise in writing.

18.05 Death of Franchisee. Notwithstanding any other provision in this **Section 18**, if a Survivor desires to acquire or retain the interest of a decedent of a Franchisee or in a Franchisee and

continues to operate the Franchised Business pursuant to the System, the Survivor may do so under the terms of this Agreement subject only to:

(a) The Survivor's execution and delivery to Big O of a written agreement to be bound:

(i) By the terms of this Agreement; and

(ii) By the terms of any guaranty of this Agreement;

(b) Satisfactory completion of training by the Survivor, Survivor's Operator, or Manager and such other managerial personnel as Big O may designate within the time periods prescribed by Big O; and

(c) The Survivor's payment of all training fees, travel, lodging, food, and similar expenses incurred by it or its Operator or managerial personnel in attending the training prescribed by **Section 11.02**. If the Survivor does not desire to acquire or retain such interest, then the Survivor shall have a reasonable period of time, but no more than six (6) months, to make a Transfer to a transferee acceptable to Big O subject to compliance with the procedures set forth in this **Section 18**, provided, the Survivor throughout such period fulfills all duties of Franchisee under this Agreement.

18.06 No Waiver. Big O's consent to a Transfer hereunder shall not constitute a waiver of any claims Big O may have against Franchisee or the transferring party or Big O's right to demand exact compliance with any provision of this Agreement.

18.07 Excepted Transfers. The provisions of **Sections 18.02 and 18.04(b)(ii)** shall not apply to: (a) any Transfer to a spouse, parent, child, or sibling of Franchisee or any Owner; (b) a Transfer to a spouse, parent, child, or sibling of Franchisee or any Owner which, in the aggregate, amounts to a Transfer of less than a controlling interest in Franchisee, the Franchised Business, or the Premises; or (c) any Transfer to a Manager or Operator of the Franchised Business pursuant to an equity acquisition program or agreement of Franchisee approved by Big O prior to such Transfer.

19. DEFAULT AND TERMINATION

19.01 Termination by Big O. Big O may terminate this Agreement for good cause, without prejudice to the enforcement of any legal or equitable right or remedy, immediately upon giving written notice of such termination and the reason or cause for the termination, and, except as hereinafter provided, without providing Franchisee an opportunity to cure the default. Without in any way limiting the generality of the meaning of the term "good cause," the following occurrences shall constitute sufficient basis for Big O to terminate the Agreement:

(a) If Franchisee fails to pay any financial obligation pursuant to this Agreement including, but not limited to, payments to Big O or any other supplier for Products and Services, and fails to cure such failure to pay within five (5) days after Big O gives Franchisee a written notice of default;

(b) If Franchisee fails to perform or breaches any covenant, obligation, term, condition, warranty, or certification herein and fails to cure such non-compliance within thirty (30) days after Big O gives Franchisee written notice of default;

(c) If Franchisee fails to open the Store and commence business within eighteen (18) months of the Effective Date of this Agreement, or if Franchisee fails to commence business on such other Commencement Date as the parties hereto may have agreed. Notwithstanding the foregoing, Big O will agree to extend the time period to commence business so long as the Franchisee can demonstrate to Big O's reasonable satisfaction that the need to extend the time period is a result of factors beyond the Franchisee's reasonable control;

(d) If Franchisee makes, or has made, any materially false statement or report to Big O in connection with this Agreement or the application therefor;

(e) If Franchisee operates the Franchised Business or uses the Licensed Marks in a manner contrary to or inconsistent with this Agreement or Big O's policies, standards or specifications as stated in the Manual or elsewhere, and Franchisee fails to cure such deficiency within thirty (30) days after Big O gives a written notice of default;

(f) If Franchisee, an Owner, guarantor, or transferee violates any transfer or assignment provision contained in **Section 18** of this Agreement;

(g) If Franchisee receives from Big O more than three (3) valid notices of default of this Agreement in the same twelve (12) month period, regardless of whether previous defaults have been cured;

(h) If Franchisee fails to operate or keep the Franchised Business open for more than five (5) consecutive business days other than with Big O's express written approval or due to an event beyond the Franchisee's reasonable control (e.g.: damage or destruction, flooding, civil disturbance), or if Franchisee ceases to operate all or any part of the Franchised Business conducted under this Agreement or if Franchisee loses possession of the Store or Premises due to a lease termination or otherwise, or defaults under any loan, lending agreement, mortgage, deed of trust or lease with any party covering the Premises, and such party treats such act or omission as a default, and Franchisee fails to cure such default to the satisfaction of such party within any applicable cure period granted Franchisee by such party and such default with a third party has or would likely have an adverse impact to the Franchisee or the Big O System generally;

(i) If Franchisee or any person owning an interest in Franchisee is convicted of any felony or crime of moral turpitude regardless of the nature thereof, or any other crime or offense relating to the operation of the Franchised Business, or if Franchisee engages in any conduct which reflects materially and unfavorably upon the operation of the Franchised Business;

(j) If Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by Franchisee, or such a petition is filed against and consented to by Franchisee, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, other than as described in **Section 18.05**, is appointed;

(k) If Franchisee, any Affiliate of Franchisee or any guarantor(s) hereof defaults in any other agreement or loan document with Big O or any affiliate or parent of Big O, or their subsidiaries, or if Franchisee, or any Affiliate of Franchisee, defaults under the terms of any lease or sublease of the Premises or if Franchisee fails to comply with the requirements of any Local Group operating pursuant to standards prescribed or approved by Big O including, but not limited to,

any requirement to pay dues or make advertising or marketing contributions, and such default is not cured in accordance with the terms of such other agreement, loan document, or lease, or the by-laws of the Local Group;

(l) If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to comply with any law or regulation applicable to the operation of the Franchised Business;

(m) If Franchisee sells, offers for sale, or gives away at the Premises any products or services which have not been previously approved by Big O in writing, or which have been subsequently disapproved;

(n) If Franchisee shall have understated its Gross Sales to Big O on two (2) or more occasions, or by five percent (5%) or more on any one occasion;

(o) If a court of competent jurisdiction or an arbitration tribunal in a final and unappealed judgment determines that any significant amount of the payments or compensation which Franchisee has agreed to pay Big O pursuant to the terms hereof is unlawful, or that all or a significant part of Franchisee's payment obligations hereunder are void or voidable by Franchisee; or

(p) If Big O receives an excessive number (as determined by Big O in its sole discretion) of complaints from Franchisee's customers or Franchisee operates its Franchised Business in a manner that reflects negatively on Big O or the Big O System.

(q) Franchisee fails to comply with an audit of the Store pursuant to Section 16.02 following a written request by Big O.

19.02 Acceleration Upon Default. If the Franchisee is in default and has failed to cure such default in a manner prescribed by this Agreement, in addition to the rights Big O has to terminate the agreement, the Franchisee agrees to pay to Big O, among the many remedies available to Big O, lost royalties and any lost gross profits estimated to have been earned by Big O based on Franchisee's Big O Store through the expiration date of this Agreement had this Agreement not been terminated. Such estimate shall be based upon the historical performance of Franchisee's Big O Store prior to termination. This estimate will be calculated by taking the average Royalty Fee payable by Franchisee over the preceding three (3) years (or the period of time after the Store had been operating after the Commencement Date, if shorter), multiplied by the number of months remaining under the Agreement. The resulting amount will then discounted to the present value using an interest rate equal to the "prime rate" as published in The Wall Street Journal as of the date of termination of this Agreement.

19.03 Governing State Law. If a different notice or cure period or good cause standard is prescribed by applicable law, it shall apply to a termination of this Agreement.

19.04 Termination by Franchisee. Franchisee may only terminate this Agreement if Big O has committed a material breach of any of Big O's obligations under this Agreement and has failed to cure such breach within thirty (30) days after Franchisee has given written notice to Big O of such breach.

19.05 Force Majeure. Notwithstanding anything contained in this Agreement to the contrary, neither party shall be in default hereunder by reason of its delay in performance of, or failure to perform, any of its obligations hereunder, if such delay or failure is caused by:

(a) strikes or other labor disturbance;

(b) acts of God, or the public enemy, riots or other civil disturbances, fire, or flood;

(c) interference by civil or military authorities;

(d) compliance with governmental laws, rules, or regulations that were not in effect and could not be reasonably anticipated as of the date of this Agreement;

(e) delays in transportation, failure of delivery by suppliers, or inability to secure necessary governmental priorities for materials; or

(f) any other fault beyond its control or without its fault or negligence. In any such event, the time required for performance of such obligation shall be the duration of the unavoidable delay.

19.06 Cross Default and Cross Termination Provisions.

(a) A default by Franchisee under this Agreement will be deemed a default of all agreements between Franchisee, an Owner of Franchisee, and/or any Affiliate of Franchisee, on the one hand, and Big O and/or any Affiliate of Big O, on the other hand (the "Other Agreements"). A default by Franchisee under any of the Other Agreements will be deemed a default under this Agreement. A default by any guarantor(s) of this Agreement or of any of the Other Agreements will be deemed a default of this Agreement.

(b) If this Agreement is terminated as a result of a default by Franchisee, Big O may, at its option, elect to terminate any or all of the Other Agreements. If any of the Other agreements is terminated as a result of a default by Franchisee, any Owner or any Affiliate of Franchisee, Big O may, at its option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any of the Other Agreements will be grounds for termination of this Agreement and/or any and all of the Other Agreements without additional notice or opportunity to cure.

20. POST TERMINATION OBLIGATIONS

20.01 Post-Termination Obligations. Upon the Expiration or Termination of this Agreement by any means or for any reason, Franchisee shall immediately:

(a) Cease to be a Franchisee of Big O and cease to operate the former Franchised Business under the Big O System. Franchisee shall not thereafter, directly or indirectly, represent to the public that the former Franchised Business is or was operated or in any way connected with the Big O System or hold itself out as a present or former Franchisee of Big O;

(b) Pay all sums owing to Big O. Upon termination for any default by Franchisee, such sums shall include actual and consequential damages, costs, and expenses incurred by Big O as a result of the default;

(c) (i) Return to Big O the Manual and any training modules or other proprietary information and supplements thereto and all trade secrets and confidential materials owned or licensed by Big O and all copies thereof other than Franchisee's copy of the Franchise Agreement, copies of any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable law; (ii) return or discontinue use of all forms, advertising matter, marks, devises, insignias, slogans, designs, signs, any computer systems including software and/or hardware; and (iii) discontinue the use of all copyrights, Licensed Marks, trade

names and patents now or hereafter applied for or granted in connection with the operation of the Franchise;

(d) Provide to Big O, upon its request, a complete list of any outstanding obligations that Franchisee may have to any third parties including outstanding customer orders. Big O shall have the right, but not the obligation, to fill any such outstanding customer orders generated by Franchisee and in such event, Franchisee shall immediately reimburse Big O for any costs or expenses incurred by Big O in doing so. In addition, Big O shall have the right to cancel any orders placed by Franchisee for which delivery has not been made;

(e) Take such action as may be required by Big O to transfer and assign to Big O or its designee all telephone numbers, white and yellow page telephone references and advertisements, internet addresses, social media accounts and websites, and all trade and similar name registrations and business licenses, and to cancel any interest which Franchisee may have in the same. The Franchisor is hereby appointed as the Franchisee's attorney-in-fact for such purpose and such power, being coupled with an interest, shall be irrevocable;

(f) Cease to use in Advertising, or in any manner whatsoever, any methods, procedures, or techniques associated with the Big O System in which Big O has a proprietary right, title, or interest; cease to use the Licensed Marks, and any other marks and indicia of operation associated with the Big O System and remove or change all Trade Dress, Products and Services, and other indicia of operation under the Big O System from the Premises, at Franchisee's expense and in a manner satisfactory to Big O. Unless otherwise approved in writing by Big O, Franchisee shall return to Big O all copies of materials bearing the Licensed Marks;

(g) Cease issuing or accepting the Big O credit card made available to Franchisee by Big O through Citibank (South Dakota), NA, or any other designated lender;

(h) Immediately make available to Big O all customer lists as such were developed while a Franchisee (provided that Big O's use of such lists will be subject to such applicable restrictions, if any, to which Big O has agreed in a separate written agreement with Franchisee);

(i) Strictly comply with all other provisions of this Agreement pertaining to post-termination obligations, including, without limitation, those contained in **Sections 13 and 17**;

(j) Cease performing any tire adjustments as of the Termination Date and refer such adjustments to other existing regional sales and distribution centers ("RDCs") or other Stores for processing. Franchisee shall receive no allowance for tire adjustments upon termination; and

(k) Continue to indemnify Big O in accordance with **Section 23.01** below.

20.02 Right to Repurchase. Big O shall have the right, but not the obligation, to purchase:

(a) Some or all of the Products and Services and supplies at the Store and the equipment, furnishings, fixtures, or signs at the Premises which bear the Licensed Marks for a mutually agreed upon price within thirty (30) days of the Termination Date or the Expiration Date.

(b) If Big O elects to exercise such a right, it may offset the purchase price against any other amounts owed by Franchisee to Big O pursuant to this or any agreement or loan document. Before exercising any such rights, Big O shall have the right to enter upon the Premises during reasonable hours to take an inventory of the Franchised Business.

20.03 Right of First Refusal. Upon receipt by Franchisee of an offer to purchase Franchisee's Products and Services, equipment, supplies, fixtures or signs at the Premises, Franchisee hereby grants Big O a right of first refusal to purchase any of such items by matching the bona fide monetary purchase price and payment schedule terms, less any brokerage commission without having to match any other non-monetary terms of the proposed purchase by Franchisee's buyer(s). Franchisee must give Big O written notice of any such bona fide offer. If within thirty (30) days after receipt of such notice, Big O has neither exercised its right of first refusal nor notified Franchisee of its rejection thereof, Franchisee may sell such items as were covered by the offer at the expiration of the thirty (30) day period.

20.04 De-Identification of Assets Upon Sale. If Big O determines not to exercise its option to repurchase any such items, Franchisee may continue to sell its remaining Products and Services, equipment, supplies, and fixtures, but may not identify itself as a Big O Franchisee. Franchisee shall otherwise abide by the terms of this **Section 20**.

21. INSURANCE

21.01 Insurance Coverage. Franchisee shall, at its expense and no later than upon the Commencement Date, procure and maintain in full force and effect throughout the term of this Agreement insurance that shall be in such coverages, limits and amounts as may from time to time be required by Big O in the Manual or otherwise and which shall designate Big O and Big O's Affiliates designated by Big O, and their directors, officers, employees, agents and other Big O designees as additional named insured(s).

21.02 Proof of Insurance. Prior to the Commencement Date, Franchisee shall make timely delivery of a signed original certificate or certificates of all required insurance coverages to Big O, which shall contain the authorized agent's business name, address and phone number, together with a statement by the insurer that the policy will not be canceled or materially changed without at least sixty (60) days prior written notice to Big O that the alteration or cancellation is being made. All insurance coverages will be underwritten by a company acceptable to Big O, with a Best's Rating of no less than "A-" or a financial statement of the insurer approved by Big O. If Franchisee fails to purchase required insurance conforming to the standards prescribed by Big O, Big O may obtain such insurance for Franchisee, and Franchisee shall pay Big O the cost of such insurance plus a ten percent (10%) administrative surcharge. If Big O deems it appropriate, Franchisee shall, upon Big O's request, provide to Big O a true, complete certified copy of all, or a part of the Franchisee's insurance policies within 10 days of receiving such request. The Franchisee shall provide to Big O renewal certificates of insurance, or certified insurance binders, for all required coverages no fewer than 10 days before the indicated anniversary date(s) of such insurance coverages.

21.03 Survival of Indemnification. The procurement and maintenance of the prescribed insurance coverages set forth in the Manual shall not relieve Franchisee of any liability to Big O assumed under any indemnification requirement of this Agreement.

22. TAXES, PERMITS, AND INDEBTEDNESS

22.01 Payment of Taxes. Franchisee shall promptly pay when due any and all federal, state, and local taxes including without limitation, unemployment and sales taxes, levied or assessed with respect to any Products and Services distributed or sold pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.

22.02 Compliance with Laws. Franchisee shall comply with all applicable federal, state, and local laws, rules and regulations, including, without limitation, environmental laws related to tire

disposal. Franchisee shall obtain any and all permits, certificates, and licenses required for the full and proper conduct of the Franchised Business.

22.03 Payment of Debts. Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

23. INDEMNIFICATION, INDEPENDENT CONTRACTOR STATUS, DISCLAIMER OF CERTAIN WARRANTIES

23.01 Indemnification. Franchisee agrees to protect, defend, indemnify, and hold Big O and its Affiliates, their directors, officers, shareholders, employees and agents, jointly and severally, harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses (including death) and liabilities, consequently, directly or indirectly incurred (including, without limitation, attorneys', accountants' and other related fees) as a result of, arising out of, or connected with the operation of the Franchised Business, including, without limitation, the failure of Franchisee to comply with any relevant environmental and tire disposal laws. Franchisee shall not, however, be liable for claims arising exclusively as a result of Big O's intentional or fraudulent acts or omissions or to the extent such acts are Big O's sole negligence. The covenants in this **Section 23.01** shall survive the Termination Date or Expiration Date of this Agreement.

23.02 Independent Contractor. In all dealings with third parties, including, without limitation, customers, employees, and suppliers, Franchisee shall disclose in an appropriate manner acceptable to Big O that it is an independent entity operating under a franchise granted by Big O. Franchisee shall submit all applications and enter into all contracts in its designated corporate name or such other fictitious names, which have been approved by Big O, but not in the name "Big O Tires" or in any other name which includes the name "Big O". Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them nor to constitute Franchisee or Franchisee's employees or contractors as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of Big O for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, warranty, or representation or to create or imply any obligation on behalf of Big O.

23.03 Disclaimer of Certain Warranties. ANY MANAGEMENT SYSTEMS (INCLUDING ANY COMPONENT THEREOF), POINT OF SALE OR PURCHASE MATERIALS, MERCHANDISING DISPLAYS, AND ANY OTHER SALES EQUIPMENT AND MATERIALS PROVIDED BY BIG O ARE PROVIDED "AS IS", AND BIG O MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN REGARD TO ANY SUCH ITEMS, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT.

24. WRITTEN APPROVALS, WAIVERS, AND AMENDMENT

24.01 Written Approval. Whenever this Agreement requires Big O's prior approval, Franchisee shall make a timely written request. Unless a different time period is specified in this Agreement, Big O shall respond with its approval or disapproval within fifteen (15) business days.

24.02 Waiver. No failure of Big O to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Big O's right to demand exact compliance with any of the terms herein. A waiver or approval by Big O of any particular default by Franchisee or any other Big O franchisee or acceptance by Big O of any payments

due hereunder shall not be considered a waiver or approval by Big O of any preceding or subsequent breach by Franchisee of any term, covenant, or condition of this Agreement. Big O shall not be deemed to have waived any of its rights under this Agreement, including any right to receive payment in full for any Product or Service provided, nor shall Franchisee be deemed to have been excused from performance of any of its obligations pursuant to this Agreement, unless such waiver or excuse is written and executed by an authorized representative of Big O and Franchisee.

24.03 Modification. No amendment, change, or variance from this Agreement shall be binding upon either Big O or Franchisee except by mutual written agreement. If an amendment of this Agreement is executed at Franchisee's request, any legal fees or costs of preparation of such amendment and any amendment of a franchise registration arising in connection therewith shall be paid by Franchisee.

25. FRANCHISE ADVISORY COUNCIL

25.01 Franchise Advisory Council. Big O has established a Franchise Advisory Council ("FAC"), consisting of franchisee representatives, which is designed to provide input to Big O's strategic business plan as may be presented from time to time by Big O and to present viewpoints to Big O's management on issues involving the franchise relationship. FAC members shall be chosen by Franchisees in accordance with policies established by Big O from time to time. Generally, FAC members will be elected by franchisees who are members of BOTDA. Franchisee elected BOTDA board members will elect six of their members to serve, along with the BOTDA board chairman, on the BEC. The seven appointed BEC franchisee members will make up the FAC membership.

25.02 Special Interest Issues. Big O has granted the FAC the authority to participate with Big O's management in making policy decisions relating to issues in which the FAC is deemed to have a special interest. The issues of "Special Interest" include, but may not be limited to:

(a) advertising policies and the creation of a National Marketing Program;

(b) standards of operation; and the implementation of new programs which may require the addition of new equipment and fixtures for the store;

(c) selection of Products and Services offered at Big O Stores;

(d) changes in the Licensed Marks anticipated to require the majority of franchisees to expend more than five thousand dollars ($5,000.00) per Store; and

(e) input in establishment of warranties and guaranties.

25.03 Disapproval of Management Proposal. With respect to those issues in which the FAC has a Special Interest, the FAC may, after consulting with the members of BOTDA, vote to disapprove a proposal of Big O's management. If, pursuant to established procedures which have been approved by Big O, the FAC shall disapprove a proposal of Big O's management, the proposal may only become effective if, following a presentation to a committee of Big O's management established for the purposes of addressing the issues with the FAC representative, the Big O committee votes to adopt management's proposal.

25.04 Compliance with Modification. Franchisee agrees to comply with any and all modifications to Big O's standards of operation, procedures, or other requirements adopted pursuant to the procedures described in this **Section 25**.

26. RIGHT OF OFFSET

26.01 Right of Offset. Big O shall have the right at any time before or after termination of this Agreement, without notice to Franchisee, to offset any amounts or liabilities that may be owed by the Franchisee to Big O against any amounts or liabilities that may be owed by Big O to Franchisee under this Agreement or any other agreement, loan, transaction or relationship between the parties.

27. ENFORCEMENT

27.01 Declaratory and Injunctive Relief. Big O or its designee shall be entitled to obtain without bond, declarations, temporary and permanent injunctions, and orders of specific performance:

(a) To enforce the provisions of this Agreement relating to: (i) Franchisee's use of the Licensed Marks; (ii) the obligations of Franchisee upon termination or expiration of this Agreement; (iii) the Non-Competition, Interference and Confidentiality covenants of Section 17 or (iv) the Transfer and Assignment requirements of **Section 18**; or

(b) to prohibit any act or omission by Franchisee or its employees that: (i) constitutes a violation of any applicable law or regulation; (ii) is dishonest or misleading to prospective or current customers or clients of businesses operated under the System; (iii) constitutes a danger to other Big O franchisees, their employees, customers, clients or the public; or (iv) may impair the goodwill associated with the Licensed Marks.

27.02 Costs of Enforcement. If Big O secures any declaration, injunction or order of specific performance pursuant to **Section 27.01** hereof, if any provision of this Agreement is enforced at any time by Big O or if any amounts due from Franchisee to Big O are, at any time, collected by or through an attorney at law or collection agency, Franchisee shall be liable to Big O for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorneys' fees, including the fair market value of any time expended by legal counsel employed by Big O.

28. NOTICES

28.01 Notices. Any notice required to be given hereunder shall be in writing and shall be mailed by registered or certified mail or overnight courier. Notices to Franchisee or Big O shall be addressed to it at their address as listed on the Summary Pages or to such other addresses as that party may hereafter prescribe by notice given in accordance with this **Section 28.01**. Franchisee shall also simultaneously deliver a copy of each notice, which it delivers to Big O, to the Franchisee's designated regional representative, at the address designated by Big O in writing to Franchisee. Any notice complying with the provisions hereof shall be deemed to be given on the date of mailing.

29. ARBITRATION.

29.01 Mediation. Except for actions related to or based on the Marks or the copyrights of Big O or to enforce the provisions of **Article 20** of this Agreement, which Big O may bring in a court of competent jurisdiction, all controversies, disputes claims, causes of action and/or alleged breaches or failures to perform between Big O, its subsidiaries and affiliated companies or their shareholders, officers, directors, agents, employees and attorneys, in their representative capacity, and Franchisee, and its employees, officers, directors, owners, guarantors or agents, arising out of or related to: (1) this Agreement; (2) the relationship of the parties; (3) the validity of this Agreement; or (4) any aspect of the Franchised Business (collectively, "**Claims**") shall first be submitted by the parties to non-binding mediation before the American Arbitration Association ("**AAA**") to be conducted at the offices of AAA

in the nearest major metropolitan area to the party who is not demanding the mediation (e.g., West Palm Beach, FL for Big O). The cost of the mediator shall be split equally among the parties with each party bearing its own costs related to the mediation, including attorneys' fees. The parties agree to act in good faith attempt to resolve the Claim through mediation. Notwithstanding the language above, if the action is based on a separate agreement or instrument between Franchisee and Big O, such as a promissory note or lease, the dispute resolution procedure in that agreement or instrument will control rather than this **Section 29.01**; provided, that, at Big O's sole option, any claim of Big O against Franchisee based on a promissory note executed by Franchisee in favor of Big O may be brought in mediation in conjunction with a dispute between the parties that is subject to mediation under this Section, regardless of any provisions to the contrary contained in the promissory note. The mediation shall be conducted in English only, although Franchisee shall have the right, at Franchisee's option and sole expense, to have a translator present at the mediation. The expense of a translator shall not be considered a cost or expense related to an action pursuant to **Section 29.07(b)** of this Agreement. If the parties are unable to resolve a Claim through mediation, then **Section 29.02** shall apply.

29.02 Arbitration. Except for actions related to or based on the Marks or the copyrights in the Materials or to enforce the provisions of **Article 20** of this Agreement, which Big O, may bring in a court of competent jurisdiction, all controversies, disputes claims, causes of action and/or alleged breaches or failures to perform between Big O, its subsidiaries and affiliated companies or their shareholders, officers, directors, agents, employees and attorneys, in their representative capacity, and Franchisee, and its employees, officers, directors, owners, guarantors or agents, arising out of or related to: (1) this Agreement; (2) the relationship of the parties; (3) the validity of this Agreement; or (4) any aspect of the Franchised Business will be submitted for arbitration on demand of either party to the Denver, Colorado office of either the Judicial Arbiter Group or the American Arbitration Association ("**AAA**"), as selected by the party submitting the demand. Notwithstanding the language above, if the action is based on a separate agreement or instrument between Franchisee and Big O, such as a promissory note or lease, the dispute resolution procedure in that agreement or instrument will control rather than this **Section 29.02**; provided, that, at Big O's sole option, any claim of Big O against Franchisee based on a promissory note executed by Franchisee in favor of Big O may be brought in arbitration in conjunction with a dispute between the parties that is subject to arbitration under this Section, regardless of any provisions to the contrary contained in the promissory note. Arbitration proceedings will be conducted in Denver, Colorado and will be heard by one arbitrator in accordance with the then current rules of AAA that apply to commercial arbitration. All jurisdictional issues will be decided by the arbitrator. The arbitration proceeding and all other hearings shall be conducted in English only, although Franchisee shall have the right, at Franchisee's option and sole expense, to have a translator present at the proceeding or other hearings. The expense of a translator shall not be considered a cost or expense related to an action pursuant to **Section 29.07(b)** of this Agreement. Any party to an arbitration proceeding may apply to the arbitrator for reasonable discovery from the other. In this Agreement "reasonable discovery" means a party may submit no more than 10 interrogatories, including subparts, 25 requests for admission, 25 document requests, and three depositions per side of the dispute. The foregoing discovery rights and limitations shall control over any contradictory discovery rules of AAA, unless the parties agree otherwise.

29.03. Arbitration Award. Subject to **Section 29.07** below, the arbitrator will have the right to award or include in the award any relief that he/she deems proper in the circumstances, including, without limitation, money damages, with interest on unpaid amounts from the date due, specific performance, and attorneys' fees and costs in accordance with **Section 29.07(b)** of this Agreement. Any award shall be based on established law and shall not be made on broad principles of justice and equity. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award except where specifically permitted by the Federal Arbitration

Act (e.g., manifest disregard for the law) and in accordance with the most stringent time limitation provided for under the Federal Arbitration Act and/or Colorado arbitration statute. The parties agree to be bound by the provisions of any applicable limitation on the period of time by which claims must be brought under applicable law or this Agreement, whichever is less. The parties further agree that, in connection with any such arbitration proceeding, each will file any compulsory counterclaim, as defined by Rule 13 of the Federal Rules of Civil Procedure, within 30 days after the date of the filing of the claim to which it relates. This provision will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

29.04. Limitations on Proceedings.

(a) Big O and Franchisee agree that arbitration will be conducted on an individual basis only. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving Big O and Franchisee. Further, neither Big O nor Franchisee shall attempt to consolidate or otherwise combine in any manner an arbitration proceeding involving Big O and Franchisee with another arbitration of any kind, nor shall Big O or Franchisee attempt to certify a class or participate as a party in a class action against the other.

(b) The foregoing notwithstanding, in the event Franchisee controls, is controlled by or is in active concert with another franchisee, distributor, or area developer of Big O, or there is a guarantor of some or all of the Franchisee's obligations to Big O, then the joinder of those parties to any arbitration between Big O and Franchisee shall be permitted, and in all events, the joinder of an owner, director, officer, manager, partner or other representative or agent of Franchisee shall be permitted.

29.05. Injunctive Relief. Notwithstanding anything to the contrary contained in this Article, Big O and Franchisee will each have the right in a proper case to obtain temporary or preliminary injunctive relief from a court of competent jurisdiction. Each party agrees that the other party may have such temporary or preliminary injunctive relief, without bond, but upon due notice, and with the sole remedy in the event of the entry of such injunctive relief being the dissolution of such injunctive relief, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived by each party). Any such action will be brought as provided in **Section 29.05** below.

29.06. Governing Law/Consent to Jurisdiction/Waiver of Jury Trial. The United States Federal Arbitration Act shall govern all questions about the enforceability and scope of **Sections 29.02** and **29.03**, and no arbitration issues are to be resolved pursuant to any other statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other United States federal law, this Agreement shall be interpreted under the laws of the State of Colorado U.S.A. and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws, and not the laws of conflict, of the State of Colorado U.S.A., which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Colorado Consumer Protection Act (COLO. REV. STAT. ANN. Sections 6-1-101, et seq.) shall not apply to this Agreement or any disputes between the parties. Franchisee and Big O have agreed upon a forum in which to resolve any disputes that arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding not subject to mandatory arbitration, as specified in **Section 29.02**, involving Franchisee, its employees, officers or directors (collectively, "**Franchisee Affiliates**") and Big O, its employees, officers or directors (collectively, "**Big O Affiliates**"), both parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Denver, Colorado, and each waive any objection either may have to the personal jurisdiction of or venue in the state and federal courts

of Colorado. Notwithstanding the foregoing, the decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. **IF A CLAIM MAY BE BROUGHT IN COURT, THEN BIG O, THE BIG O AFFILIATES, FRANCHISEE AND THE FRANCHISEE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.**

29.07. Damages.

(a) No Punitive or Consequential Damages. Except as specifically permitted elsewhere in this Agreement, neither Big O or any of the Big O Affiliates, on the one side, nor Franchisee or any of the Franchisee Affiliates, on the other side, shall be liable to the other for punitive, exemplary, incidental, consequential, or special damages in any action between the parties, whether of the type subject to mandatory arbitration under **Section 29.02** or otherwise, and whether such action is brought in arbitration, litigation, or any other legal proceeding.

(b) Attorneys' Fees. The prevailing party in any action arising out of, or related to this Agreement (including an action to compel arbitration) is entitled to recover from the other party all costs and expenses related to the action, including reasonable attorneys' fees, and all costs of collecting monies owed. If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party in relation to the remedies sought and the relative equities between the parties.

29.08 No Recourse Against Others. Franchisee agrees that its sole recourse for claims (whether in contract or in tort, law or in equity, or granted by statute) arising between the parties shall be limited to Big O, TBC Corporation, and their successors and assigns. Franchisee agrees that the directors, officers, employees, managers, members and agents of Big O and TBC Corporation (the "Nonparty Affiliates") shall not be personally liable nor named as a party in any action between Big O and Franchisee.

29.09. Service of Process. Big O and Franchisee irrevocably constitute and appoint the persons designated on paragraphs 10 and 11 of the Summary Pages, or their successors, to be their true and lawful agents, to receive service of any lawful process in any civil litigation or proceeding arising under this Agreement, and service upon such agent shall have the same force and validity as if personal service had been effected on the other party; provided that notice of service and a copy of any process served shall be sent by registered or certified mail, addressed to the other party at the address specified pursuant to **Section 28.01**.

30. SEVERABILITY AND CONSTRUCTION

30.01 Severability. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Manual and any applicable present or future statute, law, ordinance, or regulation contrary to law to which the parties have no legal right to contract, the latter shall prevail, but in such event, of the provisions of this Agreement or the Manual thus affected, those provisions shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, Article, Section, sentence or clause of this Agreement or the Manual shall be held to be indefinite, invalid or otherwise unenforceable, the provision which is indefinite, invalid or unenforceable shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

30.02 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

30.03 Construction. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement. As used in this Agreement, the words "include", "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval or authorization of Big O which Franchisee may be required to obtain hereunder may be given or withheld by Big O in its sole discretion, and on any occasion where Big O is required or permitted hereunder to make any judgment or determination, including any decision as to whether any condition or circumstance meets Big O's standards or satisfaction, Big O may do so in its sole judgment. Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement. **Schedules 3, 4, 5, 7 and 8** shall not be effective as part of this Agreement unless signed by the party or parties thereto.

31. GUARANTY

31.01 Guaranty. Attached as Annex A to this Agreement is a copy of the Guaranty by TBC Corporation, a parent company of Big O, of the performance by Big O of all of the obligations of Big O under this Agreement. Such Guaranty is incorporated by reference to this Agreement.

32. ACKNOWLEDGEMENTS

(a) Big O acknowledges that Franchisee's principal interest in obtaining the Franchise granted herein is to obtain Big O Brand Tires and a competitive source of supply for Products and Services. Big O acknowledges its obligation to have products available to its franchisee's that enhance and support the Big O System, and further acknowledges its obligation to use reasonable commercial efforts to maintain a competitive source of supply for the benefit of its franchisees and to aid in the promotion of Big O Products and Services.

(b) Franchisee understands and acknowledges that the business licensed under this Agreement involves business risks and that Franchisee's volume, profit, income and success is dependent primarily upon Franchisee's ability as an independent business operator.

(c) Big O expressly disclaims the making of, and Franchisee acknowledges that it has not received from any representative of Big O, any warranty or guaranty, express or implied, as to the obligation of Big O to provide Franchisee with any specific or sufficient amount of Products and Services or as to the potential volume, profit, income or success of the Franchised Business.

(d) Franchisee acknowledges that Big O or its agent has provided Franchisee with a Franchise Disclosure Document not later than the earliest of fourteen (14) days before the execution of this Agreement, fourteen (14) days before any payment of any consideration connected to the purchase of this Franchise, or such earlier date as provided in the receipt to the Franchise Disclosure Document or as requested by Franchisee. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

(e) Franchisee acknowledges that Big O has advised it to consult with its own attorneys, accountants, or other advisers, that Franchisee has had ample opportunity to do so, and that the attorneys for Big O have not advised or represented Franchisee with respect to this Agreement or the relationship hereby created. The name and address of Franchisee's adviser, if any, is set forth on the Summary Pages.

(f) Franchisee acknowledges that this Agreement, the documents referred to herein, the attachments hereto, and other agreements signed concurrently with this Agreement, if any, contain the entire agreement and understanding between the parties and terminate and supersede any and all prior agreements concerning the subject matter hereof. Big O does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. Franchisee acknowledges and agrees that no representations have been made to it by Big O or its representatives regarding projected sales volumes, market potential, revenues, or profits of Franchisee's Big O Store, or operational assistance other than as stated in this Agreement or in any applicable Franchise Disclosure Document or advertising or promotional materials provided by Big O. Additionally, Franchisee hereby acknowledges and agrees that, in entering into this Agreement, it is not relying on the existence or non-existence of any particular fact or matter not set forth in this Agreement or in the Franchise Disclosure Document provided to Franchisee. Franchisee agrees and understands that Big O will not be liable or obligated for any oral representations or commitments made prior to the execution hereof, for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments, or for claims of negligent or fraudulent omissions or nondisclosure of facts or information. Nothing in this Agreement is intended to disclaim any representations made by Big O in the Franchise Disclosure Document provided to Franchisee.

(g) Franchisee acknowledges and recognizes that different terms and conditions, including a different fee structure and investment requirements may pertain to different Big O franchises offered in the past, contemporaneously herewith, or in the future, as permitted under applicable laws, and that Big O does not represent that all franchise agreements are or will be identical. Big O may elect to waive and/or credit, reduce or defer payment of any and all fees and charges of any kind that are payable to Big O in connection with a franchise on a case-by-case basis, in Big O's sole discretion and as permitted by law.

(h) Franchisee acknowledges that except as is specifically set forth in this Agreement, that Franchisee is not nor is it intended to be a third party beneficiary of this Agreement or any other agreement or contractual relationship to which Big O is a party.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement to become effective on the date it is executed by the last of Franchisee or Big O.

FRANCHISEE	**BIG O TIRES, LLC**
By_____	By_____
Title_____	Title _____
Date_____	Date_____

ANNEX A
(Conformed Copy)

TBC CORPORATION

Guaranty of Performance

For value received, TBC Corporation, a Delaware corporation (the "Guarantor"), located at 4300 TBC Way, Palm Beach Gardens, Florida 33410, absolutely and unconditionally guarantees to assume the duties and obligations of Big O Tires, LLC, located at 4280 Professional Center Drive, Suite 400, Palm Beach Gardens, Florida 33410 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2014 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee through its duly authorized officer at Palm Beach Gardens, Florida on the 18th day of June, 2014.

TBC CORPORATION

By: /s/Erik R. Olsen
Name: Erik R. Olsen
TBC Corporation
Title: Chief Executive Officer

SCHEDULE 1

TO
FRANCHISE AGREEMENT
BETWEEN BIG O TIRES, LLC AND
_____

1. The Premises referred to in **Section 2.01** of the Franchise Agreement shall be:

2. Legal Description of Premises: _____

3. Names(s) and address(es) of holder(s) of record fee title to Premises (the landlord):

Name: _____

Address: _____

_____

Name: _____

Address: _____

_____

Name: _____

Address: _____

_____

4. Description of Trade Area:

_____

_____

_____

_____

_____

_____

SCHEDULE 2

OWNERSHIP VERIFICATION

1. Name(s) and address(es) of person(s) owning interest in Franchisee and percentage of said person(s) interest:

Name: _____

Address: _____

_____

Name: _____

Address: _____

_____

Name: _____

Address: _____

_____

STATE OF _____)
) ss.
COUNTY OF _____)

_____ and _____, being first duly sworn, say that they are respectively, the _____ and _____ _____ of _____, the above-named _____ _____, and execute this instrument for and in its behalf, by authority of its _____ and that they have read the foregoing Agreement and all Exhibits attached thereto.

Subscribed and sworn to before me this
____ day of _____, 20_____.

(Notary Seal)

_____
Notary Public

My Commission Expires: _____

SCHEDULE 3

GUARANTY OF FRANCHISEE'S AGREEMENT

In consideration of, and as an inducement to, the execution of the foregoing Franchise Agreement by Big O Tires, LLC ("Big O"), the undersigned hereby jointly and severally guarantee unto Big O that _____ ("Franchisee") will perform and/or pay each and every covenant, payment, agreement, obligation, liability and undertaking on the part of Franchisee contained and set forth in or arising out of such Franchise Agreement, and every other agreement signed by the Franchisee with Big O (the "Obligations").

Big O, its successors and assigns, may from time to time, without notice to the undersigned (a) resort to the undersigned for payment of any or all of the Obligations of the Franchisee to Big O, whether or not Big O or its successors have resorted to any property securing any of the Obligations or proceeded against any of the undersigned or any party primarily or secondarily liable on any of the Obligations; (b) release or compromise any Obligation of the Franchisee or of any of the undersigned hereunder or any Obligations of any party or parties primarily or secondarily liable on any of the Obligations; and (c) extend, renew or credit any of the Obligations of the Franchisee to Big O for any period (whether or not longer than the original period), alter, amend or exchange any of the Obligations, or give any other form of indulgence, whether under the Franchise Agreement or not.

Each of the undersigned further waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the foregoing Franchise Agreement and other agreements and of the amount and terms thereof; and notice of all defaults, disputes or controversies between Franchisee and Big O resulting from such Franchise Agreement, other agreements or otherwise, and the settlement, compromise or adjustment thereof.

The undersigned jointly and severally agree to pay all expenses paid or incurred by Big O in attempting to enforce the Obligations and this Guaranty against Franchisee and against the undersigned and in attempting to collect any amounts due thereunder and hereunder, including reasonable attorneys' fees if such enforcement or collection is by or through an attorney-at-law. Any waiver, extension of time or other indulgence granted from time to time by Big O or its agents, successors or assigns, with respect to the foregoing Obligations, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

The undersigned shall be bound by the restrictive covenants, confidentiality provisions, audit provisions, and the indemnification provisions contained in the Franchise Agreement.

If more than one person has executed this Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the date of the foregoing Franchise Agreement.

_____
Signature

_____
Date

_____
Printed Name

_____
Home Street Address

_____
Home City, State and Zip Code

_____
Home Telephone

_____
Business Street Address

_____
Business City, State and Zip Code

_____
Business Telephone

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 20_____, before me a Notary Public, personally appeared _____, to me personally known and known to me to be the same person whose name is signed to the foregoing instrument, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

[SEAL]

_____
Notary Public

My commission expires:_____

SCHEDULE 4

LEASE RIDER AND MODIFICATION

THIS AGREEMENT is made effective this _____ day of _____, 20__, by and between _____ ("Landlord"), _____ ("Tenant"), and Big O Tires, LLC, its affiliates, successors and assigns ("Big O").

WHEREAS, Landlord leases or will lease certain premises to Tenant at _____ ("Premises") under that certain lease agreement dated _____ between Landlord and Tenant ("Lease"); and

WHEREAS, Tenant will operate a Big O Tire Store at such Premises under a Franchise Agreement ("Franchise Agreement") between Tenant and Big O; and

WHEREAS, the parties hereto desire to provide Big O with certain rights in the event of default under the Lease, Franchise Agreement, or other franchise agreements between Tenant and Big O, if any;

NOW, THEREFORE, in consideration of the sum of one dollar ($1.00), in hand paid by Big O to Landlord and to Tenant, and other good and sufficient consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. No act, failure to act, event, condition, non-payment or other occurrence ("Event") shall constitute a breach or default under the Lease so as to allow to Landlord any right of acceleration of obligations thereunder, termination, cancellation or rescission:

(a) unless the Event is the non-payment of rent, and such Event is not cured within ten (10) days after Notice of Default (as hereinafter defined) has been received by Big O;

(b) unless the Event is anything other than the non-payment of rent, and such Event is not cured within thirty (30) days after Notice of Default (as hereinafter defined) has been received by Big O, provided, however, if the Event is of such nature that it cannot reasonably be cured within such thirty (30) day period, then, in that case such thirty (30) day period shall be extended to a period of such length as is reasonably necessary to cure such Event, provided, however, such period shall be extended only so long as Tenant and/or Big O diligently pursues the cure of such Event.

2. Landlord agrees to accept from Big O any payment or performance required under the Lease and as may be tendered or performed as a cure of an Event. Nothing herein shall be construed as requiring Big O to make any payments or perform any obligation under the Lease.

3. Landlord agrees to accept Big O as a substitute tenant in the event Big O elects to assume such obligation upon a default under the Lease, Franchise Agreement or other franchise agreement with the Tenant.

4. As used herein, Notice of Default means written notice mailed by registered or certified mail or overnight courier specifying the Event claimed and specifically describing, in each instance of a claimed Event, the particular Event and the cure Landlord requires, such Notice of Default to be mailed to Big O at:

Big O Tires, LLC
4300 TBC Way
Palm Beach Gardens, Florida 33410
Attention: Real Estate Department

5. In the event Landlord claims that an Event has occurred and Big O elects to cure as provided herein; or in the event Big O notifies Landlord in writing that Big O is exercising its right to take over possession of the Premises, then Landlord shall accept Big O as substitute tenant under the Lease and will cooperate with Big O in turning actual, immediate possession of the Premises over to Big O. In such case, the Lease shall remain in full force and effect, but with Big O as the tenant thereunder. Big O's election, hereinabove granted, may be exercised only if Big O agrees to assume the obligations of the Tenant to Landlord under the Lease as of the date Big O or its affiliate or successor is given actual possession of the Premises.

6. In the event Big O assumes possession of the Premises as a substitute tenant, Landlord agrees that Big O, or its affiliate or successor may sublet the Premises to a new Big O Franchisee from time to time during the remaining lease term and options without Landlord consent.

7. Tenant agrees that if Landlord claims that an Event has occurred, or if any material breach occurs under any Franchise Agreement between Tenant and Big O (whether relating to the Premises or not), then, Big O shall have the right to:

(a) immediate and actual possession of the Premises, and, subject only to existing liens of record, all equipment and inventory therein, which such possession Tenant agrees to give peaceably, and which may be otherwise obtained by Big O by warrant, injunction, temporary restraining order, summary process or such other immediate legal, summary or equitable proceeding or action as Big O may choose. Tenant hereby waives any right to a jury in any such proceeding or action.

(b) become the Tenant under the Lease to the exclusion of the Tenant.

8. Tenant agrees that any default under the Lease shall constitute a material breach under all Franchise Agreements between Tenant and Big O, or its affiliates or successors.

9. Tenant and Landlord understand that Big O is entering into or has entered into a Franchise Agreement with Tenant for a Big O Tire Store at the Premises in reliance on the agreements of Tenant and Landlord as herein contained and that Big O, in this instance, would not have otherwise entered into such Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this agreement as of the date first above-listed.

LANDLORD:

By: _____

Name: _____

Title: _____

(SEAL)

TENANT:

By: _____

Name: _____

Title: _____

(SEAL)

BIG O:

Big O Tires, LLC

By: _____

Name: _____

Title: _____

SCHEDULE 5

RIDER FOR EXISTING FRANCHISEES EXECUTING THE FRANCHISE AGREEMENT PRIOR TO THE EXPIRATION OF THEIR PRE-EXISTING FRANCHISE AGREEMENT

Franchisee is the owner of a Store that is the subject of a franchise agreement that has not yet expired.

Franchisee's execution of the attached Franchise Agreement is subject to the following:

1. Unless otherwise provided herein, the attached Franchise Agreement shall expire on the tenth anniversary of the Effective Date, to wit, _____ _____.

2. Prior to the expiration of the Franchisee's present franchise agreement, to wit , the monthly continuing services fees (or their functional equivalent) provided in the present franchise agreement shall continue to be the only such fees due to Big O. In all other respects the terms of the attached Franchise Agreement shall be applicable as of the Effective Date of this Franchise Agreement.

In Witness Whereof, the parties have set forth their signature below.

BIG O TIRES, LLC

By:_____

Date:_____

Name:_____

Title:_____

FRANCHISEE

By:_____

Date:_____

Name:_____

Title: _____

(Affix Seal)

SCHEDULE 6

RESERVED

SCHEDULE 7

CONVERTER RIDER

AMENDMENT TO BIG O
FRANCHISE AGREEMENT
(CONVERSION)

BIG O TIRES, LLC, a Nevada limited liability company ("Big O") and _____ ("Franchisee") entered into a certain Big O Franchise Agreement ("Agreement") on and desire to supplement and amend certain terms and conditions of such Agreement in consideration of Franchisee's conversion of a currently operating tire store to a Big O Store. The parties therefore agree as follows:

1. The following provision is added at the end of the definition of "Gross Sales" in **Section 1** of the Agreement:

Gross Sales include revenues from the sale of all Non-Standard Services.

2. The following sentence is added to the definition of "Products and Services" in **Section 1** of the Agreement:

Notwithstanding the foregoing, "Products and Services" does not include Non-Standard Services.

3. The following provision is added to **Section 1** after the definition of National Marketing Program:

Non-Standard Services – See the definition in **Section 14.02** of this Agreement.

4. **Section 6.03** of the Agreement is amended by adding "(a)" after the heading of the paragraph and before the first word "Franchisee" and adding the following provisions to **Section 6.03**:

(b) Subject to **Section 14.02** of this Agreement, but notwithstanding any other provision herein to the contrary, Franchisee's obligation to comply with Big O's standards and specifications as are set forth in the Manual shall be undertaken and completed in accordance with the phase-in schedule set forth in **Schedule A**, attached hereto and by this reference incorporated herein, or, if no schedule is set forth in **Schedule A**, shall be undertaken and completed within six (6) months of the Commencement Date of this Agreement. Franchisee will be permitted to use Big O's Licensed Marks in its signage, advertising and otherwise, in conjunction with any other previous signage or identifying symbols or names for sixty (60) days (or such longer time as approved by Big O) from the Commencement Date of this Agreement, in a manner which shall be approved by Big O, which approval shall not be unreasonably withheld. Upon expiration of such sixty (60) day or other approved period, Franchisee must use Big O's signage exclusively and remove all other previous signage.

(c) If Big O provides assistance to Franchisee to remodel, re-image, remerchandise or re-equip (such as assistance for the purchase or lease of signage, displays, computer hardware or software or other items) (hereinafter referred to as "Re-imaging") by way of matching funds or other financial contribution at any one or more Big O Stores operated by Franchisee, then, Big O, at its discretion, may require Franchisee for each Store that receives such assistance to undertake and complete such

Re-imaging in accordance with the schedule set forth in **Schedule B** attached hereto (including deadlines for both partial completion and full completion of such work), and Big O, at its discretion, may condition payment (and each partial or progress payment) of such matching funds or other financial contribution on Franchisee meeting such schedule in accordance with the terms set forth in **Schedule B** and Franchisee making payment therefor.

5. **Section 6.05** of the Agreement is deleted in its entirety and the following is inserted in its place:

6.05 Commencement of Business. Franchisee's Big O Store shall be considered to have commenced operation as of the Commencement Date of this Agreement. All modifications required to bring the Premises into compliance with the standards and specifications of Big O must be undertaken and completed in accordance with the phase-in schedule set forth in **Schedule A**, attached hereto, or, if no schedule is set forth in **Schedule A**, must be undertaken and completed within six (6) months of the Commencement Date of this Agreement.

6. **Section 7.01(a)** of the Agreement is hereby deleted in its entirety and the following is inserted in its place:

(a) Franchisee acknowledges that Big O is under no obligation to provide site selection assistance and Big O does not guarantee the success or profitability of Franchisee's current site in any manner whatsoever. If Franchisee leases the Premises upon which the Store is to be operated, Franchisee agrees to use its best efforts to negotiate with its landlord for execution of a conditional lease assignment in a form which is the same as or similar to the one found on **Schedule 4** of the Agreement. In the event Franchisee owns the site for the Store, Big O may require Franchisee to enter into a Lease Option with Big O in the form then in use by Big O for the remainder of the Term that could be exercised at Big O's option in the event of a default by Franchisee to allow Big O to take over possession of the site. A Memorandum of Lease Option may be recorded or filed by Big O in the event a Lease Option is required.

7. The following language shall be added to **Section 7.01(b)** of the Agreement:

Big O will provide Franchisee with the services of a store opening specialist to provide assessment and guidance for modification of the interior and exterior of Franchisee's Premises, if applicable, but makes no representations or guarantees regarding the suitability of such assessment or guidance.

8. **Section 7.01(c)** of the Agreement is amended by adding the following sentence immediately after the third sentence of **Section 7.01(c)**:

Notwithstanding the foregoing, at Big O's discretion, Big O will provide such training as it deems appropriate (in addition to or in replacement of any part of the Initial Training Program): (i) at or near Franchisee's site without charging an additional training fee or additional transportation, lodging or living expenses to Franchisee; or (ii) at Big O's national training center or other training sites designated by Big O, and Big O will not charge a training fee for training at Big O's national training center but may charge a fee for field training and certification; or (iii) partially at our national training center and partially near your site. In all these cases, Franchisee shall pay for its own transportation,

lodging and living expenses which are incurred while attending the Initial Training Program. In addition, Big O may (in its discretion) provide some of such training online.

9. The following language shall be added as **Section 7.03** of the Agreement:

7.03 Other Discretionary Assistance. Big O may, in its discretion, offer further assistance to Franchisee in accordance with Big O's Conversion programs as in effect from time to time or as otherwise negotiated by Big O and Franchisee.

10. The following language shall be added to **Section 8.01** of the Agreement:

Notwithstanding the foregoing provisions of this **Section 8.01**, Big O will waive the initial franchise fee; provided, however, Franchisee will pay Big O the standard initial franchise fee in effect at the date of the Agreement if it ceases to meet the "ownership requirement" described in the following sentence within two (2) years of the date of this Agreement. The ownership requirement is that the individual or Entity that is the Franchisee is the same individual or Entity (or the majority of the Franchisee's Equity is owned by the same individual or Entity) that was the Franchisee on the date of this Agreement or the Franchisee is an Entity for which the majority of its Equity is owned by the same individual or Entity that owned the majority of the Equity of Franchisee on the date of this Agreement. Such payment shall be due immediately upon Franchisee no longer meeting the ownership requirement within such two (2) year period.

11. During Years 1 and 2 (as hereinafter defined), clause (d) of **Section 8.02** shall not apply and the second sentence of **Section 8.02** shall also be deleted. The following provisions shall apply in place of clause (d):

For each month during the year specified, the royalty rate on Adjusted Gross Sales of the Store in such month shall be:

Year 1 – 2% royalty on Adjusted Gross Sales

Year 2 – 4% royalty on Adjusted Gross Sales.

Subsequent Years – full royalty in accordance with Adjusted Gross Sales Royalty Rate.

As used above, "Year 1" means the 12 month period beginning on the Commencement Date, and Year 2 is the 12 month period beginning on the first anniversary of the Commencement Date.

12. The second sentence of **Section 14.02** of this Agreement is deleted in its entirety and the following is inserted in its place:

Franchisee may not sell any product or service that has not been selected, designated or approved by Big O except that during the three (3) year period starting on the Commencement Date of this Agreement, Franchisee may provide services (herein referred to as "Non-Standard Services") that meet both of the following: (a) were provided by it at the Premises immediately prior to the Commencement Date of this Agreement, and (b) are listed on Schedule C attached to this Agreement and incorporated by reference herein.

13. The following language shall be added as **Section 14.07** of the Agreement:

14.07 Non-Standard Services. Franchisee may not use the Licensed Marks for or in connection with the Non-Standard Services, except that the Non-Standard Services may be offered from the Premises to the extent permitted under **Section 14.02** of this Agreement. If Franchisee provides any Non-Standard Services, it will provide conspicuous notice to the public by signage, disclaimers on invoices and/or other means that such Non-Standard Services are not provided by nor affiliated with Big O. Also Franchisee must provide warranties on these Non-Standard Services; these warranties must be satisfactory to Big O and must be provided by a third party carrier satisfactory to us. Franchisee acknowledges that Big O does not provide training, supervision or support in connection with the Non-Standard Services. Franchisee shall conduct the Non-Standard Services in compliance with all applicable laws, rules and regulations and in a safe and appropriate manner. Franchisee shall immediately cease or modify any Non-Standard Services that present a threat to the health or safety of the public or any individual and/or that could cause the occurrence of any damages. Franchisee hereby agrees to indemnify and hold Big O harmless from and against any and all claims or liabilities arising out of or in connection with Franchisee's offer, sale or provision of Non-Standard Services.

14. The following language shall be added as **Section 15.08** of the Agreement:

15.08 Surety Bond/ Letter of Credit. Franchisee shall, at Big O's election, have obtained prior to the Commencement Date, a surety bond or letter of credit in an amount specified by Big O or a Local Group designated by Big O from time to time for each Big O Store of Franchisee issued by a surety company or bank reasonably acceptable to Big O in favor of Big O or, at Big O's election, to the Local Group, which surety bond or letter of credit may not be revoked, terminated or modified until two years (or such other time period as designated by Big O from time to time) after the Commencement Date. Such bond or letter of credit shall be payable to the order of Big O or the Local Group, as the case may be, for any nonpayment by Franchisee of contributions due to the National Marketing Program or the Local Fund pursuant to this Franchise Agreement.

15. **Section 17.04** of the Agreement is hereby deleted in its entirety.

16. **Section 19.04** of the Agreement is hereby deleted in its entirety and the following language is inserted in its place:

19.04 Termination by Franchisee.

(a) Franchisee may terminate this Agreement as of the third anniversary of the Commencement Date by giving Big O written notice of its decision to do so at least 60 days prior to the effective date of such termination.

(b) Otherwise, Franchisee may terminate this Agreement only if Big O has committed a material breach of any of Big O's obligations under this Agreement and has failed to cure such breach within thirty (30) days after Franchisee has given written notice to Big O of such breach.

17. Franchisee agrees to convert all other tire stores owned or controlled by it to Big O Stores, in the manner prescribed in Schedule D, attached hereto and by this reference incorporated herein.

18. The terms and conditions of this Converter Rider are in addition to or in explanation of the existing terms and conditions of the Agreement and shall prevail over and supersede any inconsistent terms and conditions thereof.

Effective this _____ day of _____, 20_____.

BIG O:	**FRANCHISEE:**
BIG O TIRES, LLC, a Nevada limited liability company	_____
By:_____	By:_____
Name: _____	Name: _____
Title:_____	Title:_____

Schedule A

Phase-In Schedule

Schedule B

Completion and Payment Schedule for Re-Imaging

Schedule C

Prior Services

Note: Revenues from these services are included in Gross Sales unless otherwise indicated as excluded.

Schedule D

Phase-In of Other Stores

SCHEDULE 8
RESERVED

SCHEDULE 9
ROYALTY RATES

1. **Terminology**.

a. The Franchise Agreement to which this **Schedule 9** is attached is hereinafter referred to as the "Agreement".

b. Terms used in the **Schedule 9** have the same meaning as set forth in the Agreement, except as otherwise provided in this **Schedule 9**. Terms used in this **Schedule 9** with the same meaning as set forth in the Agreement include (but are not limited to):

(i) Adjusted Gross Sales – Gross Sales excluding Gross Sales (a) to National Account and Key Account Customers, (b) of Farm Class Tires, (c) on Excess Service Department Sales, and (d) on which no royalty is due and not otherwise excluded from the definition of Gross Sales.

(ii) Adjusted Gross Sales Royalty Rate – The percentage applied to Adjusted Gross Sales to determine the Adjusted Gross Sales royalty fee, which percentage is the Matrix Royalty Rate.

c. The following abbreviations when used in this **Schedule 9** have the following meanings:

(i) AGS – Adjusted Gross Sales.

(ii) AGS Royalty Rate – Adjusted Gross Sales Royalty Rate.

2. **Royalty Rates Applied**. The Royalty Rate on Gross Sales to National Account Customers and Key Account Customers will be 2%. The Royalty Rate on Gross Sales of Farm Class Tires will be 2%. The Royalty Rate for the Excess Service Department Sales will be 2%. The Royalty Rate on AGS will be the AGS Royalty Rate.

3. **Current Royalty Matrix**. The Royalty Matrix in effect as of the date of the Agreement is attached as **Annex 1** to this **Schedule 9** and applies to AGS Sales earned in the calendar year specified in such attachment.

4. **Updating the Royalty Matrix**. The Royalty Matrix will be updated for each calendar year by Big O and distributed by Big O to Franchisee. Each Royalty Matrix will be for the specified calendar year. Big O will make such updates in accordance with methodologies established by Big O in accordance with the recommendations of the franchisee audit committee of the Franchise Advisory Council. The final determination of the Royalty Matrix for any calendar year shall be made by Big O. The methodology used by Big O is as follows until modified and included in the Manual:

a. The Store-level retail sales will be accumulated by Big O for each Store for the 12-month period ending October 31. This information should be available by the end of November, as many Stores do not report their retail sales to Big O until the end of the following month.

b. All Stores that were open for less than the full 12 months (as of October 31st) will be eliminated from the data.

c. Of the remaining Stores, the top 10% based on retail sales and the bottom 10% based on retail sales will be dropped. The middle 80% will be used to calculate an average retail sales amount per Store.

d. By December 20, the new Royalty Matrix will be completed for the following calendar year, with the first single-Store royalty breakpoint being equal to the greater of: (a) $1.47 million, or (b) the average retail sales figure calculated above, plus $190,000, rounded down to the nearest $10,000. Each subsequent breakpoint will be at $200,000 intervals, until the lowest royalty level of 4.5% is achieved.

e. The Multi-Store Royalty Group portions of the Royalty Matrix will be calculated using the same percentages that drive the matrix attached to this **Schedule 9**.

f. This new Royalty Matrix will be used to determine the Matrix Royalty Rates for the subsequent calendar year (January 1 – December 31). (For instance, the Royalty Matrix based on 2014 revenues will be used to determine the Matrix Royalty Rates applicable in 2015).

5. **Determining the Matrix Royalty Rate for a Particular Franchisee**. In general, the Matrix Royalty Rate for a franchisee in any particular calendar year depends on the Gross Sales of the franchisee's single Store in that calendar year or, if the franchisee's Stores are members of a Multi-Store Royalty Group, the Gross Sales of all the Stores in the Multi-Store Royalty Group for that calendar year. The Matrix Royalty Rate on Adjusted Gross Sales for that calendar year will then be determined from the Royalty Matrix based on such Gross Sales for a Single Store or, for a Multi-Store Royalty Group, on such Gross Sales and the number of Stores in that Multi-Store Royalty Group.

6. **Royalty Payment and True-Up Rules**. The royalty payment and true-up rules will be set by Big O in its sole discretion from time to time. The current form of royalty payment and true-up rules as of the date of this Agreement are set forth in **Annex 2** to this **Schedule 9**.

Schedule 9, Annex 1
Royalty Matrix
See attached

Note: The attached Royalty Matrix will be applicable in 2014. A different Royalty Matrix will be applicable in other years. For instance, if you sign a Franchise Agreement in 2015, the Royalty Matrix attached to that Franchise Agreement will be the 2015 Royalty Matrix, not the attached 2014 Royalty Matrix. Regardless of which Royalty Matrix is attached to the Franchise Agreement that you sign, the applicable Royalty Matrix will change from time to time as provided in **Schedule 9**.

Royalty Matrix (BFF II) - 2014

Annual Store Sales ($000)	Royalty Adjustment	Resulting Royalty Percent	Single Store ($000)	For Multi-Store Groups, Number of Stores in Group and Total Group Sales ($000) Required to Qualify for Reduced Royalty Percent																		
				2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
			100%	85.0%	77.5%	70.0%	62.5%	55.0%	47.5%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
	<$1770	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,770	-0.09%	4.91%	1,770	3,009	4,115	4,956	5,531	5,841	5,885	5,664	6,372	7,080	7,788	8,496	9,204	9,912	10,620	11,328	12,036	12,744	13,452	14,160	14,868
1,970	-0.18%	4.82%	1,970	3,349	4,580	5,516	6,156	6,501	6,550	6,304	7,092	7,880	8,668	9,456	10,244	11,032	11,820	12,608	13,396	14,184	14,972	15,760	16,548
2,170	-0.27%	4.73%	2,170	3,689	5,045	6,076	6,781	7,161	7,215	6,944	7,812	8,680	9,548	10,416	11,284	12,152	13,020	13,888	14,756	15,624	16,492	17,360	18,228
2,370	-0.36%	4.64%	2,370	4,029	5,510	6,636	7,406	7,821	7,880	7,584	8,532	9,480	10,428	11,376	12,324	13,272	14,220	15,168	16,116	17,064	18,012	18,960	19,908
2,570	-0.45%	4.55%	2,570	4,369	5,975	7,196	8,031	8,481	8,545	8,224	9,252	10,280	11,308	12,336	13,364	14,392	15,420	16,448	17,476	18,504	19,532	20,560	21,588
2,770	-0.55%	4.45%	2,770	4,709	6,440	7,756	8,656	9,141	9,210	8,864	9,972	11,080	12,188	13,296	14,404	15,512	16,620	17,728	18,836	19,944	21,052	22,160	23,268
2,970	-0.64%	4.36%	2,970	5,049	6,905	8,316	9,281	9,801	9,875	9,504	10,692	11,880	13,068	14,256	15,444	16,632	17,820	19,008	20,196	21,384	22,572	23,760	24,948
3,170	-0.73%	4.27%	3,170	5,389	7,370	8,876	9,906	10,461	10,540	10,144	11,412	12,680	13,948	15,216	16,484	17,752	19,020	20,288	21,556	22,824	24,092	25,360	26,628
3,370	-0.82%	4.18%	3,370	5,729	7,835	9,436	10,531	11,121	11,205	10,784	12,132	13,480	14,828	16,176	17,524	18,872	20,220	21,568	22,916	24,264	25,612	26,960	28,308
3,570	-0.91%	4.09%	3,570	6,069	8,300	9,996	11,156	11,781	11,870	11,424	12,852	14,280	15,708	17,136	18,564	19,992	21,420	22,848	24,276	25,704	27,132	28,560	29,988
3,770	-1.00%	4.00%	3,770	6,409	8,765	10,556	11,781	12,441	12,535	12,064	13,572	15,080	16,588	18,096	19,604	21,112	22,620	24,128	25,636	27,144	28,652	30,160	31,668
Average Sales Per Store to Qualify for 4.0% Royalty				3,205	2,922	2,639	2,356	2,074	1,791	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508
Matrix Breakpoint Factor			200	340	465	560	625	660	665	640	720	800	880	960	1,040	1,120	1,200	1,280	1,360	1,440	1,520	1,600	1,680

Royalty Matrix Explanation

The Royalty Matrix is used to determine your Store's Royalty Rate based on the amount of your calendar year Store Gross Sales or, if you own more than one Store, then the Stores included in a Multi-Store Royalty Group approved by Big O. The Royalty Rates range from 4.0% to 5.0%.

If you are a single Store franchisee, locate your Store's annual Gross Sales in the "Single Store" column. Then look to the "Resulting Royalty Percent" column to determine your Royalty Rate (after true-up with Big O).

If you are a participant in a Multi-Store Royalty Group approved by Big O, locate the column of numbers that begins with the applicable number of Stores (ranging from 2 Stores to 21 Stores). Then go down the column until you reach the row containing the highest sale amount that does not exceed your Multi-Store Royalty Group's combined Gross Sales in the same column. Follow this row over to the "Resulting Royalty Percent" column to determine your Royalty Rate (after true-up with Big O).

As stated in **Section 1** (in the definition of "Royalty Matrix") of the Franchise Agreement, the Royalty Matrix is subject to change by Big O from time to time as provided in **Schedule 9**, provided that the royalty rate (when the Royalty Matrix is applicable) may not exceed the maximum royalty rate set forth in this **Schedule 9**.

Schedule 9, Annex 2

Royalty Payment and True-Up Rules

1. New Stores

a. **New Store to System, Treated as Single Store.** The rate for royalties on Adjusted Gross Sales earned during the initial calendar year will be 5.0% and will be trued up 90 days after the calendar year end by determining the applicable Matrix Royalty Rate based on the Store's actual Gross Sales and applying it to the Store's Adjusted Gross Sales for the entire calendar year while it was operated as a Big O Store. For all following years, please see the rules for Years Subsequent to BFF Conversion, included in the section on Single Store-Existing Stores Converting to the BFF, below.

b. **New Store to System, Added to Multi-Store Royalty Group.** Royalties on Adjusted Gross Sales earned during the initial calendar year will be paid at the Matrix Royalty Rate that was determined at the beginning of the year for that Multi-Store Royalty Group. The royalty will be trued up within 90 days after the calendar year end by determining the applicable Matrix Royalty Rate (for a group size that includes the new Store plus the Stores already in the Multi-Store Royalty Group) based on the Multi-Store Royalty Group's actual Gross Sales for the entire calendar year while the Stores (or any of them) were operated by the Multi-Store Royalty Group, and applying it to each Store's Adjusted Gross Sales for the calendar year.

2. Franchise Ownership Transfers (Acquirer)

a. **Store Acquired in a Transfer, Treated as Single.** Royalties on Adjusted Gross Sales for the balance of the calendar year will be at the same Matrix Royalty Rate that the selling franchisee was paying during the portion of the year that he owned the Store. The royalties paid for the year will be trued up within 90 days after the calendar year end between the new franchisee and Big O by determining the applicable Matrix Royalty Rate based on the Store's actual Gross Sales for the calendar year and applying it to the Store's total Adjusted Gross Sales for the calendar year.

b. **Store Acquired in a Transfer, Added to Multi-Store Royalty Group.** Royalties on Adjusted Gross Sales will be paid for the balance of the calendar year after the transfer occurs by applying the Matrix Royalty Rate, determined at the beginning of the year for that Multi-Store Royalty Group, to the Adjusted Gross Sales of the new Store included in the Multi-Store Group. The royalty will be trued up within 90 days after calendar year end by determining the applicable Matrix Royalty Rate (for the approved Multi-Store Royalty Group) based on the Group's actual Gross Sales for the calendar year and applying it to each Store's actual Adjusted Gross Sales for that calendar year. For purposes of determining the Matrix Royalty Rate, the Gross Sales will include the transferred Store's actual Gross Sales for the entire portion of the calendar year that it was operated as a Big O Store.

3. Franchise Ownership Transfers (Transferor)

a. **Transferred or Closed Store, Single.** Royalties for a single Store that is transferred or closed during a calendar year will be calculated by applying the Matrix Royalty Rate (determined by looking up the prior year's Gross Sales on the current year matrix) to the current year Adjusted Gross Sales.

b. **Transferred or Closed Store, Member of Multi-Store Royalty Group.** Royalties for a transferred or closed store which is a member of a Multi-Store Royalty Group will be paid for the year at the rate that was determined at the beginning of the year for that Multi-Store Royalty Group. Within 90 days after the end of the year the royalties will be trued-up by applying the Matrix Royalty Rate (for a Multi-Store Royalty Group size that includes the transferred or closed Store) to the Multi-Store Royalty Group's actual Adjusted Gross Sales for the calendar year.

4. Existing Franchises Converting to the BFF

a. **Single Store –**

i. **Year of BFF Conversion.** The Matrix Royalty Rate to be used for the balance of the calendar year after the BFF Conversion occurs is determined by applying the Royalty Matrix to the Store's prior calendar year Gross Sales (even if the Store was open less than a full year as a Big O Store), minus an amount equal to the Single Store Matrix Breakpoint Factor. The royalties will be trued up within 90 days after the end of the calendar year by using the Store's actual Gross Sales for the entire calendar year in which the BFF Conversion occurred to determine the correct Matrix Royalty Rate for the year and then applying that Matrix Royalty Rate to the Store's Adjusted Gross Sales from the date of the BFF Conversion until the end of the calendar year.

ii. **Years Subsequent to BFF Conversion.** The Matrix Royalty Rate for calendar years subsequent to the BFF Conversion year will be determined by applying the Royalty Matrix to the Store's prior calendar year Gross Sales (even if the Store was open less than a full year as a Big O Store), minus an amount equal to the Single Store Matrix Breakpoint Factor. The royalties will be trued up within 90 days after the end of the calendar year by determining the applicable Matrix Royalty Rate based on the Store's actual Gross Sales for the calendar year and applying it to the Store's Adjusted Gross Sales for the calendar year.

b. **Multi-Store Royalty Groups –**

i. **Year of BFF Conversion.** The Matrix Royalty Rate for the balance of the calendar year in which the BFF Conversion occurred will be determined by applying the Royalty Matrix to the Multi-Store Royalty Group's prior calendar year Gross Sales (even if one or more Stores was open less than a full year as a Big O Store), minus an amount equal to the Multi-Store Matrix Breakpoint Factor based on the number of Stores in the Multi-Store Royalty Group. The royalties will be trued up within 90 days after the end of the calendar year by using the Multi-Store Royalty Group's Gross Sales for the calendar year in which the BFF Conversion occurred to determine the correct Matrix Royalty Rate for the year. This Matrix Royalty Rate shall be applied to the Adjusted Gross Sales from the date of the BFF Conversion until the end of the calendar year.

ii. **Years Subsequent to BFF Conversion.** The Matrix Royalty Rate for calendar years subsequent to the BFF Conversion year will be determined by applying the then current year Royalty Matrix to the Multi-Store Royalty Group's prior calendar year Gross Sales (even if one or more of the Stores was open less than a full year as a Big O Store), minus an amount equal to the Multi-Store Matrix Breakpoint Factor based on the number of Stores in the Multi-Store Royalty Group. This Matrix Royalty Rate will be trued up within 90 days after the end of the calendar year by determining the applicable Matrix Royalty Rate based on the Multi-Store Royalty Group's actual Gross Sales for the calendar year and applying it to each Store's Adjusted Gross Sales for the calendar year.

5. Multi-Store Royalty Group Royalty Rates for BFF Conversion Stores and New Stores. Multi-Store Royalty Groups may include Stores that were converted from Product Distribution Franchises to Business Format Franchises ("BFF Conversion Stores") and Business Format Franchise Stores that are new to the Big O System ("New Stores"). Therefore, the royalty payment and true-up rules stated above in this **Schedule 9, Annex 2,** are subject to the following: BFF Conversion Stores that are part of a Multi-Store Royalty Group are subject to the royalty matrix applicable to BFF Conversion Stores (not included in this Agreement). New Stores that are part of a Multi-Store Royalty Group are subject to the Royalty Matrix applicable to new Business Format Franchises (included herein as **Schedule 9, Annex 1.** Thus, different Stores in the same Multi-Store Royalty Group may pay different Royalty Rates on Adjusted Gross Sales based on the application of the appropriate royalty matrix. The Gross Sales of all Stores in a Multi-Store Royalty Group are aggregated for purposes of determining the applicable Royalty Rates.

SCHEDULE 10

DETERMINATION OF THE BIG O PROGRAM PRODUCTS PRICES

The Big O Program Products Prices will be calculated in accordance with Big O's Franchise Policies & Standards Manual. This Franchise Policies & Standards Manual and revisions to this Manual are established by Big O from time to time after consulting with committees that include franchisees (but which may or may not include Franchisee). Set forth below is a description of Big O's policy in effect as of June 30, 2014 (which is or will be set forth in the Franchise Policies & Standards Manual) on determination of Big O Program Product Prices for tires.

A. Acquisition Costs.

1. Big O's current policy is to not increase the Acquisition Cost component of prices for tires until 45 days after a price increase goes into effect. (For example, if Big O is informed of a price increase on certain SKUs on February 1 that will go into effect with purchases made starting March 1, Big O will not increase the Acquisition Cost component of the tire price for the SKUs impacted by the price increase until April 15, and will increase the price of all SKUs affected by the price increase on that same date.).

2. The 45-day delay in applying a price increase will be evaluated by Big O from time to time to determine if it should be adjusted.

3. The 45-day delay in applying a price increase will not apply to rebill tires since these are not products stocked by Big O. Accordingly, the Acquisition Cost for rebill tires will be the price billed to Big O from the rebill vendor.

4. For purposes of applying the 45-day delay in adjusting pricing discussed above, the specific date communicated by the manufacturer as being the effective date of a price increase will determine the date that an increase in Acquisition Costs will go into effect. In addition, price increases that do not have an effective date of the first of a month will be rounded to the nearest first of a month (i.e., a price increase communicated by a manufacturer as being effective on a date between the 2nd and the 15th of the month will be treated for purposes of this provision as being effective on the 1st of the month, and a price increase communicated by a manufacturer as being effective on a date between the 16th and the 31st of the month will be treated for purposes of this provision as being effective on the 1st of the following month).

5. Big O's affiliated supplier, TBC Corporation ("TBC"), has agreed with Big O that TBC will not increase its Economic Benefit (as defined in the Manual) on future sales of tires to Big O over the calendar year 2005 Economic Benefit. In conjunction with the audit of TBC's financial statements for each fiscal year ending March 31, TBC will engage its independent public accountants to conduct certain Agreed Upon Procedures, at the TBC level, to validate the calculation of the Economic Benefit earned by TBC on its sale of tires to Big O (the "Validation").

B. Mold Depreciation Costs.

The Mold Depreciation Cost component of the tire price will be calculated by dividing the total budgeted Mold Depreciation expense for the year by the budgeted number of Big O Tire units expected to be sold during the year to arrive at a per-unit Mold Depreciation Cost component of the tire price. This component of the tire price will remain constant throughout the year with the following exception. Molds are generally depreciated over an estimated useful life of five years. Prior to the beginning of each

quarter, Big O Accounting meets with the Big O Product department and determine if the remaining depreciable life of any molds should be shortened based on the anticipated future production of tires using specific molds. Any depreciable lives that need to be shortened based on this criteria will be shortened for accounting purposes, and the impact of the resulting increase in depreciation will be added to the Mold Depreciation cost component of the pricing model as of the beginning of that quarter.

C. Rebill Charge

The Rebill Charge is currently $3.00 per Rebill Tire. This charge may be increased or decreased in our discretion as required by business operations after consultation with the Franchise Advisory Council.

D. Distribution Costs

1. The total budgeted Distribution Cost for the year based on the Distribution Cost components set forth in the Franchise Agreement will be divided by the total budgeted tire units to be sold (excluding rebill units) and the resulting Distribution Cost per unit ("DCPU") factor will be added to tire pricing during the year. This component of the tire price will remain constant throughout the year. Notwithstanding any other provisions of this policy, Big O may impose additional distribution related charges (such as fuel surcharges) to reflect unanticipated increases in the price of fuel or other distribution related costs.

2. DCPU will be subject to the following caps and limitations to increases:

a. For the fiscal year ending March 31, 2015, the DCPU is set at $ 5.20 per tire.

b. For subsequent years, the DCPU will be calculated in accordance with the Franchise Agreement, subject to:

(i) The DCPU cannot increase more than 3% per year.

(ii) The Inventory Losses expense portion of total Distribution Costs is capped at $60,000 per year (starting in 2007), and at amounts reflecting a 3% increase in that amount thereafter.

(iii) The Interwarehouse Freight expense portion of total Distribution Costs is capped at $350,000 per year (starting in 2007), and at amounts reflecting a 3% increase in that amount thereafter.

(iv) The 3% cap on total DCPU will be calculated by multiplying 1.03 times the lesser of (a) actual DCPU for the prior fiscal year, with the Inventory Losses and Interwarehouse Freight components of total Distribution Costs subject to the caps discussed above, and (b) the DCPU established at the beginning of that fiscal year.

(v) In the event actual fuel costs for any fiscal year are greater than 1.05 times the budgeted fuel costs for that year, the 3% cap on total DCPU will be calculated by multiplying 1.03 times the lesser of (a) actual DCPU for the prior fiscal year, with the Inventory Losses and Interwarehouse Freight components of total Distribution Costs subject to the caps discussed above, and (b) the sum of (i) the DCPU established at the beginning of that fiscal year plus (ii) the amount by which actual fuel costs for the fiscal year exceed 1.05 times the budgeted fuel costs for that year, divided by the actual units sold during that year.

(vi) The DCPU that is established at the beginning of each year will not change throughout the year, except that once the budgeted warehouse units for the year have been sold, the DCPU will be reduced by $.50 per unit for the remainder of the year starting on the 1st or 15th of the month most recently following the date on which actual warehouse unit sales exceed budgeted warehouse unit sales.

(vii) Certain limitations discussed herein are contingent upon certain conditions being met as designated by Big O from time to time. One condition now required is Big O and its franchisees being able to create a cooperative plan to eliminate the need for Big O to carry an NRV (net realizable value) Reserve for tires (that is, mainly discontinued tires) on its balance sheet.

(viii) In the event that industry factors that are outside Big O's control cause a significant increase in unit movement (thereby reducing DCPU for that year), Big O reserves the right to calculate a DCPU for the following year without regard to the 3% limitation on the actual DCPU as discussed above.

(ix) In the event that industry factors that are outside Big O's control cause a significant decrease in unit movement (thereby increasing DCPU for that year), Big O reserves the right to adjust service levels in order to manage its exposure to excessive unrecovered distribution costs.

(x) Big O reserves the right to adjust service levels on low volume delivery routes in order to manage its exposure to excessive unrecovered distribution costs.

E. Warranty Costs.

1. The expenses related to providing warranties on Big O tires have been estimated by Big O for each of the Big O I Tires lines based on tire adjustment data accumulated from Big O's warranty database, expressed as a percentage to be added to the Acquisition Cost of tires. At the beginning of each fiscal year, Big O will analyze the warranty data, calculate new warranty percentages, review the new percentages with a franchisee group designated by the Franchise Advisory Council, explain the reasons for any increases or decreases in the percentages from one year to the next, and then use the new percentages in the determination of the Big O Program Products Price. Once set at the beginning of the year, the Big O I Tires warranty percentages will be used for the entire year.

2. The other expenses associated with warranty will be allocated to all units sold based on a fixed rate per unit ($.10 per unit for 2014) that is calculated by dividing the total costs in this category by the total budgeted units for the year. This factor will not change throughout the year.

F. Determination of TBC Economic Benefit

1. TBC has agreed that it will not increase its Economic Benefit on sales of tires to Big O over the calendar year 2005 Economic Benefit. If the results of the annual Validation indicate that TBC has received a greater Economic Benefit in that year than the Economic Benefit for 2005, then the results of the Validation will be used to determine the amount by which Big O was overcharged (the "Excess Big O Tire Acquisition Cost"). If the results of the annual Validation indicate that TBC has received a lower Economic Benefit in that year than the Economic Benefit for 2005, then there will be no adjustment.

2. Any excess Big O Tire Acquisition Cost under this section will be allocated, based on units, between tires sold to Product Distribution Franchisees and tires sold to Business Format

Franchisees. The amount allocated to tires sold to Business Format Franchisees will be paid or credited to Big O by TBC and included in the calculation, discussed below, of the End of Year Pricing Adjustment.

G. Audit Procedures.

1. The mechanics of the audit at the Big O level of the various components of the Big O Program Product Prices are set forth below. References to audits by the Franchisee Audit Committee refer to audits conducted by the Franchisee Audit Committee and/or an independent third party as approved by the Franchisee Audit Committee and paid for by the Franchise Advisory Council. The results of the audit shall not be final and binding on Big O and the Business Format Franchises except if certain conditions are met as defined by Big O in the Manual from time to time.

2. For the Acquisition Cost component of the tire price, including Manufacturers Rebates, a Franchisee Audit Committee, with the assistance of Big O management, will audit the Acquisition Cost for tires component of a number of sales transactions to be agreed upon between Big O and the franchisees. In the event the results of that audit show that the Acquisition Cost component of the tire price has been included according to the "Rules" (that is, the definitions set forth in the Franchise Agreement and the rules set forth in this Schedule C), then the audit of that portion of the tire price will be deemed complete, and there will be no Acquisition Cost amount included in the End of Year Pricing Adjustment. In the event the results of that audit show that the Acquisition Cost component of the tire price has not been included according to the Rules, then Big O will calculate the impact, positive or negative, of the Acquisition Cost component not being included according to the Rules, based on the specific error identified and the time period that the error related to, and review the amount with the Franchisee Audit Committee. The Acquisition Cost pricing error impact will be included in the calculation, discussed below, of the End of Year Pricing Adjustment.

3. At the end of the year, Big O will calculate the total amount of Mold Depreciation Cost to be allocated to Big O I Tires that were sold to Business Format Franchises, based on the Big O I Tire units sold to Business Format Franchise Stores as a percent of the total Big O I Tire units sold, and that amount will be compared to the total Mold Depreciation Cost actually included in the tire price for Big O I Tire units that were sold to Business Format Franchise Stores. Any difference, positive or negative, will be included in the End of Year Pricing Adjustment discussed below.

4. For the Rebill Charge, the Franchisee Audit Committee, with the assistance of Big O management, will audit the proper inclusion or exclusion of the Rebill Charge component in each of the sales transactions to be audited during the Acquisition Cost for tires audit discussed above. In the event the results of that audit show that the Rebill Charge component has been included according to the Rules, then the audit of that portion of the tire price will be deemed complete, and there will be no amount included in the End of Year Pricing Adjustment. In the event the results of that audit show that the Rebill Charge component has not been included according to the Rules, then Big O will calculate the impact, positive or negative, of the Rebill Charge component not being correctly included, based on the specific error identified and the time period that the error related to, and review the amount with the Franchisee Audit Committee. The Rebill Charge component pricing error impact will be included in the calculation, discussed below, of the End of Year Pricing Adjustment.

5. For DCPU, the Franchisee Audit Committee, with the assistance of Big O management, will audit the proper inclusion or exclusion of the correct DCPU factor in each of the sales transactions to be audited during the Acquisition Cost audit of tires discussed above. In the event the results of that audit show that the DCPU factor has been included according to the Rules, then the audit of that portion of the tire price will be deemed complete, and there will be no amount included in the End of Year Pricing Adjustment. In the event the results of that audit show that the DCPU factor has not been included

according to the Rules, then Big O will calculate the impact, positive or negative, of the DCPU factor not being correctly included, based on the specific error identified and the time period that the error related to, and review the amount with the Franchisee Audit Committee. The DCPU pricing error impact will be included in the calculation, discussed below, of the End of Year Pricing Adjustment.

6. For the Big O I Tires warranty expense, the Franchisee Audit Committee, with the assistance of Big O management, will audit the proper inclusion or exclusion of the Big O I Tires warranty expense factor in each of the sales transactions to be audited during the Acquisition Cost of tires audit discussed above. In the event the results of that audit show that the Big O I Tires warranty expense factor has been included according to the Rules, the audit of that portion of the tire price will be deemed complete, and there will be no amount included in the End of Year Pricing Adjustment. In the event the results of that audit show that the Big O I Tires warranty expense factor has not been included according to the Rules, then Big O will calculate the impact, positive or negative, of the Big O I Tires warranty expense factor not being correctly included, based on the specific error identified and the time period that the error related to, and review the amount with the Franchisee Audit Committee. The Big O I Tires warranty expense factor pricing error impact will be included in the calculation, discussed below, of the End of Year Pricing Adjustment.

7. At the end of the year, Big O will calculate the total amount of other warranty expense to be allocated to the total units that were sold to Business Format Franchise Stores based on the tire units sold to Business Format Franchise Stores as a percent of the total tire units sold, and that amount will be compared to the total other warranty expense actually included in tire price for tire units that were sold to Business Format Franchise Stores. Any difference, positive or negative, will be included in the End of Year Pricing Adjustment discussed below.

8. Big O franchisees may, under certain circumstances, wish to engage an auditor to perform the audit work that is discussed above as being performed by the Franchisee Audit Committee. The cost of any such audit will be borne entirely by the franchisees and allocated to the franchisees as they may agree, provided however that should the audits find that Big O has overcharged the Business Format Franchise Stores by an amount that exceeds 2% of the total amount charged to Business Format Franchise Stores for the year under audit, adjusted by any overcharges that may result from the Franchisee Audit Committee procedures discussed above, then the audit fee will be reimbursed by Big O, subject to a maximum reimbursement of $100,000.

H. End of Year Pricing Adjustment.

Once the various amounts to be included in the End of Year Pricing Adjustment, as discussed above, have been calculated and become final and binding in accordance with the terms and conditions of this Agreement and the Manual, they will be accumulated and treated as follows:

1. Because the Mold Depreciation and Big O I Tires warranty factors relate to just Big O I Tires, these two adjustment factors will be aggregated. In the event the aggregate amount is positive (i.e. franchisees have overpaid Big O), then the aggregate amount will be allocated among the Business Format Franchise Stores based on the Big O I Tires units they purchased from Big O while operating as a Business Format Franchise, and the amount so allocated with be paid to the Stores via a credit to their trade account with Big O. In the event the aggregate amount is negative (i.e., franchisees have underpaid Big O), then the aggregate amount will be included as a component of the Big O Program Product Prices for the following year as a separate component called “Prior Year True-Up--Big O I.” The methodology for including such an amount in the Big O Program Product Prices for the following year will be done so as to fully recover the amount of the underpayment from the Business Format Franchise Stores.

2. All of the other adjustment factors, if any, including the portion of any Excess Big O Tire Acquisition Cost that is allocated to tires sold to Business Format Franchise Stores, the Acquisition Cost of tires adjustment factor, the Rebill Charge adjustment factor, the DCPU adjustment factor and the other warranty expense adjustment factor, relate to all tire units sold by Big O to Business Format Franchise Stores, and will be aggregated. In the event the aggregate amount is positive (i.e., franchisees have overpaid Big O), then the aggregate amount will be allocated among the Business Format Franchise Stores based on the total tire units they purchased from Big O, and the amount so allocated will be paid to the Stores via a credit to their trade account with Big O. In the event the aggregate amount is negative (i.e., franchisees have underpaid Big O), then the aggregate amount will be included as a component of the Big O Program Product Prices for the following year as a separate component called "Prior Year True-Up--All Tires." The methodology for including such an amount in the Big O Program Product Prices for the following year will be done so as to fully recover the amount of the underpayment from Business Format Franchise Stores.

EXHIBIT B-2

AMENDMENT TO BIG O
FRANCHISE AGREEMENT
(MULTI-UNIT BFF/PDF OPERATIONS)

THIS AMENDMENT TO FRANCHISE AGREEMENT (the "Amendment") is entered into by and between BIG O TIRES, LLC, a Nevada limited liability company ("Big O"), and ("Franchisee"). Big O and Franchisee may collectively be referred to herein as the "Parties" or individually as a "Party."

RECITALS

A. Big O and Franchisee entered into the following franchise agreement for the following "Store" (as defined below):

Date of franchise agreement: _____
Date(s) of other amendments
to franchise agreement: _____
Store location: _____
Store number: _____

B. The Store described in the foregoing recital ("Franchisee's Store") is a member of a "Multi-Unit Franchise Group" as defined in this Amendment.

C. Big O's standard policy is that all the Stores in a Multi-Unit Franchise Group must be "PDF Stores" or "BFF Stores" (as those terms are defined below), but may not be a mixture.

D. The Franchisee and the other franchisees in the Multi-Unit Franchise Group in which the Franchisee is included have requested that this Multi-Unit Franchise Group be allowed to include some PDF Stores and some BFF Stores.

E. Big O and the members of Franchisee's Multi-Unit Franchise Group have negotiated the terms of this Amendment to allow Franchisee's Multi-Unit Franchise Group to have a mixture of PDF Stores and BFF Stores, but only under the terms and conditions of the Amendment.

F. Therefore, Big O and Franchisee desire to amend the Franchise Agreement by this Amendment.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, and with the intent to be legally bound, the Parties agree as follows:

1. **DEFINITIONS**

As used in this Amendment, the following terms have the following meanings:

1.1 "BFF Store" means a Big O Store operated as a business format franchise: that is, a BFF Store is a Big O Store subject to a franchise agreement or amendments to franchise agreement providing for, among other things, royalties based on a royalty matrix, regardless of whether such royalty matrix may not apply during certain time periods and regardless of whether there may be exceptions to the applicability of the royalty matrix from time to time.

1.2 "Big O Program Products" means products designated by Big O as "Big O Program Products" pursuant to franchise agreements (including amendments, if any) for BFF Stores and sold to BFF Stores at the "Big O Program Products Price" (as that term is defined in the franchise agreements for BFF Stores).

1.3 "Cure Units" means (in Appendix A) tires required to be purchased pursuant to Sections 4.4, 4.5, or 5.3 as a result of a shortfall or settlement process as described in those sections.

1.4 "Franchise Agreement" means the franchise agreement for Franchisee's Store and all amendments to such franchise agreement.

1.5 "Multi-Unit Franchise Group" means a group of Stores that meet the following qualifications: (a) the Stores are all owned by the same Owner or qualified group of Owners, (b) the Stores apply to Big O to be treated as a Multi-Unit Franchise Group, and (c) Big O approves such application. The method of application, criteria for approval and definition of a qualified group of Stores will be as determined by Big O from time to time in its sole discretion. Currently, a group of Stores must have (i) one Owner with an ownership interest of 50% or more in each Store, or (ii) common Owners each of which has an ownership interest of 20% or more in each Store.

1.6 "Owner" means any partner, limited partner, member, shareholder, individual or sole proprietor, trustee, or any other person possessing a legal or beneficial interest or holding equity of any kind or nature in a Big O franchisee which is a corporation, limited liability company, partnership or other business entity or a sole proprietorship.

1.7 "PDF Store" means a Big O Store operated as a product distribution franchise: that is, a PDF Store is a Big O Store for which the royalty fee is determined without the use of a royalty matrix. A PDF Store cannot also be a BFF Store at the same time that it is a PDF Store.

1.8 "Purchase Obligation Default" means the failure in any Year by any PDF Store in Franchisee's Multi-Unit Franchise Group to meet its purchase obligations under Section 4.1 of this Amendment or the corresponding provisions of any similar amendment applicable to any PDF Stores included in Franchisee's Multi-Unit Franchise Group.

1.9 "Specific Performance" means (in Appendix A) the purchases or payments required pursuant to Sections 4.4, 4.5, or 5.3 as a result of a shortfall or settlement process as described in these sections.

1.10 "Store" means a retail store operated as a Big O franchise under the trademarks licensed by Big O and pursuant to the Big O system licensed by Big O.

1.11 "Year" means the twelve month period beginning on the first day of the first calendar month beginning after the date of this Amendment (or, if the date of this Amendment is the first day of a calendar month, then beginning on the date of this Amendment) and each twelve month period thereafter beginning on the anniversary of the first day of such first Year.

2. REPRESENTATIONS AND WARRANTIES OF FRANCHISEE

In order to induce Big O to enter in this Amendment and with the understanding that Big O is relying thereon, Franchisee makes the following representations and warranties:

2.1 The Franchisee is a member of a Multi-Unit Franchise Group, which it has identified to Big O. This Multi-Unit Franchise Group meets the qualifications for a Multi-Unit Franchise Group as set forth in the definition of a Multi-Unit Franchise Group set forth in this Amendment. The information that the Franchisee has given to Big O about this Multi-Unit Franchise Group is true, correct and complete.

2.2 The terms of this Amendment, on the whole, confer additional benefits on Franchisee beyond those that the Franchisee would receive without this Amendment.

2.3 This Amendment was offered to Franchisee on a voluntary basis. Franchisee was not required to enter into this Amendment in order to continue its Franchise Agreement in full force and effect, subject to the terms thereof.

3. DISCRETIONARY APPROVAL BY BIG O

3.1 No Multi-Unit Franchise Group may operate a mixture of BFF Stores and PDF Stores without the approval of Big O. Multi-Unit Franchise Groups seeking such approval must apply to Big O for such approval, and Big O may give or refrain from giving such approval in its sole discretion.

3.2 As a condition of such approval, Franchisee must sign and deliver this Amendment to Big O and each of the PDF Stores in Franchisee's Multi-Unit Franchise Group must sign and deliver to Big O an amendment to its franchise agreement that is the same as or substantially similar to this Amendment.

3.3 If the conditions set forth in Section 3.2 are met and Big O declines to give the approval described in Section 3.1, then this Amendment will not go into effect or will automatically be cancelled, this Amendment will be of no force or effect and the Multi-Unit Franchise Group will not be allowed to operate a mixture of BFF Stores and PDF Stores (that is, if this Amendment does not go into effect and if one or more PDF Stores in the Multi-Unit Franchise Group are converted to BFF Stores, then all the PDF Stores in the Multi-Unit Franchise Group must be converted to BFF Stores).

4. ADDITIONAL TIRE PURCHASE REQUIREMENTS

4.1 Over the course of each Year, Franchisee's Store will purchase from Big O (a) a number of tires not less than seventy-five percent (75%) of its total number of retail tire sales during such Year (cumulative amount in units, not dollars), or (b) a number of tires not less than the same percentage of its total number of retail tire sales (in units, not dollars) that it purchased from Big O in the immediate prior Year, whichever amount is greater. Franchisee's purchase of snow tires and trailer tires will count towards the foregoing purchase requirement provided that the percentage of snow tires and trailer tires purchased compared to overall tire purchases in a Year does not exceed the prior year's percentage in the same categories.

4.2 The purchase requirements set forth in Section 4.1 are additional to the purchase requirements set forth in the Franchise Agreement and do not alter, eliminate, or override Franchisee's purchase obligations in the Franchise Agreement.

4.3 Franchisee will develop in cooperation with Big O a mutually acceptable plan for tire purchases and, upon approval of such plan by Big O, Franchisee will immediately implement such plan. Franchisee and Big O will use a document substantially in the form of Appendix A for such plan. Such plan must be adopted for each PDF Store in Franchisee's Multi-Unit Franchise Group rather than one plan for all the PDF Stores in Franchisee's Multi-Unit Franchise Group. Neither Franchisee nor any other PDF Store in Franchisee's Multi-Unit Group will be allowed to convert to a BFF Store until such plan is

approved by Big O and in place for each PDF Store in Franchisee's Multi-Unit Franchise Group (or, if one or more PDF Stores in Franchisee's Multi-Unit Franchise Group have already converted, then no additional PDF Stores in Franchisee's Multi-Unit Franchise Group will be allowed to convert to a BFF Store until such plan is approved and in place for each PDF Store in Franchisee's Multi-Unit Franchise Group).

4.4 In the event of a Purchase Obligation Default by Franchisee's Store subject to this Agreement, such Store will purchase a sufficient number of tires from Big O to satisfy its obligations under Sections 4.1. Big O will offer and Franchisee shall purchase these tires within ninety (90) days after Big O notifies Franchisee of the shortfall. Franchisee's shortfall purchases must be consistent with Franchisee's prior Year purchases by category or consistent with the plan mutually developed by Big O and Franchisee, as detailed in Section 4.3. Franchisee's purchase of snow tires and trailer tires will count towards the purchase requirement provided that the percentage of total purchases of snow and trailer tires do not exceed Franchisee's prior Year's purchases or do not exceed the allotment specified in the plan mutually developed by Big O and Franchisee. Purchases made in one Year (the current Year) as a result of a shortfall in the previous Year will not be considered as purchases in the current Year for purposes of complying with the current Year's purchase requirement.

4.5 In the event of a Purchase Obligation Default by Franchisee's Store subject to this Agreement, and Franchisee's Franchise Agreement applicable to Franchisee's Store has been terminated, has been transferred or has expired and not been renewed, then this Section 4.5 rather Section 4.4 shall be applicable. Franchisee must pay to Big O Big O's lost profits due to the shortfall using the following formula: the total number of units needed to eliminate the shortfall will be multiplied by the average PDF price charged to Franchisee's Store for all tires purchased by it from the Franchisee's Store's RSC during the last complete Big O fiscal quarter. That figure will then be multiplied by seventeen and one-half percent (17.5%) to determine the dollar amount owed by Franchisee to Big O with regard to Franchisee's Store. Payment of the amounts so payable (the "lump sum payment") shall be due within thirty days after Big O notifies Franchisee of the amount due. Alternatively, Franchisee may also purchase tires sufficient to meet the requirements of Section 4.1 and have them billed at PDF prices to any other creditworthy Store (in Franchisee's Multi-Unit Franchise Group) that agrees with Big O to make such purchase. These purchases must be made and paid for within thirty days after Big O notifies Franchisee of the amount due as a result of the shortfall. If Franchisee elects this option, purchases made in one Year (the current Year) as a result of a shortfall in the previous Year will not be considered as purchases in the current Year for purposes of complying with the current Year's Section 4.1 purchase requirement.

5. TRANSFERS INTO OR OUT OF THE MULTI-UNIT FRANCHISE GROUP

PDF Stores transferred into or out of Franchisee's Multi-Unit Franchise Group must adhere to the following requirements:

5.1 The franchisee of each new PDF Store to be included in Franchisee's Multi-Unit Franchise Group must execute and deliver to the Big O an amendment to franchise agreement substantially in the form of this Amendment, which amendment will require, among other things, that such new PDF Store meet the seventy-five percent (75%) unit purchase requirement set forth in Section 4.1 for the new PDF Store's initial Year.

5.2 If a PDF Store is transferred into Franchisee's Multi-Unit Franchise Group and the franchisee thereof elects to continue to treat it as a PDF Store, the franchisee of such transferred PDF Store to be included in the Multi-Unit Franchise Group must execute and deliver to the Big O an amendment to franchise agreement substantially in the form of this Amendment, which amendment will require, among other things, that the transferred Store meet the equivalent (for that Store) of the purchase

requirements set forth in Section 4.1 (that is, 75% of retail tire sales or the percentage of prior Year retail tire sales, whichever is higher).

5.3 If Franchisee's Store is sold, closed, or otherwise transferred out of Franchisee's current Multi-Store Franchise Group, a settlement process between Big O and Franchisee will take place within 45 days from the date of such sale, closure or transfer. During this 45 day period, final calculations will be made by Big O based on the plan in the form of Appendix A for Franchisee's Store for the portion of the current year from the beginning of the current year through the effective date of the sale, closing or transfer (that is, calculations will be made of the shortfall of purchases compared to the purchases that were to be made for such portion of current Year under the plan). At the end of such 45 day period, Franchisee shall either (as decided by Franchisee) make a lump sum payment to Big O in accordance with the provisions of Section 4.5 or have another Store in the Franchisee's Multi-Unit Franchise Group fulfill its remaining purchase obligations under Section 4.1 of this Agreement and the plan at PDF pricing (as determined in accordance with Section 4.5). If Franchisee elects this latter option, purchases made by the other Store in the Franchisee's Multi-Unit Franchise Group will not be considered purchases by such other Store for purposes of complying with such other Store's purchase requirement under Section 4.1 (or the equivalent provision) of such other Store's amendment to franchise agreement that is substantially similar to this Amendment.

6. MANAGEMENT SYSTEMS

6.1 Franchisee acknowledges that all BFF Stores are required to use the DST/CARS point-of-sale system and that any Store converting to DST, including all BFF Stores, must sign Big O's then current form of technology agreement allowing the transfer of data to the International Consumer Database ("ICDB") and allowing Big O to use this data as permitted by such technology agreement.

6.2 Franchisee acknowledges and accepts that there are likely to be adverse computer ramifications inherent in maintaining multi-level cost structures (and possibly multi-level pricing) for different Stores in the same Multi-Unit Franchise Group. Franchisee acknowledges and accepts that it is likely to incur a greater workload, higher expenses, and greater business complexity as a member of a Multi-Unit Franchise Group that includes both BFF Stores and PDF Stores.

7. MULTI-UNIT FRANCHISE GROUP OPERATIONAL MATTERS

7.1 The Franchisee acknowledges and accepts that the matrix royalty rate for BFF Stores will be based solely on those BFF Stores participating.

7.2 Franchisee acknowledges and accepts that any new features provided to BFF Stores will be available only to BFF Stores, except for those services that big O elects to offer to PDF Stores and that Franchisee elects to purchase from Big O pursuant to a separate pricing schedule for PDF Stores.

8. RESTRICTIONS ON PRODUCT TRANSFERS

8.1 Any franchise agreement applicable to a BFF Store ("BFF Store Franchise Agreement") will restrict or prohibit a BFF Store from selling any Big O Program Products on a wholesale basis or selling any Big O Program Products at any other Store That is not a BFF Store. Such restrictions and prohibitions and remedies for violation of the same in any BFF Store Franchise Agreement remain in full force and effect as to each BFF Store to which it is applicable. The provisions of Section 8.2 are in addition to the provisions of each such BFF Store Franchise Agreement.

8.2 If Franchisee receives a transfer of Big O Program Products from a BFF Store, then Franchisee must immediately reimburse Big O for the difference in the price paid by the BFF Store and the price that would have been charged to a PDF Store. (As used in the Section 8.2, a transfer includes but is not limited to a transfer of title or possession or another arrangement allowing Franchisee's Store to sell the Big O Program Product). If Franchisee fails to correctly report Big O Program Product transfers from a BFF Store to Franchisee's Store, Franchisee will be subjected to a compliance audit at Franchisee's expense. Upon audit, Big O reserves the right to collect any funds not properly reported to Big O. At Big O's sole discretion, Franchisee will be charged a five hundred dollar ($500) administrative fee per occurrence of improper or incorrect reporting of each Big O Program Product transfer.

9. AUDIT RIGHTS

Big O, at its sole discretion, may conduct an audit of any PDF Store's records (including but not limited to Franchisee's records) including, without limitation, the right to conduct an audit through the ICDB. Big O's audit rights are unconditional and not dependent on whether a PDF Store meets or fails to meet its Yearly purchase requirements.

10. ONE-TIME CONVERSION INCENTIVE

If Franchisee's Store completes the conversion to a BFF Store within nine (9) months following the first conversion in Franchisee's Multi-Unit Franchise Group of a PDF Store to a BFF Store, any obligations Franchisee may have under Section 4.4 arising out of a shortfall for Franchisee's Store for the Year in which the conversion is completed will be waived.

Notwithstanding the foregoing, the obligations that Franchisee may have under Section 8 with regard to certain transfers will remain in full force and effect and must be fulfilled by Franchisee.

11. CONTINUATION OF THE FRANCHISE AGREEMENT

11.1 The terms and conditions of this Amendment are in addition to or in explanation of the existing terms and conditions of the Franchise Agreement and shall prevail over and supersede any inconsistent terms and conditions thereof.

11.2 Any default or breach of this Amendment constitutes a default or breach of the Franchise Agreement.

11.3 All terms of the Franchise Agreement, except those amended by this Amendment, remain in full force and effect.

IN WITNESS WHEREOF, the Parties have entered into this Amendment as of the ____ day of _____, 20___.

FRANCHISEE:	BIG O:
_____	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

APPENDIX A
Multi-Store BFF/PDF Operations

Store #

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
	Immediate Prior Year Purchase 2013-14(Units)	75% Requirement if Applicable (Units)	2013-14 Immediate Prior Year Purchase (If DD>=75%) or 2014-15 Current Year Agreed Plan by Category (If DD<75%)								
			Current Year Month to Track	Big O I (Units) (%)	Big O II (Units) (%)	Controlled Advertiser (Units) (%)	Name Brands (Units) (%)	Snow (Units) (%)	Trailer (Units) (%)	Others (Units) (%)	Total (Units) (%)
2013-14 Total (AA-BB) excl. 2012-13 Prior Yr Cure Units, if any	0		Total	0	0	0	0	0	0	0	0
Mar			Apr								0
Apr			May								0
May			Jun								0
Jun			Jul								0
Jul			Aug								0
Aug			Sep								0
Sep			Oct								0
Oct			Nov								0
Nov			Dec								0
Dec			Jan								0
Jan			Feb								0
Feb			Mar								0
			Total	0	0	0	0	0	0	0	0
2012-13 Total Big O Unit Purchases AA	0							2014-15 Total Big O Unit Purchases EE			0
2011-12 Prior Year Cure Units, if any BB	0							2013-14 Prior Year Cure Units, if any FF			0
2012-13 Total 12 Mo Retail Sales Units CC								2014-15 Total 12 Mo Retail Sales Units GG			
DD%=(AA-BB)/CC								HH%=(EE-FF)/GG%			
2013-14 Current Year % Requirement								Current Yr Cure Units for Specific Performance			

1st Year Incentive

<<How to fill this Form>>

1. This Form shall be used for 2014-15 Current Year Purchases under the Multi-Store BFF/PDF policy / procedure.
2. Enter Immediate Prior Year 2013-14 (12 months) Monthly Big O Unit Purchase in Column (1) (In the above case, from March 2013 through February 2014).
3. Enter 2012-13 Prior Year Cure Units (BB), if such cure units are purchased during 2013-14 Immediate Prior Year.
4. Enter Immediate Prior Year 2013-14 Total (of 12 corresponding months) Retail Sales Units (CC).
5. Big O Unit Purchase Percentage DD%=(AA-BB)/CC is calculated automatically.
6. If DD%>=75%, then 2014-15 Current Year Purchase Unit Requirement is DD%.
7. If DD%<75%, then 2014-15 Current Year Purchase Unit Requirement is 75%. Column (2) will automatically calculate for reference.
8. Column (3) thru (10) for Total Units and % by Category shall be filled based on Immediate Prior Year 2013-14 Purchase (if DD%>=75%) or Mutually Agreed Plan (if DD%<75%).
9. Actual Purchase Units by Category shall be entered "monthly" into Column (3) thru (10) for tracking (in the above case, from April 2014 through March 2015).
10. At the end of Current Year 2014-15, if HH%>="2014-15 Current Year Purchase Unit Requirement", then NO Specific Performance is required.
11. If HH%<"2014-15 Current Year Purchase Unit Requirement", then the Current Year Cure Units will automatically be calculated for Specific Performance. Franchisee shall purchase Cure Units consistent with the percentage of each category laid out in this Form

EXHIBIT C

BIG O STANDARD RELEASE FORM

_____ ("Company"), the Franchisee under the Big O Tires, LLC Franchise Agreement ("Franchise Agreement") for a Big O store identified below ("Store"), and _____, heretofore an owner or officer of Company or beneficially interested in the business of Company, for and in consideration of the consent of Big O Tires, LLC. ("Big O") to the renewal of the Franchise Agreement, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, have, jointly and severally, remised, released, and forever discharged, and by these presents do for itself/himself/herself and its/his/her successors, assigns, directors, officers, owners, subsidiaries, affiliates, executors, administrators, legatees and heirs, hereby remise, release, and forever discharge Big O and its parent corporation, subsidiaries, affiliates, successors and assigns, and their respective directors, officers, agents, servants, and employees (individually and collectively, "Big O Group"), from all debts, accounts, claims, demands, covenants, judgments, agreements, promises, damages, suits and causes of action of any nature whatsoever, whether at law or in equity, which they, or their respective successors, assigns, affiliates, subsidiaries, executors, administrators, legatees and heirs, may now have against Big O Group including, but not limited to, matters arising out of or in connection with the circumstances surrounding the purchase (directly or by assumption of agreement) of the franchise for the Store or the execution (or assumption) by Company of the Franchise Agreement, the operation of the Store, the Franchise Agreement and the franchisor-franchisee relationship; provided, however, that this release shall not apply to credits due Company for reimbursement under product warranties issued by Big O and honored by Company prior to the date of this release. Each undersigned further states that it has read the foregoing, understands that it is a general release and intends to be legally bound thereby.

This release covers each and every Big O Franchise Agreement under which Company is now, or at any time in the past was, Franchisee and each and every Big O store covered by such agreement(s) including, without limitation, the following:

Store:

Company: _____ Date: _____, 20___

By: _____

_____

EXHIBIT D

ADDENDUM RELATING TO
BIG O TIRES, LLC
BFF FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into on _____, 201____, by Big O Tires, LLC, a Nevada limited liability company, with principal place of business at 4280 Professional Center Drive, Suite 400, Palm Beach Gardens, Florida 33410 ("Franchisor"), and _____, with principal place of business at _____("Franchisee").

Recitals

i. Company and Franchisee entered into a Franchise Agreement on _____, 201___ ("Franchise Agreement"). The Franchisee agreed among other things to operate and maintain a franchised business located at _____ designated by Franchisor as Big O internal reference number _____ ("Unit").

ii. Franchisee has obtained from a lender a loan ("Loan") in which guaranty is provided with the assistance of the United States Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, for and in consideration of the mutual promises set forth below, and for good and for valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

A. The Franchise Agreement is in full force and effect, and Company has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

B. ***Section 4.01 (Term)*** is amended to clarify that the Effective Date of the franchise agreement is the date that the franchise agreement is signed by the parties.

C. ***Section 18.04(a) paragraph (v) (Transfer and Assignment; Pre-Conditions to Franchisee's Assignment)*** is amended to the effect that the required surety bond or letter of credit will be executed by the transferee.

D. ***Sections 1 (Certain Definitions; Retail Accounting Center) and 16.06 (Retail Accounting Center)*** are amended so that the option lies with the franchisee whether or not to participate in the Retail Accounting Center established by the franchisor; provided that franchisor retains the right to approve and give consent to franchisee's chosen accountant or payroll service provider, which consent will not be unreasonably withheld, delayed or conditioned.

E. ***Section 3.06 (First Option Rights; Transfer of First Option Rights)****;* is amended to clarify that franchisee's first option rights may be transferred by the franchisee with the franchise agreement.

F. ***Section 6.01 (Franchisee's Development Obligations; Financing Approval)*** is amended so that Franchisor will not unreasonably withhold its consent to a lender or approval of financing.

G. ***Section 10.02 (Maximum Pricing);*** is amended to the effect that, notwithstanding anything to the contrary, the franchisee shall have the discretion to set pricing for its products and services

provided that, subject to applicable antitrust laws, such pricing: (1) is at or below any maximum price cap programs established by the franchisor for its franchise system; or (2) is at or above any minimum price threshold programs established by the franchisor for its franchise system ; or (3) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by the franchisor for its franchise system.

H. ***Section 11.03 (Store Management; Operation of Store by Big O)*** is amended to grant the franchisor or its affiliates the right to operate the Store for the benefit of the franchisee under the circumstances enumerated therein for an initial period of up to ninety (90) days, and renewable for such number of times as may be deemed necessary, but in no case to exceed an aggregate of three hundred sixty five (365) days; provided that franchisor will periodically discuss the status with the franchisee or franchisee's heirs, as the case may be.

I. ***Section 14.05 (Open Account Financing)*** is amended so that any security interest granted by the franchisee in favor of Franchisor relative to account financing provided by Franchisor to franchisee is subordinated to the Loan, with the exception of tire inventory bearing the Big O brand and tire inventory that is exclusive and proprietary to Franchisor.

J. ***Section 18.02 (Transfer and Assignment; Right of First Refusal) and Section 18.04(a)(iv) (Transfer and Assignment; Pre-Conditions)*** are amended by adding the following at the end of Section 18.02 and Section 18.04(a)(iv) of the Franchise Agreement:

> However, the Franchisor may not exercise a right of first refusal:
>
> (a) If a proposed Transfer is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed Transfer, have an ownership interest in the Franchisee or the Franchise, and who have guaranteed the Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the United States Small Business Administration (SBA) (Owner/Guarantor); or
>
> (b) If a proposed Transfer involves a Person other than an Owner/Guarantor and the proposed Transfer involves a noncontrolling ownership interest in the Franchisee or the Franchise, unless such noncontrolling interest: (1) represents less than a 20% ownership interest in the Franchisee or in the Franchise, or (2) the Franchisor (in combination with all of Franchisor's franchisees) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

The Franchisor's right to approve or to disapprove a proposed Transfer or transferee, or to exercise its right of first refusal with respect to a Transfer of a controlling interest in Franchisee or the Franchise, shall not be affected by any of the foregoing provisions. If the Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that the Franchisor's exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable.

K. ***Section 18.03 (Transfer and Assignment; Transfer Legend) and Section 18.04(b)(ii) (Transfer and Assignment; Pre-Conditions)*** are amended so that franchisor will not unreasonably withhold, delay or condition its consent in the event of transfers by the franchisee where consent

is required of the franchisor. It is acknowledged by the parties that conditioning any consent on compliance with any of the conditions contained in Article 18 is not unreasonable.

L. ***Section 18.04(b)(vi) (Transfer and Assignment; Pre-Conditions)*** is amended so that in the event Franchisor consents to a transfer in which the Loan is assumed by the transferee, Franchisor may not require the transferor and its Owners and guarantors to guarantee the obligations of the transferee.

M. ***Section 20.03 (Post Termination Obligations; Right of First Refusal)*** is amended so that in order to exercise its right of first refusal, Franchisor must provide equivalent value for any non-monetary terms contained in any bona fide offer received by the Franchisee. Franchisor and Franchisee must agree on the fair market value of any such non-monetary terms and will employ the assistance of appraisers if needed.

N. This Addendum automatically terminates on the earliest to occur of the following: (i) the Franchise Agreement is terminated; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the SBA financing.

IF THIS FRANCHISEE IS A PARTNERSHIP: ALL GENERAL PARTNERS MUST SIGN THIS ADDENDUM ON BEHALF OF THE PARTNERSHIP.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:	**FRANCHISEE:**
BIG O TIRES, LLC	
By:_____	By:_____
Print Name:_____	Print Name:_____
Title:_____	Title:_____

EXHIBIT E

BIG O TIRES, LLC

FRANCHISE DEPOSIT RECEIPT AGREEMENT

NAME ("Applicant"):_____

ADDRESS:_____

CITY:_____ STATE:_____

TELEPHONE (Home):_____ (Office):_____

1. Big O Tires, LLC ("Big O") hereby acknowledges receipt of the sum of _____ ($_____) ("Franchise Deposit") as a deposit for a franchise for a Big O Tires Store ("Franchise") to be located in the general area of _____.

2. Applicant authorizes Big O to make any credit or other investigations of Applicant, which Big O deems necessary or desirable.

3. Big O will grant Applicant a Franchise pursuant to the terms of the Franchise Agreement most recently provided to Applicant if Big O approves, in writing, Applicant's franchise application.

4. Applicant must pay $10,000 of the initial franchise fee when it submits its franchise application. The remainder is due when Applicant signs the Franchise Agreement. In the event the initial franchise fee is waived or reduced below $10,000 based on Applicant participating in an applicable incentive program, Big O will credit that portion of the $10,000 Applicant has paid that exceeds the initial franchise fee toward Applicant's accounts receivable for products purchased from Big O. The initial franchise fee is not refundable except that the $10,000 paid by Applicant at the time the franchise application is submitted to Big O is refundable if Big O does not approve Applicant's franchise application.

5. Once Applicant's Franchise application is approved by Big O, the entire Franchise Deposit shall have been earned by Big O in consideration of its investigation and approval of the application.

6. This Franchise Deposit Receipt Agreement is not a Franchise Agreement and does not grant Applicant any rights to use Big O's licensed trademarks or licensed methods or systems.

7. Applicant understands and acknowledges that Applicant grants no contractual rights or duties hereunder.

8. Applicant acknowledges that Big O has provided Applicant with a Franchise Disclosure Document not later than the earliest of fourteen (14) days before any payment of any consideration or the execution of any agreement related to the acquisition of a Franchise or such earlier date as provided in the receipt to the Franchise Disclosure Document or as requested by Applicant. Applicant acknowledges that he has read the Franchise Disclosure Document and understands its contents and Applicant shall return the Acknowledgment of Receipt by Prospective Franchisee accompanying the Franchise Disclosure Document concurrently with this Franchise Deposit Receipt Agreement.

9. Nothing in this Franchise Deposit Receipt Agreement is intended by the parties hereto to create a fiduciary relationship between them, nor constitute Applicant as a franchisee, agent, legal representative, subsidiary, joint venturer, partner or employee of Big O for any purpose whatsoever. It is understood and agreed that Applicant is an independent contractor and is in no way authorized to make any contract, warranty or representation or to create any obligation on behalf of Big O.

10. Nothing herein shall be construed as a promise, guarantee or agreement, express or implied, that Big O shall grant Applicant a Franchise, nor be bound as a franchisor, or otherwise, unless and until a Franchise Agreement is signed in writing by both parties. Big O shall in no manner be bound by any oral representation by any representative of Big O or any other third party to the contrary. Applicant understands that a number of factors may preclude Applicant from ever becoming a Big O franchisee, including, without limitation, failure to initially qualify, financially or otherwise, so that Applicant's franchise application is disapproved.

11. Applicant agrees to hold Big O and its affiliates, directors, officers, shareholders, employees, agents, and representatives, jointly and severally, harmless from all claims, actions, damages, expenses and other losses and liabilities directly or indirectly incurred in the event of the failure of Applicant to obtain a Big O franchise and to execute a Franchise Agreement.

12. This Agreement contains all of the terms and conditions agreed upon by the parties with reference to the subject matter hereof. No other agreements or understandings between the parties, oral or otherwise, shall be deemed to exist or to bind the parties hereto, and all such prior agreements and understandings are superseded hereby. However, nothing in this Agreement or any related agreement is intended to disclaim the representations Big O made in the Franchise Disclosure Document that Big O furnished to the Applicant. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

Dated this _____ day of _____, 20___.

BIG O TIRES, LLC

By:_____

Title:_____

APPLICANT

Print Name:_____

Signature:_____

Title: _____

Initial Installment $_____ Date:_____

Received By:_____

Title:_____

Final Installment $_____ Date:_____

Received By:_____

Title:_____

EXHIBIT F

SUBLEASE

THIS SUBLEASE is entered into as of _____, and is effective as of _____ by and between BIG O DEVELOPMENT, LLC, a Colorado limited liability company, whose mailing address is 4280 Professional Center Drive, Suite 400, Palm Beach Gardens, Florida 33410 ("Sublessor") and _____, a(n)_____, whose mailing address is _____, _____, an individual, whose mailing address is _____ (collectively referred to herein as "Sublessee"), who agree as follows:

1. Recitals. This Sublease is made with reference to the following facts and objectives:

1.1. Master Lease. Sublessor, as tenant, entered into that certain Lease (the "Master Lease") dated _____ with _____ as landlord ("Master Lessor") covering the premises located at _____, hereinafter referred to as the "Subleased Premises." For the purposes of this Sublease, the Master Lease, together with any and all modifications thereof, shall hereinafter be collectively referred to as the Master Lease and are attached hereto as **Exhibit A**. Notwithstanding anything in this Sublease to the contrary, Sublessor shall retain title to and ownership of the building, parking lot, drives and related fixtures and improvements, which are part of the Subleased Premises and any alterations or additions to the same made during the initial term of this Sublease or any extension thereof.

1.2. Desire to Sublease. Sublessee desires to sublet the Subleased Premises from Sublessor subject and pursuant to the provisions contained in this Sublease and the Master Lease, and is willing to be bound by the terms, conditions, provisions and covenants of this Sublease and the provisions of the Master Lease.

1.3. Agreement to Sublease. Sublessor, for and in consideration of the payment of the rent and performance of the covenants and agreements by Sublessee, hereby subleases to Sublessee and Sublessee hereby subleases from Sublessor, on the terms, conditions, provisions and covenants set forth herein, the Subleased Premises. Sublessee accepts the Subleased Premises AS IS, WHERE IS.

2. Term.

2.1. Initial Term. The initial term of this Sublease shall commence on _____ (the "Commencement Date") and shall expire on midnight of _____; *provided however*, that this Sublease shall sooner terminate upon the termination or expiration of the Master Lease, or upon the sooner termination for any breach by Franchisee (defined below) of its obligations of and to that certain Franchise Agreement between Big O Tires, LLC ("Big O"), and _____ ("Franchisee"), dated _____ (hereinafter called the "Franchise Agreement").

2.2. Option to Extend Initial Term. The Master Lease includes ____ options of ____ (_) years each to extend its term beyond the Initial Term. Notwithstanding the fact the Sublessor may have the right to renew the Master Lease upon the expiration of the term thereof, Sublessee expressly agrees that Sublessor shall be under no obligation whatsoever to extend or renew the Master Lease. If, however, at the expiration of the Initial Term hereof, Sublessee is not in default under any term or condition of this Sublease and/or the Master Lease and *provided, further*, that Franchisee is not in default under any term

or condition of the Franchise Agreement and/or any other agreement between Big O and Sublessee, Sublessor may either assist Sublessee to negotiate a direct lease with the Master Lessor for the Subleased Premises or may, in Sublessor's sole and absolute discretion, agree to exercise the next ___ (_) year option to extend the Master Lease at the time it becomes exercisable. As a condition to extending the term of the Master Lease and the Sublease, Sublessor may require Franchisee to extend the term of the Franchise Agreement to the end of the extended term of the Master Lease and the Sublease.

3. Rent. Rent shall include the following:

3.1. Minimum Monthly Rent and Override. Commencing on _____, and on the first day of each and every month thereafter during the term of this Sublease, Sublessee shall pay to Sublessor as minimum monthly rent the sum of _____ Dollars ($_____), plus a **[three percent (3%) to five percent (5%)]** override which amounts to $_____ for a total monthly base rent of $_____. Such minimum monthly rent, **[plus the 3% to 5% override]**, shall be subject to increase in accordance with all rent adjustment and escalation provisions set forth in the Master Lease. If any month during the term of this Sublease shall be less than a complete month, such month's minimum monthly rental **[plus the 3% to 5% override]** shall be prorated on a thirty (30) day month basis.

3.2. Taxes. All taxes of whatever nature, including real and personal property taxes and assessments relating to the Subleased Premises as may be required to be paid by Sublessor under the Master Lease.

3.3. Rent Taxes. All taxes that are now or may in the future be levied, assessed or imposed upon the rent reserved hereunder by any governmental authority acting under any present or future law, and as may be required to be paid by Sublessor under the Master Lease.

3.4. Other Fees and Charges. Such other fees, charges, costs, dues, contributions, insurance premiums or other costs and expenses as Sublessor may be required to pay to Master Lessor or to any other person or entity as lessee under the Master Lease, including, but not limited to, common area maintenance ("CAM") fees and Merchants' Association dues.

3.5. Payment. All Rent, including without limitations, minimum monthly rent, override, if any, all rental adjustments, additional rents, taxes, and other fees and charges required to be paid hereunder by Sublessee to Sublessor shall be paid by Automatic Clearing House debits to Sublessee's checking account number _____, at:

_____,
(Name of Bank and ABA Number)

_____,
(Address of Bank)

or at the election of Sublessor, at the offices of Big O Tires, LLC, 4280 Professional Center Drive, Suite 400, Palm Beach Gardens, Florida 33410, or at such other place as the Sublessor hereof may designate from time to time in writing. Contemporaneously with Sublessee's execution and delivery to Sublessor of this Sublease, Sublessee shall execute and deliver to Sublessor the Authorization Agreement for Preauthorized Payment Service in the form attached hereto as **Exhibit B**.

3.6. Late Charges; Interest.

3.6.1. Late Charges. Sublessee hereby acknowledges that late payment by Sublessee to Sublessor of rent will cause Sublessor to incur costs not contemplated by this Sublease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, personnel costs and late charges which may be imposed on Sublessor by the terms of the Master Lease and/or by the terms of any agreement, mortgage or trust deed covering the Subleased Premises. Accordingly, if any installment of minimum monthly rent or any other rent or sum due from Sublessee shall not be received by Sublessor within five (5) days of the date due, Sublessee shall pay to Sublessor a late charge equal to five percent (5%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Sublessor will incur by reason of late payment by Sublessee. Acceptance of such late charge by Sublessor shall in no event constitute a waiver of Sublessee's default with respect to such overdue amount, nor prevent Sublessor from exercising any of the other rights and remedies granted hereunder.

3.6.2. Interest. In addition to the late charge provided for in Subsection 3.6.1, any rental due hereunder not paid when due as provided in this Sublease shall bear interest from the date due at the lesser of 18% per annum or maximum rate of interest allowed by law from time to time until paid.

3.6.3. The provisions of this Subsection 3.6 are also applicable to Automatic Clearing House debits that are not made on the due date as a result of insufficient funds.

3.7. "Minimum Monthly Rent," "Rent" and "Rental" Defined. The terms "minimum monthly rent," "rent" and "rental" as used herein and elsewhere in this Sublease shall be deemed to be and mean the minimum monthly rent, override, all additional rents, rental adjustments and any and all other sums or charges, however designated, required to be paid by Sublessee hereunder, whether payable to Master Lessor, Sublessor or to third parties.

4. Security Deposit. Sublessee shall deposit with Sublessor upon execution hereof the sum of $_____ as a security deposit (the "Security Deposit") for Sublessee's faithful performance of its obligations under this Sublease. If Sublessee fails to pay minimum monthly rent or any other rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Sublease, Sublessor may use, apply or retain all or any portion of the Security Deposit for the payment of any minimum monthly rent or any other rent or other charge in default or for the payment of any other sum to which Sublessor may become obligated by reason of Sublessee's default, or to compensate Sublessor for any loss or damage which Sublessor may suffer thereby. If Sublessor so uses or applies all or any portion of the Security Deposit with respect to the foregoing, Sublessee shall within ten (10) days after written demand by Sublessor, deposit cash with Sublessor in an amount sufficient to restore the Security Deposit to the full amount then required of Sublessee. Sublessor shall not be required to keep the Security Deposit separate from its general accounts, nor shall Sublessor be required to pay Sublessee any interest on the Security Deposit so held. No trust relationship is created herein between Sublessor and Sublessee with respect to the Security Deposit.

5. Use and Limitations of Use.

5.1. Use. Sublessee shall use the Subleased Premises only for the purpose of conducting thereon the business of a Big O Tires retail store (hereinafter called the "Franchised Store") or a successor franchise operation of Big O pursuant to the terms and conditions of the Franchise Agreement. Franchised Store shall conduct retail sales and service of tires and wheels, under-car parts, and other

automotive accessories and all related automotive service work in compliance with all applicable laws and the Franchise Agreement, and for no other use or purpose whatsoever; *provided, however*, that Sublessee hereby covenants and agrees that it will adhere to and be bound by all use requirements and restrictions set forth in the Master Lease.

5.2. Limitations of Use. In addition to the limitations set forth in Section 5.1 above, Sublessee's use of the Subleased Premises as provided in the Sublease shall be in accordance with the following:

5.2.1. Insurance. Sublessee shall not do, bring or keep anything in, on or about the Subleased Premises that will cause a cancellation of any insurance covering the Subleased Premises. If the premium of any insurance carried by Sublessor and/or Master Lessor is increased as a result of Sublessee's use, Sublessee shall pay to Sublessor, within ten (10) days before the date Sublessor and/or Master Lessor is obligated to pay a further premium on the insurance, or within ten (10) days after the date that Sublessor delivers to Sublessee a written statement from Sublessor's and/or Master Lessor's insurance carrier stating that the rate increase was caused solely by an activity of Sublessee on the Subleased Premises as permitted in this Sublease, whichever date is later, a sum equal to the difference between the original premium and the increased premium.

5.2.2. Legal Compliance. Sublessee shall comply with all laws, rules, regulations, resolutions and ordinances concerning the Subleased Premises or Sublessee's use of the Subleased Premises, including, without limitation, compliance with the Americans with Disabilities Act ("ADA") and all applicable environmental and hazardous substances laws and regulations and such compliance shall include, without limitation, the obligation at Sublessee's cost to alter, maintain or restore the Subleased Premises in compliance and conformity with all such laws, rules, regulations, resolutions and ordinances relating to the condition, use or occupancy of the Subleased Premises during the Term, which condition, use or occupancy shall be due to any action or omission of Sublessee.

5.2.3. Nuisance. Sublessee shall not use the Subleased Premises in any manner that will constitute waste, nuisance or unreasonable annoyance (including, without limitation, the use of loudspeakers or sound or light apparatus that can be heard or seen outside the Subleased Premises).

5.2.4. Damage. Sublessee shall not do anything in or on the Subleased Premises that will cause damage to the building located on the Subleased Premises.

5.3. Incorporation of Master Lease; Assumption.

5.3.1. Incorporation of Master Lease. All of the terms and provisions of the Master Lease are hereby incorporated into this Sublease as if fully set forth in this Sublease, and Sublessee shall be fully bound by all such terms and provisions. Except as specifically set forth herein, this Sublease is subject to all the provisions of the Master Lease. Sublessee shall not suffer any act or omission that will violate any of the provisions of the Master Lease. If the Master Lease expires or terminates, this Sublease shall terminate on the same date therewith and the parties shall be relieved of all further liabilities and obligations under this Sublease; except that if the Master Lease, and thereby this Sublease, terminates as a result of the default of one of the parties to this Sublease, the defaulting party shall be liable to the nondefaulting party for all damages suffered by the nondefaulting party as a result of such termination.

5.3.2. Assumption. Sublessee hereby expressly assumes and agrees to perform all of the obligations and covenants required by the Master Lease to be kept or performed by Sublessor as the

Lessee thereof. Sublessor agrees to maintain the Master Lease during the initial term and, if exercised pursuant to the requirements of Section 2.2 hereof, any extended term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of Sublessor, and to pay all rents, taxes, charges and expenses required therein in accordance with the terms of the Master Lease so long as Sublessee pays the rent and the other sums payable to Sublessor by Sublessee pursuant to this Sublease.

5.3.3. Coordination of Obligations. Except for the time periods set forth in this Sublease, with respect to obligations to be performed by the Sublessor under the Master Lease, for the purposes of this Sublease and as between Sublessor and Sublessee only, the number of days that the Sublessee shall have hereunder to perform each of the lessee's obligations set forth in the Master Lease shall be reduced by ten (10) business days from the number of days set forth in the Master Lease; and except further that with respect to all indemnification provisions of the Master Lease, Sublessee shall so indemnify, defend, protect and hold harmless the Master Lessor and in addition provide such further indemnification to Sublessor; and except further that with respect to the provisions dealing with insurance, Sublessee shall carry and maintain throughout the Term the policy or policies of insurance as required by the Master Lease.

5.3.4. Conflicts. Any provision contained in this Sublease that conflicts with any provision contained in the Master Lease will have no effect whatsoever on the provision in question in the Master Lease and as between Sublessor and Sublessee the conflicting provision contained in this Sublease shall control.

5.3.5. Terms. For the purpose of incorporating the Master Lease provisions into this Sublease, references to "Landlord" or "Lessor" and "Tenant" or "Lessee" (or equivalent commonly understood terms) in such Master Lease provisions shall be deemed to be "Sublessor" and "Sublessee" respectively, subject to the provisions of the following paragraph.

5.3.6. Obligations of Sublessor. It is hereby understood and agreed that Sublessor is not assuming the obligations of Master Lessor under the Master Lease provisions, but shall exercise reasonable diligence in attempting to cause Master Lessor to perform its obligations under the Master Lease for the benefit of Sublessee.

6. Sublessee's Performance Under Master Lease. At any time and on prior notice to Sublessee, Sublessor can elect to require Sublessee to perform all or part of its obligations under this Sublease directly to Master Lessor, and Sublessee shall do so on Sublessor's election, in which event Sublessee shall send to Sublessor from time to time copies of all notices and other communications it shall send to and receive from Master Lessor.

7. Indemnification. As a material inducement to Sublessor to enter into this Sublease, Sublessee hereby agrees to indemnify and hold Sublessor, its shareholders, directors, officers, agents, employees, representatives, affiliates and any and all persons acting by, through, under or in concert with them, or any of them, harmless from any and all claims, liabilities, demands or actions of any kind or nature arising out of or otherwise connected with this Sublease, the Master Lease and Sublessee's ownership and operation of the Franchised Store occupying the Subleased Premises, and any other representations and agreements between Sublessee and Sublessor. Nothing contained herein shall be construed as indemnifying and holding Sublessor harmless against its own negligent or willful acts.

8. Defaults and Remedies.

8.1. Defaults. The occurrence of any of the following shall constitute a material breach and default of this Sublease on the part of the Sublessee. Sublessor may, at its sole option and without limiting Sublessor in the exercise of any right or remedy it may have on account of a default or breach by Sublessee, exercise the rights and remedies specified in this Article 8.

8.1.1. Financial. A failure by Sublessee to pay when due to Sublessor, Master Lessor and/or to any other person or entity, all or any part of the minimum monthly rent, override, if applicable, or other rent, taxes, utilities, insurance or other charges required to be paid by this Sublease and/or the Master Lease for any reason and such default shall continue for a period of five (5) days thereafter;

8.1.2. Other Than Financial. A failure by Sublessee to observe and perform any other provision of this Sublease and/or the Master Lease to be observed or performed by Sublessee where such failure continues for a period of ten (10) days after written notice thereof from Sublessor and/or Master Lessor; provided, that if the nature of such default is such that the same cannot, with due diligence, be cured within ten (10) days, Sublessee shall not be deemed to be in default if it shall within such ten (10) day period commence curing the default and thereafter diligently prosecutes the same to completion;

8.1.3. Abandonment. The abandonment (as the term "abandonment" is defined in the Franchise Agreement) or vacation of the Subleased Premises;

8.1.4. Financial Misrepresentation. The discovery by Sublessor that any financial statement given to Sublessor by Sublessee, any permitted assignee of Sublessee, any permitted sublessee of Sublessee, any successor in interest of Sublessee or any guarantor of Sublessee's obligations hereunder, and any of them, was materially false;

8.1.5. Bankruptcy or Insolvency. (i) The making by Sublessee, or any guarantor of Sublessee, of any general arrangement or assignment for the benefit of creditors; (ii) Sublessee, or any guarantor of Sublessee, becomes a "debtor" as defined in 11 U.S.C. Section 101 or any successor statute thereto (unless, in the case of a petition filed against Sublessee, or any guarantor of Sublessee, the same is dismissed within thirty (30) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Sublessee's assets located at the Subleased Premises or of Sublessee's interest in this Sublease, where possession is not restored to Sublessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Sublessee's assets located at the Subleased Premises or of Sublessee's interest in his Sublease, where such seizure is not discharged within thirty (30) days. Provided, however, in the event that any provision of this Subsection 8.1.5 is contrary to any applicable law, such provision shall be of no force or effect;

8.1.6. Cross Default. Default by Sublessee, or any guarantor of Sublessee, under any agreement or instrument between Sublessor and Sublessee, or any guarantor of Sublessee, which permits Sublessor the right to terminate such agreements and/or instruments. Default by Sublessee, or any guarantor of Sublessee, under any agreement or instrument between Big O and Sublessee, or any guarantor of Sublessee, which permits Big O the right to terminate such agreements and/or instruments;

8.1.7. Termination of Franchise Agreement. The termination of Franchisee as a duly authorized franchisee of Big O and/or the termination of the Franchise Agreement (defined in Subsection 2.1); and/or

8.1.8. Franchise Agreement Default. Franchisee commits any material breach of the Franchise Agreement; Franchisee, or any guarantor of Franchisee, commits any material breach of any other instrument or agreement between Big O and Franchisee; and/or Franchisee, or any guarantor of Franchisee, commits any other act or omission to act which permits Big O the right to terminate such agreements and/or instruments. As used in this Subsection 8.1.8, the term "Big O" may also include any of Big O's subsidiaries.

8.2. Remedies. On any breach, default or abandonment as described in Subsection 8.1, above, and subject to the law of the State where the Subleased Premises is located, Sublessor may exercise any of the following rights and remedies provided the periods of time stated in Subsection 8.1, above, have lapsed.

8.2.1. Right of Re-Entry. In the event of any default by Sublessee, Sublessor shall have the right, with or without terminating this Sublease, to re-enter the Subleased Premises and remove all property and persons therefrom, and any such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Sublessee. In the event that there is any such re-entry by Sublessor, Sublessor may make any repairs, additions or improvements in, to or upon the Subleased Premises which may be necessary or convenient; provided, however, that Sublessor shall be entitled to recover from Sublessee the expenses for such repairs, additions or improvements only to the extent necessary to restore the Franchised Store to the condition it was in on the commencement of the term of the Sublease, reasonable wear and tear excepted.

8.2.2. Termination of Sublease and Remedies. In the event of any default by Sublessee, then, in addition to any and all rights and remedies available to Sublessor at law or in equity, Sublessor shall have the right to immediately terminate this Sublease and all rights of Sublessee hereunder by giving written notice to Sublessee of such election by Sublessor. If Sublessor shall elect to terminate this Sublease, then it may recover the following from Sublessee: (a) the worth at the time of the award of the unpaid rent which had been earned at the time of termination; (b) the worth at the time of the award of the amount by which the unpaid rent which would have been earned after termination until the time of the award exceeds the amount of the loss of such rent that Sublessee proves could have been reasonably avoided; (c) the worth at the time of the award of the amount by which the unpaid rent for the balance of the Term after the time of the award exceeds the amount of the loss of such rent that Sublessee proves could have been reasonably avoided; (d) any other amount necessary to compensate Sublessor for the detriment approximately caused by Sublessee's default or which in the ordinary course of things would be likely to result therefrom; and (e) at Sublessor's election, such other amount in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

As used in (a) and (b) above, the "worth at the time of the award" is computed by allowing interest at the maximum legal rate of interest allowed by the then usury laws. As used in (c) above, the "worth at the time of the award" is computed by discounting such amount the discount rate of the Federal Reserve Bank of Denver at the time of the award plus one percent (1%).

8.2.3. Sublease Not Terminated. If Sublessor elects to not terminate this Sublease, Sublessor may either recover all minimum monthly rent or other rents or charges as they become due or relet the Subleased Premises or any part or parts thereof for such term or terms and upon such provisions as Sublessor, in its sole judgment, may deem advisable, and Sublessor shall have the right to make repairs to and alterations of the Subleased Premises to facilitate such reletting. No re-entry or taking possession of the Subleased Premises by Sublessor under any of the provisions of this Article 8 shall be construed as

an election to terminate this Sublease unless a written notice of such termination be given to Sublessee or unless the termination thereof be adjudged by a court of competent jurisdiction.

8.2.4. Election to Relet. If Sublessor shall elect to relet the Subleased Premises as provided in Section 8.2.3., then rentals received by Sublessor from such reletting shall be applied in the following order:

(a) To the payment of all costs and expenses incurred by Sublessor in connection with such reletting;

(b) To the payment of the costs of any alterations and repairs to the Subleased Premises;

(c) To the payment of any indebtedness other than rental due hereunder from Sublessee;

(d) To the payment of rental due and unpaid hereunder;

and the residue, if any, shall be held by Sublessor and applied to payments of future rental as the same may become due and payable hereunder. In no event shall Sublessee be entitled to any excess rental received by Sublessor over and above that which Sublessee is obligated to pay hereunder. Should that portion of such rental received from such reletting during any month which is applied to the payment of rental hereunder be less than the rent payable hereunder during that month by Sublessee, then Sublessee shall pay such deficiency to Sublessor immediately upon demand, and such deficiency shall be calculated and paid monthly. Sublessee shall also pay Sublessor, as soon as ascertained and upon demand, all costs and expenses incurred by Sublessor in connection with such reletting during any month which is applied to the payment of rental hereunder be less than the rent payable hereunder during that month by Sublessee, then Sublessee shall pay such deficiency to Sublessor immediately upon demand, and such deficiency shall be calculated and paid monthly. Sublessee shall also pay Sublessor, as soon as ascertained and upon demand, all costs and expenses incurred by Sublessor in connection with such reletting and in making any such alterations and repairs which are not covered in the rentals received from such reletting, as well as payment of any indebtedness other than rental due hereunder. Notwithstanding any reletting without termination by Sublessor because of Sublessee's default, Sublessor may at any time after such reletting elect to terminate this Sublease because of such default.

8.2.5. Sublessor's Right to Cure Sublessee's Defaults. Upon a default by Sublessee, Sublessor may upon five (5) days notice, or a shorter period if additional damage may result, cure such default for the account at the expense of Sublessee. If Sublessor at any time, by reason of a default by Sublessee, is compelled to pay, or elects to pay, any sum of money or to do any act that will incur the payment of any sum of money, or is compelled to incur any expense, including reasonable attorneys' fees in instituting, prosecuting or defending any actions or proceedings to enforce Sublessor's rights under this Sublease, the sum or sums paid by Sublessor, together with interest at the maximum legal rate of interest allowed by the then usury laws from time to time until paid, costs and damages shall be deemed to be additional rental under this Sublease and shall be due and payable from Sublessee to Sublessor immediately upon receipt of written demand.

8.2.6. Nonwaiver. Nothing contained in this Article 8 shall constitute a waiver of Sublessor's right to recover damages by reason of Sublessor's efforts to mitigate damages to it caused by Sublessee's default; nor shall anything in this Article 8 adversely affect Sublessor's right, as provided in

this Sublease, to indemnification against liability for damage or injury to persons or property occurring prior to a termination of this Sublease.

9. Entry by Sublessor. Master Lessor and Sublessor and their authorized representatives shall have the right to enter the Subleased Premises at all reasonable times by giving twenty-four (24) hours notice, except in the case of emergency where such notice shall not be required, for all of the following purposes:

9.1. Inspection of Subleased Premises. To determine whether the Subleased Premises are in good condition and whether Sublessee is complying with its obligations under this Sublease;

9.2. Maintenance. To perform any necessary maintenance and to make any restoration of the Subleased Premises or the building and other improvements in which the Subleased Premises are located that Master Lessor, Sublessee and/or Sublessor have the right or obligation to perform;

9.3. Notices. To post "For Rent" or "For Lease" signs during the last six (6) months of the Term, or during any period while Sublessee is in default; and/or

9.4. Show. To show the Subleased Premises to prospective brokers, agents, subtenants or persons interested in an exchange, at any time during the Term.

10. Waiver. No delay or omission in the exercise of any right or remedy of Sublessor on any default by Sublessee shall impair such right or remedy or be construed as a waiver. The receipt and acceptance by Sublessor of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment of the particular rent payment involved. No act or conduct of Sublessor including, without limitation, the acceptance of the keys to the Subleased Premises, shall constitute an acceptance of the surrender of the Subleased Premises by Sublessee before the expiration of the Term. Only a written notice from Sublessor to Sublessee stating Sublessor's acceptance of Sublessee's surrender and Sublessor's agreement to terminate this Sublease shall constitute acceptance of the surrender of the Subleased Premises and accomplish a termination of this Sublease. Sublessor's consent to or approval of any act by Sublessee requiring Sublessor's consent or approval shall not be deemed to waive or render unnecessary Sublessor's consent to or approval of any subsequent act by Sublessee. Any waiver of any default by Sublessor must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Sublease.

11. Assignment and Subletting.

11.1. Prior Consent Required. Sublessee shall not voluntarily assign, transfer, sublet or encumber its interest in this Sublease or in the Subleased Premises without first obtaining Sublessor's consent, which may or may not be granted at the sole discretion of the Sublessor. This prohibition against assigning or subletting shall be construed to include a prohibition against any assignment or subletting by operation of law.

11.2. Franchise Agreement. Should Big O, as the Franchisor, consent to the assignment of the Franchise Agreement, in accordance with the terms of the Franchise Agreement, the Sublessee shall sublease or assign this Sublease to the same assignee upon Sublessee's receipt of such consent.

11.3. No Release. Notwithstanding any assignment or sublease with the consent of Sublessor, the Sublessee shall remain fully liable on this Sublease and shall not be released from performing any of the terms, covenants and conditions of this Sublease. No consent to any assignment, transfer,

encumbrance or sublease by Sublessor shall constitute a consent to any subsequent assignment, transfer, encumbrance or sublease.

11.4. Master Lessor's Consent. Sublessee recognizes and agrees that Sublessor may be required to obtain Master Lessor's consent prior to Sublessee assigning, transferring, encumbering or subleasing its interest, or any portion thereof, herein. Sublessor shall exercise due diligence in attempting to obtain Master Lessor's consent, but Sublessor shall not be responsible for any delay in granting or denying its consent caused by Master Lessor's response time, nor shall Sublessor be responsible for failing to receive Master Lessor's consent to any such assignment, transfer, encumbrance or sublet.

12. Modification; Entire Agreement. This Sublease cannot be amended or modified except by written agreement of the parties hereto. This Sublease, and those portions of the Master Lease that are incorporated herein, contain the entire understanding of the parties with respect to the matters contained therein and herein, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose.

13. Counterparts/Recitals/Exhibits. This Sublease (and all parts hereof) may be executed in counterparts and all counterparts together shall be construed as one agreement. The recitals set forth in the introductory paragraphs and the exhibits attached hereto are incorporated herein by this reference and made a part hereof.

14. Joint and Several Liability. Each party executing this Sublease on behalf of Sublessee shall be jointly and severally liable for the performance of all obligations of Sublessee required hereunder. A separate action may be brought against either party signing on behalf of Sublessee whether such action is brought or prosecuted against the other or any guarantor of Sublessee, or all, or whether any other such parties are joined in the action.

15. Authority. Each person executing this Sublease on behalf of a party to this Sublease hereby represents and warrants that he or she has authority to execute this Sublease on behalf of such party and the terms, covenants and obligations contained in this Sublease, whether expressly or by reference, are binding upon such party.

16. Attorneys' Fees. Should litigation, arbitration or any other legal proceeding be commenced between the parties to enforce the terms of this Sublease, the prevailing party shall be entitled to reasonable sums as attorneys' fees and costs in such proceeding, including, but not limited to, expert witness fees, the attorneys' fees and costs of an appeal, and collection costs, as determined by the court, arbitrator, hearing officer or other applicable tribunal.

17. Notices. Any notice, request, consent and demand which is required or given hereunder shall be in writing and shall be deemed effective and received (a) upon personal delivery to the proper party, (b) on the day transmitted by telecopier, if on a business day, and if not transmitted on a business day, the first business day thereafter, to the proper party via the telecopier number stated below, (c) three (3) business days after deposit in the United States mail by registered or certified mail, postage prepaid, return receipt requested, addressed to the proper party at the address stated below, or (d) one (1) business day after deposit with an air express carrier, fare prepaid, addressed to the proper party at the address stated below. Each of the parties hereto may designate such other address and/or telecopier number as either of such parties may hereafter specify in writing to the other party.

Any notice to Sublessor shall be addressed to:

BIG O TIRES, LLC
4280 Professional Center Drive
Suite 400
Palm Beach Gardens, Florida 33410
Attn: Vice President
Telephone: (561) 383-3000
Facsimile: (561) 803-7019

Any notice to Sublessee shall be addressed to:

_____
_____
Telephone: _____
Facsimile: _____

18. **Miscellaneous.** The language and parts of this Sublease shall be construed according to their fair meaning and not strictly for or against either Sublessee or Sublessor. The captions of the Articles and Sections of this Sublease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Sublease.

IN WITNESS WHEREOF, the parties have set their hand and seal as of the dates set forth below.

"SUBLESSOR"

Date: _____

By: _____

Name: _____

Its: _____

"SUBLESSEE"

Date: _____

By: _____

Name: _____

Its: _____

_____, individually

CONSENT OF MASTER LESSOR

Master Lessor hereby acknowledges that it has read this Sublease, understands and accepts its terms and conditions, and consents to this Sublease and to all of the provisions herein without waiver of the restriction concerning further subletting.

Date:_____

"MASTER LESSOR"

By:_____

Its:_____
Address:_____
Telephone _____
Facsimile: _____

EXHIBIT A
LEASE

EXHIBIT B

AUTHORIZATION AGREEMENT
FOR PREAUTHORIZED PAYMENT SERVICE

AGREEMENT:

I (or We if there are joint owners of the account referenced later in this agreement) authorize and request the company named below, now referred to as the Company, to obtain payment for amounts I (we) owe to the Company as these amounts become due by initiating a payment entry to my (our) account. The account number, name of financial institution, payment amount, and date on or immediately after which payment should be deducted from the account are identified below. In addition, I (we) authorize and request the financial institution, now referred to as the Bank, to accept the payment entries presented to the Bank and to deduct them from my (our) account without responsibility for the correctness of these payments.

I (we) understand that this agreement can be terminated at any time as long as I (we) have given either the Company or the Bank written notification. This written notification to either the Company or Bank shall be effective for only those payments to be issued by the Company or received by the Bank after they either or both receive notification and have sufficient and reasonable opportunity to act upon it.

I (we) understand that I (we) have all the rights shown below as these rights relate to all payment entries initiated by the Company and to which this agreement pertains.

I (we) understand that all payment entries initiated by the Company and covered under this agreement are subject to the following:

If the amount of the initial payment entry initiated by the Company differs from the amount of the previous entry initiated under this agreement, the Company will send me (us) a written notification of this change in not less than ten (10) calendar days before this payment amount will be deducted from the account. In addition, if the Company makes any change int h date of the billing cycle on which payment is to be deducted from the account, the Company will send me (us) a written verification of the new date on or after which payment entries will be deducted from the account. This provision does not apply if my (our) authorization agreement is in effect for a single payment entry to the account or if I (we) have agreed that payment entries representing my (our) indebtedness may be deducted from the account after such indebtedness has been incurred.

I (we) may, by notice to the Bank, stop payment of any payment entry initiated or to be initiated by the Company to the account under this agreement. Notice of such stop payment must be received by the Bank in such a time and manner that will allow the Bank a reasonable time to act on it and if my (our) notice is oral, it will be binding on the Bank for only fourteen (14) calendar days unless I (we) confirm it in writing within this period.

If a payment entry is erroneously initiated by the Company to the account, I (we) will have the right to have the amount of this entry added back to the account by the Bank if I (we) send or deliver a written notice to the Bank within fifteen (15) calendar days following the date on which

the Bank sent or made available to me (us) a statement of account or notification pertaining to the erroneous payment entry. My (our) written notice will identify the payment entry, state that the payment entry was in error and request the Bank to add the amount of the payment entry to the account balance.

COMPANY INFORMATION

Company Name: **Big O Tires, LLC** Customer Account No. _____

Payment Date: _____
Payment Frequency: _____
Payment Amount: _____

YOUR BANK ACCOUNT INFORMATION

Bank Name: _____

Bank Address: _____

Please Attach a voided check and we will complete this information for you.

Transit Routing Number:_____ Checking Account Number:_____

Your Name_____ Your Name_____
(Please Print) (Please Print)

Signature _____ Signature _____

Date Signed _____ Date Signed _____

EXHIBIT G

PROMISSORY NOTES

1. Promissory Note (Standard)

2. Description of Promissory Note (Inventory)

PROMISSORY NOTE
(STANDARD)

Palm Beach Gardens, Florida

Date of Note: _____

Type of Note: _____

Principal Amount: The Principal Amount described in Annex A attached to this Note with respect to the applicable type of Note.

Interest Rate: The Interest Rate described in Annex A attached to this Note with respect to the applicable type of Note.

Payment Terms: The Payment Terms described in Annex A attached to this Note with respect to the applicable type of Note.

FOR VALUE RECEIVED, the undersigned ("Maker") jointly, severally and unconditionally hereby promises to pay to the order of BIG O TIRES, LLC, a Nevada limited liability company, its successors or assigns ("Holder"), the Principal Amount, together with interest on the unpaid Principal Amount, from the date hereof until paid in full, at the Interest Rate, in accordance with the Payment Terms.

All payments required under this Note shall be made by automatic debits to Maker's checking account number _____ , at:

_____,
(Name of Bank and ABA Number)

_____,
(Address of Bank)

or at the election of the Holder, at the offices of Big O Tires, LLC, 4280 Professional Center Drive, Suite 400,Palm Beach Gardens, Florida 33410, or at such other place as the Holder hereof may designate from time to time in writing.

All payments hereunder, when made, shall be first applied to any fees, costs or other charges accrued and payable pursuant to this Note or the other Loan Documents (defined below), then to all accrued interest to the date of payment, and the remainder applied to payment of principal hereunder. The amortization schedule attached to this Note as Schedule 1 is for reference purposes only. Maker shall have the right to prepay the unpaid principal balance of this Note in whole or in part at any time or from time to time, without premium or penalty, provided that all accrued and unpaid interest on the unpaid principal balance of this Note, at the variable interest rate as set forth herein, is also paid to the date of such prepayment.

All obligations evidenced by this Note are secured by security agreements and financing statements (the "Security Instruments") relating to all accounts receivables, inventory, equipment, fixtures, intangibles and other assets of Maker's Big O Tires Store at [Type Store Address, City, State, Zip] ("Big O Tires Store") (collectively the "Collateral"). This Note, the Security Instruments, and all

other documents evidencing or securing any of Maker's obligations to Holder are sometimes collectively referred to herein as the "Loan Documents."

Time is of the essence hereof and all obligations hereunder shall be timely performed in accordance with the provisions hereof. At the option of Holder, the payment of all principal, interest and all other sums due and owing in accordance with the terms of this Note or pursuant to the terms of the other Loan Documents, will be accelerated and such principal, interest and other amounts shall be immediately due and payable, without notice or demand, except as provided for herein, upon the occurrence of any one or more of the following events of default (each such occurrence an "Event of Default"):

1. Maker's failure to pay any amount required to be paid under this Note, or under any of the other Loan Documents, on or before its due date, if such failure remains uncured upon the expiration of five (5) days after written notice thereof is given by Holder to Maker, whether pertaining to periodic interest payments, to payment at maturity or when accelerated pursuant to any power to accelerate;

2. Failure of Maker to timely perform or observe any non-monetary term, covenant, condition or obligation contained in this Note or the other Loan Documents, if such failure remains uncured upon expiration of thirty (30) days after written notice thereof is given by Holder to Maker, provided that such thirty (30) day period may be extended by Holder for a reasonable period if, in the sole judgment of Holder:

    a. Maker commences and diligently pursues all actions necessary to cure such default immediately upon receipt of Holder's written notice; and

    b. Maker posts such additional security for Maker's performance as Holder deems satisfactory in Holder's reasonable discretion;

3. Default shall occur under the Franchise Agreement for the Big O Tires Store, or any other related agreement with Holder, or any of the agreements with the National Advertising Fund and/or the Local Fund;

4. Maker shall default in any payments of accounts payable, principal or interest, or any other obligation owed to Big O Tires, LLC and/or its affiliates and/or any third party, and shall fail to cure such default within any applicable cure period;

5. A case or proceeding shall have been commenced against Maker in a court having competent jurisdiction seeking a decree or order in respect of such party, (i) under any applicable federal, state or foreign bankruptcy or other similar law, (ii) appointing a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) of Maker or of any substantial part of any of its or their properties, or (iii) ordering the winding-up or liquidation of the affairs of, and such case or proceeding shall remain undismissed or unstayed for 30 consecutive days or such court shall enter a decree or order granting the relief sought in such case or proceeding;

6. Maker shall (i) file a petition seeking relief under any applicable federal, state or foreign bankruptcy or other similar law, (ii) consent to the institution of proceedings thereunder or to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) of Maker, as the case may be, or of any substantial part of its properties, (iii) fail generally to pay its debts as such debts become due, or (iv) take any corporate, company or partnership action in furtherance of any such action;

7. Maker shall become insolvent, or make a transfer in fraud of creditors, or make a general assignment for the benefit of creditors;

8. Final judgment or judgments (after the expiration of all times to appeal therefrom) for the payment of money in excess of $10,000 in the aggregate shall be rendered against Maker and the same shall not be (i) fully covered by insurance, or (ii) vacated, stayed, bonded, paid or discharged for a period of 15 days;

9. Any of the assets of Maker shall be attached, seized, levied upon or subjected to a writ or distress warrant, or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors of Maker and shall remain unstayed or undismissed for 10 consecutive days; or any person other than Maker shall apply for the appointment of a receiver, trustee or custodian for any of the assets of and shall remain unstayed or undismissed for 30 consecutive days; or Maker shall have concealed, removed or permitted to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them or made or suffered a transfer of any of its property or the incurring of an obligation which may be fraudulent under any bankruptcy, fraudulent conveyance or other similar law;

10. Maker shall pay or cause to be paid any obligations under any notes, indebtedness or other obligations to its owners, shareholders, partners or members, or their spouses;

11. The abandonment (as the term "abandonment" is defined in the Franchise Agreement) or vacation of the Big O Tires Store and/or Maker abandons all or a substantial portion of the Collateral;

12. Maker shall sell or transfer any interest owned in Maker's Big O Tires Store and/or the owners, shareholders, partners or members of Maker shall sell or transfer over fifty percent (50%) of all issued and outstanding capital stock or other ownership interest of Maker, and/or additional capital stock or other ownership interests in Maker are issued to a third party so as to reduce the existing ownership to less than fifty percent (50%) of all of the issued and outstanding capital stock or other ownership interests of Maker;

13. The dissolution, liquidation or business failure of Maker; or

14. Any representation or warranty in the Loan Agreement or this Note or in any written statement pursuant thereto or hereto, report, or certificate made or delivered to Holder by Maker shall be untrue or incorrect in any material respect, as of the date when made or deemed made;

15. The Collateral or any part thereof or interest therein is sold, conveyed, transferred, pledged, mortgaged, leased or hypothecated, outside the normal and ordinary course of business and/or in violation of this Note or any of the other Loan Documents; or

16. Any other event shall have occurred which would have a material adverse effect on Maker, and Holder shall have given Maker at least 10 days notice thereof.

The legal remedies of Holder as provided in this Note and the other Loan Documents or otherwise at law or in equity, shall be cumulative and concurrent, and may be pursued singularly, successively or together against the Maker, Co-Makers, the guarantors and/or the Collateral described in the Security Instruments.

From and after the maturity of the Note, whether by acceleration or otherwise, or from occurrence of an Event of Default hereunder, or under any of the other Loan Documents including, without limitation, the failure to make any payment on the date due (notwithstanding that Maker may be afforded a cure period)

until such default is cured, the entire amount of principal, interest and other amounts remaining unpaid hereunder shall bear an interest rate equal to 18% per annum, or the highest interest rate permitted by law, whichever is lower (the "Default Interest Rate"). This Default Interest Rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to the Note.

Any delay or omission on the part of Holder hereof in exercising any right hereunder shall not operate as a waiver of such right or remedy, or any additional right or remedy, on any future occasion.

This Note is entered into for a business and commercial purpose and the proceeds hereof will not be used primarily for personal, family, agricultural or household purposes. Maker realizes and acknowledges that the provisions of the Federal Regulation Z ("Truth-In-Lending") of the Federal Reserve Board do not apply to, nor govern this transaction.

If any interest rate, fee or cost provided for herein or in the other Loan Documents shall exceed that which is allowed pursuant to any applicable statute or law, such amount shall be deemed by the parties hereto to be modified so as to conform to and equal the maximum amount allowed by such statute or law. All sums paid hereunder in excess of those lawfully collectible as interest, damages, penalties, fees or costs shall, without further agreement or notice between or by any party hereto, be applied toward reduction of the principal hereof with the same force and effect as though such extra sums were specifically designated to be so applied to principal and Holder had agreed to accept such extra payment as a premium-free prepayment, or if there is then no outstanding principal indebtedness owed to Holder by Maker hereunder, or if such outstanding principal indebtedness is less than the amount to be applied as a reduction, such excess shall be refunded by Holder to Maker.

This Note is the joint and several obligation of Maker, Co-Makers, and any sureties, guarantors and endorsers without regard to liability of any other party and is binding on them, their executors, administrators, successors and assigns; and each of such persons or entities liable or to become liable on this Note jointly and severally waive delinquency in collection, presentment for payment, demand for payment, protest and notice of protest, demand and dishonor and nonpayment of this Note and all duty or obligation of Holder to effect, protect, perfect, retain or enforce any security for payment of the Note; and consent to any and all renewals and extensions in the time of payment hereof, and to any further and additional advances of funds made hereunder by Holder in excess of the amount set forth herein; and agree, further, that at anytime without notice the terms of payment herein may be modified or the security described in the Security Instruments may be released in whole or in part or increased, changed or exchanged by agreement between Holder and any owner of the property affected by the other Loan Documents; and that additional makers, sureties, guarantors or endorsers may become liable hereon or existing makers, sureties, guarantors or endorsers may be released, without in any way affecting the liability of any party to this Note or any person or entity liable or to become liable with respect to any indebtedness evidenced hereby.

In the event it should become necessary for Holder to employ counsel for advice regarding the Note and/or any of the other Loan Documents, any default under this Note and any of the other Loan Documents, or to respond, intervene or otherwise become involved in any suit or proceeding relating to this Note and/or the other Loan Documents, or to collect payment on or enforce the obligations of this Note and/or any of the other Loan Documents, or to protect or foreclose the security given in connection herewith, Maker agrees to pay upon demand reasonable attorneys' fees incurred by Holder for services of such counsel, whether or not suit is brought, plus costs incurred in connection therewith, including interest thereon at the Default Interest Rate.

The terms and provisions of this Note are intended to be and shall be governed, interpreted and construed pursuant to the internal laws of the State of Colorado applicable to promissory notes, without reference to any choice or conflict of law principles. All accounts and proceedings in any way arising out of, related to, or connected with this Note brought by Holder against Maker shall be litigated in courts located in the City and County of Denver, Colorado, and Maker submits to the personal jurisdiction of such courts.

If any provision hereof is in conflict with any applicable statute or law and is determined to be invalid or unenforceable, then each such provision shall be deemed null and void, but to the extent of such conflict only and without invalidating or affecting the remaining provisions hereof. Any terms that are capitalized in this Note but are not defined in this Note that are capitalized and defined in the Franchise Agreement shall have the respective meanings set forth in the Franchise Agreement.

Any notice, request, consent and demand which is required or given hereunder shall be in writing and shall be deemed effective and received (a) upon personal delivery to the proper party, (b) on the day transmitted by telecopier, if on a business day, and if not transmitted on a business day, the first business day thereafter, to the proper party via the telecopier number stated below, (c) three (3) business days after deposit in the United States mail by registered or certified mail, postage prepaid, return receipt requested, addressed to the proper party at the address stated below, or (d) one (1) business day after deposit with an air express carrier, fare prepaid, addressed to the proper party at the address stated below. Each of the parties hereto may designate such other address and/or telecopier number as either of such parties may hereafter specify in writing to the other party.

This Agreement may be executed in counterparts, and all counterparts shall constitute one and the same document. This Note may not be amended or modified except by an instrument in writing expressing such intention executed by the parties sought to be bound thereby which writing must be so firmly attached to this Note as to become a permanent part thereof.

[SIGNATURE(S) APPEARS ON FOLLOWING PAGE]

MAKER:

By:_____
Name:_____
Its: _____

CO-MAKER:

By:_____
Name: _____
Its: _____

Maker's Address & Telephone Number:

_____

Telephone: _____
Fax: _____

Holder's Address & Telephone Number:

4280 Professional Center Drive, Suite 400
Palm Beach Gardens, Florida 33410
Telephone (561) 383-3000
Fax (561) 803-7019

ANNEX A

ADDITIONAL TERMS OF NOTES

Standard Note (Exhibit G)

Principal Amount: _____ Dollars ($_____) and all subsequent advances made by Holder.

Interest Rate: An annual rate equal to the "prime rate" as published in *The Wall Street Journal* on the 15th day of the months of March, June, September and December (or the next business day if said 15th day falls on a weekend or holiday), adjusted on the first day of the following month, plus ___%.

Payment Terms: Commencing _____, principal and interest shall be payable in _____ equal monthly installments of $_____ each; provided, however, that if all obligations under this Note are not paid in full by _____, one final "balloon" payment of all unpaid principal and accrued and unpaid interest hereunder, shall be due and payable on that date (amortization, based on the fixed payments contemplated herein, will vary if the interest rate changes, as provided herein).

Inventory Note (Exhibit G)

Principal Amount: Up to _____ Dollars (U.S. $_____) or so much thereof as may be advanced hereunder. If Maker does not pay an invoice on or before the first day of the month following the month in which the invoice is issued, the amount of any such invoice shall be added to this Note as principal ("Principal Advance").

Interest Rate: Interest shall accrue from the date of each Principal Advance until paid in full at an annual rate equal to the "prime rate" as published in *The Wall Street Journal* on the 15th day of the months of March, June, September and December (or the next business day if said 15th day falls on a weekend or holiday) adjusted on the first day of the following month, plus ___%, on the entire unpaid balance until paid in full (the "Note Interest Rate").

Payment Terms: Notwithstanding the variable interest rate of this Note, this Note shall be payable as follows:

(a) [For the first partial month following the date of this Note, if applicable, on _____, an interest only payment of $_____.] [Commencing _____, interest only payments shall be payable in _____ equal monthly installments of $_____ each.]

(b) Thereafter, commencing _____, principal and interest shall be payable in [thirty-six (36)] [thirty (30)] equal monthly installments of $_____ each; provided, however, that if all obligations under this Note are not paid in full by _____, one final "balloon" payment of all unpaid principal and all accrued and unpaid interest hereunder, shall be due and payable on that date (amortization, based on the fixed payments contemplated herein, will vary if the interest rate changes, as provided herein).

AUTHORIZATION AGREEMENT
FOR PREAUTHORIZED PAYMENT SERVICE

AGREEMENT:

I (or We if there are joint owners of the account referenced later in this agreement) authorize and request the company named below, now referred to as the Company, to obtain payment for amounts I (we) owe to the Company as these amounts become due by initiating a payment entry to my (our) account. The account number, name of financial institution, payment amount, and date on or immediately after which payment should be deducted from the account are identified below. In addition, I (we) authorize and request the financial institution, now referred to as the Bank, to accept the payment entries presented to the Bank and to deduct them from my (our) account without responsibility for the correctness of these payments.

I (we) understand that this agreement can be terminated at any time as long as I (we) have given either the Company or the Bank written notification. This written notification to either the Company or Bank shall be effective for only those payments to be issued by the Company or received by the Bank after they either or both receive notification and have sufficient and reasonable opportunity to act upon it.

I (we) understand that I (we) have all the rights shown below as these rights relate to all payment entries initiated by the Company and to which this agreement pertains.

I (we) understand that all payment entries initiated by the Company and covered under this agreement are subject to the following:

> If the amount of the initial payment entry initiated by the Company differs from the amount of the previous entry initiated under this agreement, the Company will send me (us) a written notification of this change in not less than ten (10) calendar days before this payment amount will be deducted from the account. In addition, if the Company makes any change in the date of the billing cycle on which payment is to be deducted from the account, the Company will send me (us) a written verification of the new date on or after which payment entries will be deducted from the account. This provision does not apply if my (our) authorization agreement is in effect for a single payment entry to the account or if I (we) have agreed that payment entries representing my (our) indebtedness may be deducted from the account after such indebtedness has been incurred.
>
> I (we) may, by notice to the Bank, stop payment of any payment entry initiated or to be initiated by the Company to the account under this agreement. Notice of such stop payment must be received by the Bank in such a time and manner that will allow the Bank a reasonable time to act on it and if my (our) notice is oral, it will be binding on the Bank for only fourteen (14) calendar days unless I (we) confirm it in writing within this period.
>
> If a payment entry is erroneously initiated by the Company to the account, I (we) will have the right to have the amount of this entry added back to the account by the Bank if I (we) send or deliver a written notice to the Bank within fifteen (15) calendar days following the date on which the Bank sent or made available to me (us) a statement of account or notification pertaining to the erroneous payment entry. My (our) written notice will identify the payment entry, state that the payment entry was in error and request the Bank to add the amount of the payment entry to the account balance.

COMPANY INFORMATION

Company Name: **BIG O TIRES, LLC** Customer Account No.: _____

Payment Date: 1st
Payment Frequency: Monthly
Payment Amount: $_____

YOUR BANK ACCOUNT INFORMATION

(Please attach a voided check and we will complete this information for you.)

Bank Name: _____

Bank Address: _____

Print Name: _____

Signature(s):_____

Date Signed: _____

Description of Promissory Note (Inventory)

The promissory note used to evidence the franchisee's obligations under the BF Conversion Store Financing Program and the Additional Store Development Program (the "Inventory Note") is substantially the same as the Standard promissory note in this Exhibit G (the "Standard Note") except that the Standard Note does not specify the purpose of advancements, but the Inventory Note specifies that the principal advanced under the Note is for inventory purchases from Big O.

EXHIBIT H

SECURITY AGREEMENT
INVENTORY AND ACCOUNTS RECEIVABLE
EQUIPMENT AND FIXTURES
INTANGIBLES

1. **Debtor.** [Click **here** and **type** name of Debtor],
a [Click **here** and **type** State organized under and entity type]
Federal Tax I.D. # [Click **here** and **type** TAX ID #]
and (his) (her) (its) (their) successors, assigns, heirs and personal representatives

[Click **here** and **type** store address]
[Click **here** and **type** City, State and Zip]
Telephone #:

Debtor's Business. (Those) (That) certain Big O franchise outlet(s) located at:

[Click **here** and **type** store address]
[Click **here** and **type** City, State and Zip]
☐ Listed in Schedule 1, attached hereto and made a part hereof.

2. **Secured Party.** BIG O TIRES, LLC,
a Nevada limited liability company
and its subsidiaries,
successors and assigns.

4280 Professional Center Drive
Suite 400
Palm Beach Gardens, Florida 33410

Telephone #: (561) 383-3000
Telecopier #: (561) 803-7019

3. **Collateral.**

3.1. Inventory and Accounts Receivable.

a. All inventory (meaning stock-in-trade and merchandise) of Debtor in Debtor's business now owned or hereafter acquired, including but not limited to, all tires, wheels, shocks, brake parts and front end parts, together with their products, if any, and all additions, accessions and replacements thereto;

b. All accounts and contract rights of debtor, now existing or hereafter created.

c. All interest of Debtor now existing or hereafter arising, in goods the sale or lease of which gave rise to any accounts;

d. All chattel paper, including electronic chattel paper and tangible chattel paper, documents and instruments, including promissory notes, now existing or hereafter created, relating to any such accounts;

e. Any other property, rights or interests of Debtor which shall at any time come into the possession, custody or control of Secured Party for any purpose and in any manner; and

f. All proceeds (including insurance proceeds) from any of the above-mentioned property.

3.2. Equipment and Fixtures. All machinery, equipment, furniture, fixtures, fixed assets, tools, dies, blueprints, catalogues, books, records, machine parts, vehicles and leasehold improvements of every kind and nature, now or hereafter acquired by Debtor in Debtor's Business, and all improvements, attachments, additions, accessions and replacements thereto and all proceeds (including insurance proceeds) and products therefrom.

3.3. Intangibles. All general intangibles, including payment intangibles, leasehold interests, business name, telephone numbers and listings, contract rights, letter-of-credit rights, franchise rights and all of the trade, goodwill, going concern value and any other intangible assets of Debtor in Debtor's Business, now or hereafter created.

3.4. Other Assets. All software, including computer programs and supporting information, investment property, deposit accounts and supporting obligations of any kind, now or hereafter obtained or created.

4. **Location of Collateral.** The Collateral shall at all times be kept and maintained at Debtor's Business. Debtor shall notify Secured Party, in accordance with Section 14.6, at least ten (10) days in advance of Debtor's intention to move the Collateral to a different location.

5. **Primary Use of Collateral.** The primary use of the Collateral is for business purposes and not for personal, family or household purposes or farming operations.

6. **Obligations of Debtor.**

6.1. Any and all obligations of Debtor to Secured Party under the ☐ Loan Agreement dated _____ ☐ Purchase Agreement dated _____ ☒ Franchise Agreement(s) between Debtor, as Franchisee, and Big O Tires, LLC, as Franchisor (the "Franchise Agreement(s)") agreement number , ☐ the Promissory Note dated _____, ☐ the following other agreements _____, any and all other loan documents and all other agreements and instruments executed by Debtor and delivered to Secured Party in consummating all transactions contemplated in or related to said agreement(s) and/or promissory note(s);

6.2. All obligations of Debtor to Secured Party or its affiliates, including, but not limited to, all franchise fees, royalty fees, advertising fees, accounting fees and other related fees, owed to Secured Party by Debtor.

6.3. All amounts due and payable under all invoices and billings evidencing purchases from Secured Party of certain inventory and other personal property including, without

limitation, tires, car care products and related automotive goods, accessories and equipment;

6.4. All promissory notes which Debtor shall make in favor of Secured Party from time to time pursuant to any Franchise Agreements, any credit agreements or any other agreement or arrangement;

6.5. All payments (including proceeds) due Secured Party for all inventory and other personal property including, without limitation, tires, wheels, car care products and related automotive goods, accessories and equipment held by Debtor under any Consignment and Warehouse Agreement between Debtor and Secured Party.

6.6. Future advances made by Secured Party to Debtor, plus any interest thereon;

6.7. All expenditures of any kind or nature made by Secured Party to preserve the Collateral, including, but not limited to, all amounts paid to discharge taxes, liens, security interests and any other encumbrances against the Collateral, and to repair any damage to the Collateral or otherwise preserve or maintain the Collateral and all insurance coverages thereon; and

6.8. All expenditures made or incurred by Secured Party pursuant to the provisions of any loan agreements, other loan documents, Franchise Agreements, consignment and warehouse agreements, joint venture agreements, credit agreements, promissory notes and this Agreement, and all other obligations of Debtor to Secured Party, direct or indirect, absolute or contingent, due or to become due, whether now existing or hereafter arising, including, but not limited to, interest due to Secured Party hereunder or thereunder, and attorneys' fees and costs incurred by Secured Party to enforce any provision herein or therein.

7. **Security Interest.** To secure payment and performance of any and all of the Obligations, Debtor hereby transfers, conveys, grants and assigns to Secured Party a security interest in the Collateral and in all improvements, attachments, additions, accessions and replacements thereto and all proceeds and products therefrom. Unless the context otherwise indicates, the term "inventory" or "account" or "accounts" or "equipment" or "fixtures" in this Agreement refers to that part of the Collateral consisting of such property. Inventory shall include goods of Debtor in the hands of manufacturers or suppliers or in the process of delivery to Debtor or any representative of Debtor. Debtor warrants and represents that Debtor has, or forthwith will acquire, title to the Collateral free and clear of all liens, security interests, encumbrances and/or leases (except security interests, liens, encumbrances and/or leases, if any, set forth in **Exhibit A**, attached hereto and incorporated herein) and that Debtor has the right to transfer, grant, convey and assign this security interest.

8. **Warranties and Representations of Debtor.** Debtor warrants and represents to Secured Party the following:

8.1. Except for the security interest created by this Agreement and any security interests liens, encumbrances and/or leases, if any, set forth on **Exhibit A**, attached hereto and incorporated herein by reference, Debtor is the owner of all of the Collateral, or will be at the time such Collateral is created or acquired, free and clear of all liens, security interests encumbrances and/or leases.

8.2. The transfer, conveyance, grant and assignment of the security interest hereunder is valid and enforceable in accordance with its terms and represents a legally binding obligation of debtor and constitutes a security interest in the Collateral in favor of Secured Party.

8.3. Debtor agrees to warrant and defend Secured Party's right, title, security interest in and assignment of Collateral and/or any cash or property distributed thereunder.

8.4. Debtor has no undisclosed knowledge of any circumstances or conditions with respect to the Collateral that could reasonably be expected to adversely affect the value or marketability of such Collateral.

8.5. Except as otherwise indicated by Debtor to Secured Party in writing, at the time each account becomes subject to the security interest granted in this Agreement:

a. Debtor will be the owner of the account, with the absolute right to transfer any interest therein, and

b. The account will be a valid obligation of the account of Debtor, enforceable in accordance with its terms and, to the best of Debtor's knowledge and belief, free and clear of all liens, security interests, restrictions, setoffs, adverse claims, assignments, defaults, prepayments, defenses and conditions precedent other than the security interest created by this Agreement and those set forth on **Exhibit A**, I if any.

8.6. The unpaid amount and all other information shown as to the account in Debtor's books and on any schedule, certificate or report at any time given by Debtor to Secured Party is and will be true and correct as of the date indicated.

8.7. All chattel paper, documents and instruments which are part of the Collateral are valid and genuine and comply with applicable laws concerning form, content and manner of preparation and execution, and all persons appearing to be obligated thereon have authority and capacity to contract and are bound as they appear to be.

8.8. No debtor or creditor of Debtor has any defense, setoff, claim or counterclaim against Debtor which can be asserted against Secured Party, whether in any proceeding to enforce Secured Party's rights in the Collateral or otherwise.

8.9. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement and those set forth on **Exhibit A**, if any.

8.10. If Debtor is a corporation, its certificate or articles of incorporation and bylaws do not now and will not in the future prohibit any term or condition of this Agreement and all proper corporate authorities have been obtained to permit Debtor to enter in this Agreement.

8.11. The execution and delivery of this Agreement will not violate any agreement to which Debtor is a party or to the best of Debtor's knowledge, will not violate any law governing Debtor.

8.12. The Debtor's chief executive office is located at Debtor's Business address, and Debtor's exact legal name and state of organization (if Debtor is not an individual) set forth in Section 1 are true and correct in all respects.

8.13. All information and statements with respect to Debtor on the front page of this Agreement are true and correct.

9. **Covenants of Debtor.** Unless and until Secured Party consents in writing to another course of action, Debtor covenants and agrees to the following:

9.1. Debtor will timely and promptly pay and remit to Secured Party all monies due Secured Party pursuant to the terms and conditions of the Obligations and after an event of default as set forth in Section 10 hereof, to account fully and faithfully for and promptly pay or turn over to Secured Party the proceeds in whatever form received in disposition in any manner of Collateral.

9.2. Debtor will keep the Collateral at the location specified in Section 4.

9.3. Until the obligations are paid in full, Debtor will:

a. Preserve its corporate or other entity existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sale all or substantially all of its assets;

b. Not change the state of its incorporation or organization; and

c. Not change its corporate or entity name without providing Secured Party with 30 days prior written notice.

At Secured Party's request, Debtor will obtain and deliver to Secured Party, at no expense to Secured Party, reports from the appropriate governmental agencies showing that the name and state of organization of Debtor has not changed.

9.4. Debtor will not sell, assign, transfer, pledge, lease, license, abandon or otherwise dispose of any of the Collateral or any interest therein except that the inventory may be sold in the ordinary course of business.

9.5. Debtor will keep the Collateral in good condition and free of liens, security interests encumbrances and/or leases (other than the security interest created by this Agreement and those set forth on **Exhibit A**, if any); will promptly notify Secured Party of any event of default, as defined in Section 10; will not use the Collateral for hire or in violation of any applicable statute, ordinance or insurance policy; will defend the Collateral against the claims and demands of all persons; and will pay promptly all taxes and assessments with respect to the Collateral; and will not permit the Collateral to become part of or to be affixed to any real or personal property without first making arrangements satisfactory to Secured Party to protect Secured Party's interest. Secured Party may inspect the Collateral at any time, wherever located.

9.6. Debtor will keep the Collateral insured with companies acceptable to Secured Party against such casualties and in such amounts as Secured Party may require. If requested by Secured Party, all insurance policies will be written for the benefit of Debtor and Secured

Party as their interests may appear, and will provide for 30 days' written notice to Secured Party prior to cancellation. Debtor shall notify Secured Party upon receipt of any draft or check received for any insurance claim and shall endorse over and deliver to Secured Party such draft or check unless otherwise provided in writing by Secured Party. Secured Party may act as attorney for Debtor in making, adjusting and settling claims under or canceling such insurance and endorsing Debtor's name on any drafts relating thereto. Secured Party may apply any proceeds of insurance toward payments of the obligations, whether or not due, in any order or priority.

9.7. At its option, Secured Party may discharge taxes, liens, security interests and any other encumbrances against the Collateral and may pay for the repair of any damage to the Collateral, the maintenance and preservation thereof and insurance thereon. Debtor will reimburse Secured Party on demand for any payments so made, plus interest thereon at the rate specified in any applicable promissory note, or if none, 18% per annum, from the date of such payment. Any such payments by Secured Party will be deemed advances on behalf of the Debtor and will become a part of the Obligations, secured by the Collateral.

9.8. At the request of Secured Party, Debtor will from time to time execute documents in form satisfactory to Secured Party (and pay the cost of filing or recording them in whatever public offices Secured Party deems reasonably necessary) and perform such other acts as Secured Party may reasonably request to perfect and maintain a valid security interest in the Collateral. Debtor authorizes Secured Party to sign and file all financing statements and extensions and/or modifications thereof and other documents in form satisfactory to the Secured Party on behalf of Debtor and without Debtor's signature and perform such other acts as Secured Party deems reasonably necessary to perfect and maintain a valid security interest in the Collateral. Debtor will pay the cost of filing or recording the foregoing in whatever public offices Secured Party deems reasonably necessary.

9.9. Debtor will pay all expenses and reimburse Secured Party for any expenditures, including reasonable attorneys' fees and legal expenses, incurred in connection with Secured Party's exercise of any of its rights and remedies under this Agreement.

9.10. Debtor will defend, at Debtor's own cost and expense, any action, proceeding or claim affecting the Collateral.

9.11. The Debtor agrees that the security interest granted by Debtor to Secured Party shall remain in effect irrespective of the various payments required by the obligation so long as there are any Obligations of any kind, including Obligations under guarantees or assignments, owed by Debtor to Secured Party; provided, however, that upon any assignment of this Agreement by Secured Party, that the assignee shall thereafter be deemed, for the purpose of this paragraph, the Secured Party under this Agreement.

9.12. Debtor will:

a. Keep separate, accurate and complete books and records pertaining to the Collateral at the office of Debtor at the address set forth above; and provide Secured Party with such books and records or such other information concerning the Collateral pursuant to the terms and conditions of this Security Agreement, the Franchise Agreement(s) as Secured Party as Franchisor and as Secured Party may reasonably request from time to time;

b. Permit representatives of Secured Party, at reasonable times, to inspect the Collateral and to inspect and make abstracts or copies from Debtor's books and records pertaining to the Collateral or proceeds; conduct a complete inventory of the Collateral and its proceeds and Debtor shall assist Secured Party in whatever way necessary to conduct any such inventory or make any such inspection;

c. Prepare and supply to the Secured Party, if Secured Party shall at its option so request, a complete list of the Collateral on a monthly basis, which shall be as complete and accurate as is commercially practicable;

d. Prepare, or cause to be prepared and deliver to Secured Party all schedules of accounts, financial statements, invoices, shipping and receiving records, aging and reconciliation reports and such other reports and data reasonably requested by Secured Party, at such times and in such form as may be satisfactory to Secured Party.

9.13. At Secured Party's request, Debtor will mark or stamp each of its individual ledger sheets or cards pertaining to any of the Collateral with the legend "For value received, this account has been assigned to Secured Party or its assignees" and will stamp or otherwise mark and keep its books and records relating to the Collateral in such manner as Secured Party may deem advisable.

9.14. Debtor will give such written notice to account debtors as Secured Party may at any time request. Secured Party may at any time, whether or not a default exists under this Agreement:

a. Notify any account debtor of Secured Party's interest in the Collateral;

b. Request information as to the Collateral from any account debtor; and

c. Notify any account debtor to make all payments with respect to the Collateral directly to Secured Party or in any other manner directed by Secured Party.

9.15. Debtor shall, at all times, maintain the following physical and accounting controls over the Collateral:

a. Complete inventory records of the Collateral shall be maintained in accordance with generally accepted accounting principles by the Debtor;

b. Financial statements and records shall be maintained by Debtor in accordance with the terms and conditions of that certain Franchise Agreement(s) as then currently in effect and which shall include Debtor's obligations to maintain such statements and records pursuant to a management system acceptable to the Secured Party or Franchisor;

c. A physical inventory shall be conducted once every three months by the Secured Party's area support personnel at its option. This physical inventory shall be reconciled with the perpetual records of the Debtor and shall be compared with the original Collateral of the Debtor in terms of units and dollars; and

d. Debtor shall at all times meet and maintain the responsibilities imposed upon it by any Franchise Agreement(s), including its obligation to maintain working capital and a net worth which is sufficient, in Secured Party's opinion as the Franchisor, to enable Debtor as Franchisee to fulfill its Obligations hereunder and as Franchisee thereunder.

9.16. The Debtor shall maintain such Collateral pursuant to the terms of any Franchise Dealer Agreement(s) and as may from time to time be required by Secured Party.

9.17. Upon the good faith belief by Secured Party that the Obligations are or have become inadequately or under secured by the then existing Collateral, Debtor shall either provide to Secured Party such additional collateral of such value and kind as shall be acceptable to Secured Party, or shall reduce the amount of the Obligations to any amount acceptable to Secured Party based on the value of the then existing Collateral, or both.

10. **Events of Default.** The occurrence of any of the following events shall constitute an event of default under this Agreement:

10.1. Failure to pay any of the Obligations when due;

10.2. Failure to perform or observe any other covenant (after the applicable cure period has expired) contained in this Agreement and any loan agreements, or other loan documents, credit agreement(s), Franchise Agreement(s), joint venture agreement(s), consignment and warehouse agreement(s), if applicable, or any other documents or instruments evidencing any obligation of Debtor to Secured Party, whether now or hereafter in existence;

10.3. Any warranty, representation or statement of Debtor in this Agreement, or any other agreement, document or instrument, or otherwise made or furnished to Secured Party by or on behalf of Debtor, proves to have been false in any material respect when made or furnished;

10.4. Any uninsured loss, theft, damage, destruction, sale, liens or encumbrance to, or of, any of the Collateral (except as specifically allowed herein), or any levy, seizure or attachment thereof or thereon;

10.5. Death of any individual who is a Debtor under this Agreement (unless a co-owner or new owner of the Debtor's Business is approved by Secured Party); dissolution or termination of existence of Debtor without Secured Party's consent; insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws of, by or against, Debtor or any guarantor or surety of Debtor of any of the Obligations.

10.6. The Collateral, or any part thereof, or interest therein, is sold, conveyed or is otherwise transferred outside the normal and ordinary course of business, or is pledged, mortgaged, leased, hypothecated or abandoned;

10.7. The sale or transfer of Debtor's interest in Debtor's Business or any part thereof, or interest therein, without the prior written consent of Secured Party; or if Debtor is a corporation, the sale or transfer of any of the issued and outstanding capital stock of

Debtor or the issuance of additional capital stock that reduces the holdings in the issued and outstanding capital stock of Debtor, without the prior written consent of Secured Party; or if Debtor is a partnership, the sale or transfer of the partnership interests in Debtor without the prior written consent of Secured Party; or

10.8. The good faith belief by Secured Party that the Obligations are inadequately or under secured or that the prospect of payment or performance of any of the Obligations is impaired.

11. **Rights and Remedies of Secured Party.**

11.1. Upon the occurrence of any event of default and at any time thereafter, Secured Party shall have, in addition to all other rights and remedies, the remedies of a secured party under the Uniform Commercial Code as then in effect ("UCC"), regardless of whether the UCC applies to the secured transactions covered by this Agreement, including without limitation the right to accelerate the maturity of the Obligations, without notice or demand, and to take possession of the Collateral and any proceeds thereof wherever located. Debtor shall assemble the Collateral and make the Collateral and all records relating thereto available to Secured Party at a place to be designated by Secured Party that is reasonably convenient for both parties. If notice is required, Secured Party shall give to Debtor at least five (5) days' prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition is to be made.

11.2. During the time that Secured Party is in possession of the Collateral, and to the extent permitted by law, Secured Party shall have the right to hold, use, operate, manage and control all or any part of the Collateral; to make all such repairs, replacements, alterations, additions and improvements to the Collateral as it may deem proper; and to demand, collect and retain all earnings, proceeds from such use and all other costs, expenses, charges, damage or loss by reason of such use. Notwithstanding the foregoing, Secured Party has no obligation to clean-up or otherwise prepare the Collateral for sale.

11.3. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if it takes such action for that purpose as Debtor shall request, but failure to honor any such request shall not of itself be deemed a failure to exercise reasonable care. Secured Party shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties nor to protect, preserve or maintain any security interest given to secure any of the Collateral. Debtor waives any right it may have to require Secured Party to pursue any third person for any of the Obligations.

11.4. After an Event of Default as set forth in Section 10 hereof, Debtor hereby irrevocably appoints Secured Party as the attorney-in-fact of the Debtor, with full powers of substitution and at the cost and expense of Debtor, to reasonably exercise any of the following powers with respect to any of the accounts;

a. Demand, sue for, collect and give receipts for any payments due thereon or by virtue thereof;

b. Receive, take, endorse, assign and deliver chattel paper, documents, instruments and all other property taken or received by Secured Party in connection therewith;

c. Settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

d. Sell, transfer, assign or otherwise deal therein or therewith as fully and effectually as if Secured Party were the absolute owner thereof; and

e. Extend the time of payment thereof and make allowances and other adjustments with reference thereof.

In exercising any power herein granted, Secured Party may act in its name or the name of the Debtor. This power of attorney appointment, being coupled with an interest, shall be irrevocable.

If Secured party in good faith believes that any state or federal law prohibits or restricts the customary manner of sale or distribution of any of the Collateral, Secured Party may sell such Collateral privately or in any other manner deemed commercially reasonable by Secured Party at such price or prices as Secured Party determines in its sole discretion. Debtor recognizes that such prohibition or restriction may cause the Collateral to have less value than it otherwise would have and that, consequently, such sale or disposition by Secured Party may result in a lower sales price than if the sale were otherwise held.

11.5. To the extent allowed by law, Debtor shall pay Secured Party all expenses of retaking, holding, preparing for sale, selling and the like, including reasonable attorneys' fees and legal expenses, and such costs shall be paid out of the proceeds of disposition of the Collateral. Such proceeds may be applied to the Obligations in any order of priority.

11.6. As a supplementary or additional remedy, Secured Party shall also be entitled, without notice or demand and to the extent permitted by law, to exercise or continue all of the rights granted to Secured Party above and/or to have a receiver appointed, upon ex-parte application, without notice to Debtor, to take charge of all or any part of the Collateral, exercising all of the rights granted to Secured Party above.

11.7. Secured Party may recover from Debtor any deficiency between the amount due under any of the Obligations and the proceeds of such sale or disposal together with all costs and expenses, including, without limitation, reasonable attorneys' fees incurred or paid by Secured Party in exercising any right, power or remedy provided by this Security Agreement or by law.

11.8. Notwithstanding that which is granted and provided herein, Secured Party shall be under no duty to exercise, or to withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to Secured Party under this Agreement, and shall not be responsible for any failure to do so or delay in doing so.

12. **Collection of Accounts.** Until revocation of this authority, Debtor, as agent of Secured Party, and at the expense of Debtor:

12.1. Shall use its best efforts to collect all amounts due and owing on the accounts, including the taking of such action to repossess goods, impose liens or enforce payment as Secured Party or Debtor may deem proper.

12.2. Shall receive such goods as may be returned or rejected by or repossessed from account debtors, and, upon an event of default as set forth in Section 10 hereof, hold such goods and the proceeds therefrom in trust for the account of Secured Party, separate and identified by suitable markings as Secured Party's property, without intermingling them with Debtor's property, and remit promptly any proceeds of sales or lease of such goods in the manner described in Section 13 below.

12.3. May, in the ordinary course of business, grant to account debtors any rebate, refund or allowance to which they are entitled, and in connection therewith may accept the return of any goods, the sale or lease of which gave rise to the accounts.

13. **Payment of Proceeds to Secured Party.**

13.1. After an event of default as set forth in Section 10 hereof, Debtor shall receive all payments with respect to the Collateral in trust for Secured Party, without intermingling them with any other funds or property of Debtor and (until such authority is revoked or different instructions are given by Secured Party) shall immediately deliver them to Secured Party in the exact form received, bearing Debtor's full-recourse endorsement or assignment when necessary, for application on the Obligations in any order of priority determined by Secured Party. Debtor shall have the liability of a general endorser with respect to such payments and hereby waives presentment, notice of dishonor, protest, demand and all other notices with respect thereto, whether or not Debtor endorses the instruments or other evidences of payment and regardless of the form of payment or Debtor's endorsement or assignment thereon.

13.2. After an event of default as set forth in Section 10 hereof, at the election of Secured Party, all payments described in the preceding Section 13.1 shall be deposited in a separate bank account maintained by Secured Party (the "Collateral Account"), from which Debtor shall have no right to withdraw funds. All instruments evidencing payment shall be deposited in the Collateral Account subject to final payment, and all deposits therein shall be held as security for the Obligations. From time to time in its discretion, Secured Party may (and if requested by Debtor shall, but not more often than once a week) apply all or any of the balance in the Collateral Account to payment of the Obligations in any order of priority determined by Secured Party. Additionally, Secured Party in its discretion may release all or any of the balance in the Collateral Account to Debtor.

14. **General.**

14.1. The terms "Debtor," "Debtor's Business," "Secured Party," "Collateral" and "Obligations" are defined in paragraphs 1, 2, 3 and 6. Where Debtor and the obligor on the Obligations are not the same, the term "Debtor" herein means the owner of the Collateral in any provision dealing with the Collateral, the obligor in any provision dealing with the Obligations, and both where the context so requires.

14.2. No defaults shall be waived by Secured Party except in writing and no waiver of any payment or other right under this Agreement shall operate as a waiver of any other payment or right.

14.3. Secured Party may assign or transfer its rights under this Agreement to any transferee. Debtor hereby agrees that; (a) on such assignment or other transfer, all rights, powers and remedies of Secured Party hereunder shall belong to and be exercisable by the transferee, and, on receipt of notice of such assignment or other transfer, Debtor will tender performance of Debtor's obligations hereunder, if requested, to such transferee rather than to Secured Party; (b) upon delivery of Secured Party's security interest in the Collateral to the transferee, Secured Party shall thereafter be fully discharged from all responsibility with respect to such Collateral; and (c) in any action brought by the transferee against Debtor to recover any sums under this Agreement or to recover possession of the Collateral, Debtor will not assert as a defense, counterclaim, set off, cross complaint, or otherwise, any claim, known or unknown, which Debtor now has or hereafter acquires against Secured Party.

14.4. If there is more than one Debtor, all of the terms and conditions of this Agreement shall apply to each and any of them jointly and severally.

14.5. Without affecting any Obligations of Debtor under this Agreement, Secured Party without notice or demand may renew, extend or otherwise change the terms and conditions of any of the Obligations; take or release any other collateral as security for any of the Obligations, and add or release any guarantor, endorser, surety or other party to any of the Obligations.

14.6. Any notice, request, consent and demand which is required or given hereunder shall be deemed delivered when a record has been (a) personally delivered to the proper party, (b) transmitted by telecopier, if transmitted on a business day during normal business hours, and if not transmitted on a business day during normal business, the first business day thereafter, to the proper party via the telecopier number stated on the first page hereof, (c) transmitted through the Internet, (d) three (3) business days after deposited in the United States mail by registered or certified mail, postage prepaid, return receipt requested, addressed to the proper party at the address stated on the first page hereof, or (e) one (1) business day after deposited with an air express carrier, fare prepaid, addressed to the proper party at the address stated on the first page hereof. Each of the parties hereto may designate such other address and/or telecopier number as either of such parties may hereafter specify to the other party in accordance with this Section 14.6.

14.7. A carbon, photographic or other reproduction of this Agreement or a financing statement shall be sufficient as a financing statement.

14.8. All of the rights of Secured Party under this Agreement shall be cumulative and shall inure to the benefit of its successors and assigns. All obligations of Debtor hereunder shall be binding upon the heirs, legal representatives, successors or assigns of Debtor.

14.9. Any provision hereof contrary to, prohibited by, or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate

the remaining provisions hereof. Debtor acknowledges receipt of a true copy and waives acceptance hereof.

14.10. This Agreement may be signed in one or more counterparts, each of which shall have the effect of an original, but all such counterparts shall be deemed one and the same agreement.

14.11. This Agreement shall be construed under and governed by the laws of the state of [Click **here** and **type** State governed by].

14.12. This Agreement represents the entire agreement and understanding between Secured Party and Debtor and supersedes all prior agreements. Any modification or amendments to this Agreement shall be in writing and signed by the party to be charged.

DEBTOR:

[Click **here** and **type** name of Debtor]
a [Click **here** and **type** State organized under and entity type]

DATED: _____ BY: _____
TITLE: _____

SECURED PARTY:

BIG O TIRES, LLC,
a Nevada limited liability company

DATED: _____ BY: _____
TITLE: _____

EXHIBIT I

FACILITY PARTICIPATION AGREEMENT

MOTORIST ASSURANCE PROGRAM
STANDARDS FOR AUTOMOTIVE REPAIR

201 Park Washington Court ● Falls Church, VA 22046
Phone: (703) 538-3557 ● Fax: (202) 318-0378
E-mail: map@motorist.org ● Web: www.motorist.org

AUTOMOTIVE MAINTENANCE AND REPAIR ASSOCIATION

MOTORIST ASSURANCE PROGRAM
FACILITY PARTICIPATION AGREEMENT – BIG O TIRES

This Facility Participation Agreement (the "Agreement") is entered into this ____ day of _____, by and between the Automotive Maintenance and Repair Association ("AMRA") having its principal place of business at 201 Park Washington Court, Falls Church, VA 22046, and _____ (Company/Facility name) located at _____ , the owner and operator of the Big O Tires facility(ties) listed on Exhibit A, attached hereto and made a part hereof (hereinafter referred to as the ("Participating Facility"). [For companies with multiple locations, please attach a list of the facilities to be covered by this agreement in lieu of multiple copies of this form.]

In consideration of the mutual promises of the parties hereto, they hereby agree as follows:

(1) The term "Participant" as used in this Agreement shall mean an automotive maintenance and repair service facility, who is participating in the Automotive Maintenance and Repair Association's MAP program.

(2) The Participating Facility agrees that during the term of this Agreement it will, maintain and have available trained, MAP-qualified personnel to comply with the MAP Pledge to Customers, MAP Standards of Service and Uniform Inspection & Communication Standards ("UICS") and render an appropriate service inspection during regular business hours. This would include having at least one employee at each facility complete and pass the MAP Assessment test. Passing this test enables the employee to become MAP Qualified, showing he/she understands the use of the MAP UICS's and how to communicate the inspection results to the consumer using the MAP Terminology of "Required" and "Suggested".

(3) After any inspection or diagnostic test but prior to initiating any maintenance and repair work, the Participating Facility must provide the customer a written statement setting forth the type of work to be performed in accordance with the Uniform Inspection & Communication Standards, whether that work is REQUIRED or SUGGESTED, and the estimated price to properly repair the vehicle showing both the merchandise and labor prices for the repair or service. The Participating Facility shall obtain and receive written or documented telephone authorization from the customer prior to performing any diagnostic, maintenance or repair work. The Participating Facility agrees specifically to comply with all federal,

state and local laws regarding preparation of repair estimates and invoices as well as paragraph fifteen (15) of this Agreement.

(4) The Participating Facility must warranty the materials and workmanship of the repairs, parts and components for a minimum period of 90 days or 4,000 miles, whichever comes first, following completion of the minimum services and/or repairs by the Participating Facility.

(5) The Participating Facility agrees to make available to the customer any replaced parts after the completion of services and/or repairs by the Participating Facility. Notwithstanding the foregoing, parts required to be returned to the manufacturer or distributor under a warranty agreement or a parts exchange plan are only required to be made available for inspection by the customer. The invoice provided by the Participating Facility for the service or repair must state if used, rebuilt or reconditioned parts were installed. A copy of the invoice must be given to the customer upon payment for service.

(6) The Participating Facility agrees that in the event of a customer complaint, the Participating Facility will use reasonable good faith efforts to resolve the complaint.

(7) AMRA has and shall exercise no right to control the manner or methods employed by the Participating Facility in performing any automotive services or repairs. The Participating Facility assumes full responsibility for any negligence or willful misconduct on its part or on the part of its employees in connection with its automotive business operations and the performance of any automotive services and/or repairs. The Participating Facility agrees to indemnify and hold AMRA and MAP and their officers, trustees, employees, agents and affiliates harmless against all claims, losses, damages of any kind, including but not limited to costs and attorneys' fees, or demands of customers for injury to or death of persons or for damages to property arising out of any automotive services or repairs rendered by the Participating Facility or out of any unauthorized use or display of any MAP sign or logo by the Participating Facility. This indemnification expressly excludes any claim brought by a third party as to the trademark rights with respect to any AMRA or MAP sign or logo.

(8) The Facility participating in the MAP Program shall maintain at its sole expense, garage liability insurance including total liability coverage with total aggregate limits of not less than $1,000,000. The Participating Facility shall furnish to AMRA certificates of insurance, certifying to the coverages, or an affidavit certifying the amount of any self- insurance, if requested. Should the facilities be self insured that information must be provided along with any re-insurance, if requested by AMRA.

(9) This Agreement is not transferable or assignable. Any termination or change in the present ownership, management or location of the Participating Facility shall require the Participant to so inform AMRA. Upon such notification, AMRA shall have the opportunity to review this Agreement and the Participating Facility's compliance with this Agreement and to take any such action it deems appropriate or necessary with respect to the Agreement, including but not limited to, the termination of the Agreement. This Agreement may be terminated by AMRA by giving the Participating Facility a written ten day notice of

termination. A notice shall be deemed effective upon delivery if personally delivered, or forty-eight (48) hours after deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested. AMRA may terminate this Agreement for any reason including, but not limited to, any violation of any provision of this Agreement or the standards and policies established by AMRA governing the disqualification and loss of participation. The Agreement is deemed terminated on the date AMRA sends the notice of termination.

(10) The Participating Facility agrees that, except as provided in paragraphs 12, 13 and 14 hereof, no signs, insignia, stationery or any advertising whatsoever indicating that the Participating Facility participates or has participated in the MAP Program shall be displayed, published or otherwise used, unless first approved by AMRA in writing.

(11) AMRA will provide a dated MAP decal ("MAP Decal") to the Participating Facility for display at or near the customer entry-way of the Participating Facility. The MAP Decal provided to the Participating Facility upon execution of this Agreement and any additional MAP Decals provided to the Participating Facility are the property of AMRA. In the event this Agreement is terminated, the Participating Facility will immediately discontinue display of the MAP Decal and return the MAP Decal at its expense to AMRA.

(12) The Participating Facility agrees that the MAP Decal may only be used in accordance with the manner set forth by AMRA.

(13) The Participating Facility further agrees that in the event of termination of this Agreement for whatever reason it will immediately remove and discontinue the use or display of the MAP Decal and any other insignia, emblems, advertising or telephone listings indicating that the formerly Participating Facility has any contract or affiliation with MAP or AMRA. Furthermore, the Participating Facility agrees that it will, at that any time, immediately discontinue displaying any MAP Decal, or any other material bearing a MAP logo, at that location upon the written request of AMRA.

(14) The Participating Facility agrees to comply with all applicable federal, state and local laws and regulations.

(15) The Participating Facility participating in the MAP Program shall pay to AMRA an annual fee (in addition to dues) as specified by the AMRA Board of Directors. Once paid, these fees are nonrefundable.

(16) Miscellaneous Terms.

a) Benefit of Agreement. This Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the parties hereto, their respective successors and assigns. No other person or entity shall be entitled to claim any right or benefit hereunder, including, without limitation, the status of a third-party beneficiary of this Agreement.

b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Virginia without regard to the choice of law principles of such state.

c) Severability. If a court of competent jurisdiction holds any provisions of this Agreement invalid, such provision shall be deemed modified to eliminate the invalid element, and as so modified, such provision shall be deemed a part of this Agreement. If it is not possible to modify any such provision to eliminate the invalid element, such provision shall be deemed eliminated from this Agreement. The invalidity of any provision of this Agreement shall not affect the force and effect of the remaining provisions.

d) Counterparts; Telecopied Signatures. This Agreement may be executed in any number of counterparts and by different parties to this Agreement on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same Agreement. Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature hereto.

e) Survival. The restrictions and obligations of the parties as contained in this Agreement shall survive the expiration, termination or cancellation of this Agreement, and shall continue in full force and effect indefinitely. In the event that the time period provided herein shall be declared by a court of competent jurisdiction to exceed the maximum time period such court deemed reasonable and enforceable, the parties hereto agree that the time period shall be the longest time period deemed reasonable and enforceable by such court.

f) Amendment and Waiver. No provision of this Agreement may be altered, amended, and/or waived, except by a written document signed by both parties hereto setting forth such alteration, amendment, and/or waiver. The parties hereto agree that the failure to enforce any provision or obligation under this Agreement shall not constitute a waiver thereof or serve as a bar to the subsequent enforcement of such provision or obligation under this Agreement.

g) Force Majeure. Neither party shall be liable for any delay or failure in its performance of any of the acts required by this Agreement when such delay or failure arises from circumstances beyond the control and without the fault or negligence of such party. Such causes may include, without limitation, acts of God, acts of local, state or national governments or public agencies, acts of public enemies, acts of civil or military authority, labor disputes, material or component shortages, embargoes, rationing, quarantines, blockades, sabotage, utility or communication failures or delays, earthquakes, flood, epidemics, riots, acts of domestic or international terrorism or strikes. The time for performance of any act delayed by any such event may be postponed for a period equal to the period of such delay as long as the party whose actions are delayed in diligently seeking to perform.

h) Entire Agreement. This Agreement constitutes the entire Agreement between the parties hereto and contains all of the agreements between said parties and supersedes any and all other agreements, whether written or oral, with respect to the subject matter hereof. There is no statement, promise, agreement or obligation in existence which may conflict with the term of this Agreement or may modify, enlarge, or invalidate this Agreement or any provision hereof.

i) AMRA MAKES, AND THE FACILITY RECEIVES, NO WARRANTY, EXPRESS OR IMPLIED. AMRA EXPRESSLY EXCLUDES ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. AMRA SHALL HAVE NO LIABILITY WITH RESPECT TO ITS OBLIGATIONS UNDER THIS AGREEMENT FOR CONSEQUENTIAL, EXEMPLARY, OR INCIDENTAL DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, OR OTHER PECUNIARY LOSS) EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

_____	_____
Facility Name or Parent Company	Barry E. Soltz, President Automotive Maintenance and Repair Association/Motorist Assurance Program
_____	_____
Signature – Principal or Designee	Date

_____
Date

Exhibit A
(For use by companies with multiple locations)

List of Participating Big O Tires Facilities

Headquarter Address _____

Owner(s) Name _____

Shop ID	Shop Address	City	State	ZIP Code	Phone #

Please fax signed agreement (including completed EXHIBIT A) to MAP – 202-318-0378

(Use additional sheets as necessary)

EXHIBIT J

TECHNOLOGY AGREEMENT, END USER SOFTWARE LICENSE AGREEMENT AND FIRST AMENDMENT TO (Prior Version of) TECHNOLOGY AGREEMENT

TECHNOLOGY AGREEMENT

THIS TECHNOLOGY AGREEMENT is being executed as of the ___ day of _____, 20__, by and between Big O Tires, LLC, a Nevada limited liability company ("Big O") and _____ ("Franchisee"), under the following circumstances:

RECITALS

A. Big O, together with certain of its franchisees, has selected DST Inc., a Solera Company ("DST") and the Licensed Software as the approved point-of-sale vendor and software system for Big O franchisees to use in their Big O Tires store businesses, and Big O authorizes the Big O franchisees to utilize such proprietary Licensed Software and related services from DST or Big O under the terms set forth in the End User License Agreement.

B. DST shall provide the Licensed Software for single store and multi-store franchisees, and will assist with the development of an interface between the Licensed Software and a Big O Consumer Database.

C. Franchisee is a franchisee of Big O pursuant to one or more Franchise Agreements.

D. Contemporaneously with the execution of this Agreement, Franchisee is executing an End User License Agreement with DST, pursuant to the terms of which, among other things, DST will provide the Licensed Software and related services to Franchisee for its Big O Tires retail tire and automotive service store(s).

E. In consideration of Big O's authorization for Franchisee to utilize the Licensed Software and services as set forth in the End User License Agreement, Franchisee has agreed to perform the obligations set forth in this Agreement.

F. This Agreement is being executed by Big O and Franchisee for the purpose of acquiring repository data as outlined in the Shared Information - Schedule A defined herein.

G. Capitalized terms set forth in these Recitals shall have the same meaning ascribed to them in the End User License Agreement unless otherwise expressly set forth below.

AGREEMENT

NOW, THEREFORE, the parties hereby agree as follows:

1. Certain Definitions. The following terms shall have the meaning set forth below:

(a) ACCEPTANCE DATE shall have the same meaning as set forth in the End User License Agreement.

(b) COMPETING REGIONAL STORE means a Big O Tires Store that has an address, which includes a U.S. Postal zip code containing the same first three digits of the U.S. Postal zip code included in the address of the Designated Location.

(c) DESIGNATED LOCATION shall have the same meaning as set forth in the End User License Agreement.

(d) DST means DST Inc., a Solera company, a California corporation.

(e) END USER LICENSE AGREEMENT means that certain software license agreement between Franchisee and DST for the Designated Locations and relating to the Licensed Software.

(f) FRANCHISE ADVISORY COUNCIL means a group of franchisee representatives elected by the franchisees of Big O, formerly known as Dealer Planning Board, which meets periodically with Big O's management to review aspects of Big O's strategic plans as may be presented from time to time by Big O and to discuss issues of concern to franchisees of Big O. The function of this group is more fully described in Big O's Franchise Disclosure Document.

(g) FRANCHISE AGREEMENT(S) mean the contract(s) that govern the relationship between Big O and the Franchisee related to the Designated Locations.

(h) LICENSED SOFTWARE shall have the same meaning as set forth in the End User License Agreement.

(i) LOCAL CUSTOMER means any customer of a Designated Location of Franchisee subject to a terminated Franchise Agreement, provided that such Local Customer shall not include any customer of Designated Location who has purchased any product or service offered by Big O or a franchisee from a Competing Regional Store.

(j) MANUALS mean various written, electronic, audio and video instructions and manuals, including amendments thereto, relating to the operation of Big O Tires store businesses which have been and may be provided to Franchisee by Big O and identified as such, including but not limited to *A Blueprint For Success*, also known as the "Blue Book", Big O's Franchise Policies & Standards Manual, *Steps for Success*, Big O's Operations Manual, any training tapes, guides and any training module or any other proprietary information and other materials stating Big O's standards, policies, procedures, technical bulletins or other information.

(k) CONSUMER DATABASE means the software and data repository developed and to be developed by Big O and its third party vendors that provides, by way of example, consumer and transactional data to improve (i) certain Big O retail processes as conceptually described in the Manuals (e.g., consistent mailing of customer thank you cards and reminder notices, processing of customer warranty claims, etc.); (ii) analysis of consumer purchasing trends; (iii) suggestion of retail store inventories to meet anticipated retail demand; and (iv) Big O's understanding of customer and market trends so it can meet the demands and inventory needs of Franchisee, other franchisees of Big O and their customers.

(l) RESTRICTIVE PERIOD means the period commencing on the expiration or earlier termination of a Franchise Agreement and ending on the earlier of (i) the date which is two (2) years following the expiration or earlier termination of the Franchise Agreement, or (ii) as to each Local Customer of a Designated Location subject to a terminated Franchise Agreement, the date the Local Customer has purchased a product or service, other than any warranty related purchase, from a Competing Regional Store, so that, in such event, said customer is no longer deemed a Local Customer.

(m) SHARED INFORMATION means the information collectively described on Schedule A, attached to and by this reference made a part of this Agreement.

(n) All other capitalized terms used but not defined in this Agreement shall have the meanings given to them in the End User License Agreement.

2. System to be Acquired. Franchisee shall acquire a license for the Licensed Software and deliver the SHARED INFORMATION to Big O as required herein.

3. Periodic Reporting Obligations.

(a) Franchisee shall provide the Shared Information to Big O with the frequency and at the times set forth in Schedule A. The Shared Information shall be provided for each Designated Location beginning on the Acceptance Date of the Licensed Software installed at that Designated Location.

(b) Big O shall cause DST to create standard protocols whereby the Shared Information transmission functionality will be part of the Licensed Software and which Franchisee will use to generate the Shared Information.

(c) Big O, in conjunction with the Franchise Advisory Council, shall have the right to expand or modify the data to be provided as part of the Shared Information, provided that the Licensed Software is then capable of transmitting such Shared Information, as so modified or expanded, from Franchisee to Big O. Big O has developed a system using the Licensed Software, which permits Big O to transmit certain data to Franchisee, such as, but not limited to, information regarding new and existing products, cost changes, recommended pricing changes, and inventory availability.

(d) Franchisee shall manage and administer the Licensed Software in accordance with the processes and procedures detailed in the documentation issued by DST for the Licensed Software and shall use its best efforts to ensure that accurate SKU and product information are maintained and entered into the Licensed Software in accordance with procedures specified by Big O or DST from time to time. Franchisee shall not alter SKU or other identifying information utilized to track goods or services sold or provided by Franchisee unless necessary to correct any Franchisee inserted erroneous data.

(e) The Shared Information shall be exported from the Licensed Software and transmitted to Big O, which transmission may involve transmission through the Internet or other prescribed means, as part of the end-of-day or end-of-month processing performed by Franchisee, as discussed in Schedule A. Franchisee will maintain a high-speed Internet connection at Franchisee's sole cost until such time as Big O may develop an extranet or other system that provides the required connection to all franchisees for transmission of the Shared Information.

(f) Franchisee shall fully cooperate with Big O, DST, and/or their third party consultants with respect to any diagnosis or troubleshooting that may be necessary to resolve problems which prevent the Shared Information from being transmitted on a reliable and daily/monthly scheduled basis. Such cooperation shall include, without limitation, permitting DST or its designees access, in person or via an Internet or direct modem to modem connection, to Franchisee's computer system running the Licensed Software for the purpose of diagnosing and resolving such problems. Big O shall use its best efforts to cause any such third party consultants, other than DST, to be bound by all use restrictions or confidentiality agreements that apply to Big O. Any confidentiality agreements with such third party consultants shall specifically provide that Franchisee is a third party beneficiary with all rights to enforce the agreements against the third party consultants.

(g) Franchisee shall use its best efforts to expeditiously resolve any hardware or communications issues which are not attributable to the Licensed Software or the Consumer Database but which prevent the reliable and daily/monthly transmission of the Shared Information.

4. Confidentiality and Use Restrictions of Big O.

(a) Big O shall accumulate the Shared Information in the Consumer Database which may be accessed by Big O, Franchisee, and other Big O franchisees on a customer-by-customer basis as customers visit the stores of the other Big O franchisees, to provide customer relationship management, warranty support and services, national and local marketing (as limited by this Agreement) and any and all other services to the customers of Big O and its franchisees at any then operating Big O Tires store. Big O, and TBC Retail Group, Inc. may use the Consumer Database information to determine consumer data, trends, market analysis, customer marketing opportunities, product supply, inventory management and movement, retail store inventory recommendations, to share reports of stores' individual performance with the Big O Franchise Advisory Council and at franchisee meetings, and for such other purposes as agreed to by Big O and the Big O Franchise Advisory Council. Except as otherwise permitted in this Agreement, Big O shall not disclose the Shared Information to any third party not otherwise permitted to receive or have access to such Shared Information under this Agreement, including, without limitation, TBC Retail Group, Inc. and any affiliated company of Big O, for the purpose of using the Shared Information to market to customers identified in the Consumer Database, or to use the Shared Information to determine the location of non Big O stores.

(b) Upon the expiration or earlier termination of each Franchise Agreement subject to this Agreement, and during the Restrictive Period, Big O agrees not to market to any Local Customer of the Designated Location subject to the terminated Franchise Agreement, provided that (i) at the time of the expiration or termination of the Franchise Agreement, and at all times during the Restrictive Period, Franchisee is in full compliance with all of the termination provisions of the Franchise Agreement, including all on-going post termination provisions (ii) Franchisee provides Big O with written notice of such affirmative compliance within thirty (30) days of the expiration or termination of the Franchise Agreement, and at such other times as Big O may reasonably request; and (iii) Big O does not dispute such affirmative compliance in writing within fifteen (15) days of receipt of said written notice. However, should Big O dispute the affirmative compliance within the fifteen (15) day time frame provided in this subsection, then the parties acknowledge and agree that the dispute shall be submitted to the Franchise Advisory Council to resolve. The Franchise Advisory Council shall have sixty (60) days in which to render its decision, which decision shall be binding on Big O and Franchisee. Until the Franchise Advisory Council has rendered its decision, Big O agrees that it will not market to any Local Customer of the Designated Location.

(c) Notwithstanding the foregoing, Big O and any franchisee of Big O may be permitted to access that portion of the Consumer Database related to a Local Customer of a Designated Location subject to an expired or terminated Franchise Agreement prior to the expiration of the Restrictive Period solely for purposes of providing warranty work and follow-up responses thereto if such customer visits another franchisee of Big O to have warranty work performed. The provision of warranty services only shall not allow Big O to market to that Local Customer in violation of subpart (b) of this Section 4 above.

(d) Upon the expiration or earlier termination of any Franchise Agreement subject to this Agreement, the information and history of all customers of Franchisee other than Local Customers shall remain in the Consumer Database and shall not be subject to any restrictions on use by Big O or other franchisees of Big O.

(e) Except as otherwise described in this Agreement, Big O shall hold in confidence all Shared Information provided by Franchisee and shall not, without Franchisee's consent, make any disclosure of any Shared Information which will identify the customer and/or Franchisee, individually, or

its Designated Locations for the purpose of marketing to customers identified in the Consumer Database, or using the Shared Information to determine the location of non Big O stores. Big O may, however, aggregate data from Franchisee's Designated Locations with other Big O Tires retail store data for the purposes of determining, analyzing, communicating and in other ways using trend data with Big O's affiliated companies, manufacturers and marketers.

5. Obligations under End User License Agreement.

(a) Franchisee shall perform in a timely manner all of its obligations under the End User License Agreement, whether owing to DST or Big O, including without limitation, making timely payments to DST or Big O which are required under the terms of the End User License Agreement.

(b) Big O shall have the right to enforce Franchisee's performance of its obligations to Big O and DST under the End User License Agreement to the same extent as if Big O was a party to the End User License Agreement.

6. Termination. Upon expiration or earlier termination of Franchisee's Franchise Agreement with Big O, this Agreement and any license granted Franchisee pursuant to this Agreement, and any related documents thereto, shall be immediately terminated. Franchisee hereby represents and warrants that it will cease to use any proprietary Big O systems and will comply in every respect with the terms and conditions of the End User License Agreement and Franchise Agreement upon such termination. The parties acknowledge and agree that the standard software products from DST, as referenced in the second sentence in Section 4.3 of the End User License Agreement, are not proprietary to Big O.

7. Transfer. In the case of the transfer of a Franchise Agreement, all rights to license under this Agreement may be transferred by the Franchisee to the transferee, provided such transferee has received a non-contingent approval by Big O in accordance with the transfer provisions of the Franchise Agreement. The transfer of this Agreement shall be at no additional costs to Franchisee or the transferee in excess of the transfer fee as set forth in the applicable Franchise Agreement.

8 Incorporation of Recitals. The Recitals noted above are incorporated into, and made a part of, the terms of this Agreement.

9. Survival of Representations and Warranties. Upon termination of the Franchise Agreement, this Agreement shall be simultaneously terminated and be of no further force or effect, except that the provisions of Section 4 shall survive during the Restrictive Period.

10. Governing Law/Jurisdiction. This Agreement shall be interpreted under the laws of the State of Colorado and any disputes between the parties shall be governed by, and determined in accordance with, the internal substantive laws (and not the laws of conflict) of the State of Colorado. Both parties agree to resolve any disputes arising out of this Agreement through arbitration as specified in the Franchise Agreement.

[SIGNATURES ON NEXT PAGE]

[SIGNATURE PAGE TO TECHNOLOGY AGREEMENT]

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

BIG O:	FRANCHISEE:
Big O Tires, LLC, a Nevada limited liability company	
By: _____	By: _____
Name: Michael Kinnen	Name: _____
Title: Vice President – Operations	Title: _____

SCHEDULE A

SHARED INFORMATION

Franchisee is to use its best efforts to collect and transmit the following Shared Information on the prescribed frequency, as stated herein:

I. To be transmitted daily by 10 p.m. of the following business day:

1. Customer and Service History, to include, but not specifically limited to:

    a. Customer information, including name, gender/business or other customer types, address, telephone numbers (including cell phone numbers), e-mail address, and related information captured during the customer contact process. For purposes of this Agreement, Shared Information shall not include Customer social security numbers, credit card numbers, and driver's license identifying numbers.

    b. Vehicle information, including year/make/model/engine, license, mileage, VIN, inspection date.

    c. All information contained on the customer work order and sales invoice, including credit and warranty invoices. In the case of any dispute as to required information, such dispute shall be resolved by referencing the requirements contained in the California Bureau of Automotive Repair work order and invoice requirements, regardless if the California Bureau of Automotive Repair work order and invoice requirements apply to Franchisee. It will be the responsibility of the franchisees to include the required information in their work orders. It will be Big O's responsibility to insure that the Licensed Software can capture and transmit such information. (It is assumed for purposes of this Schedule A that the customer work order does not include any franchisee cost information related to the products or services included in the customer work order.)

    d. Future service reminder information for customer relationship marketing, including reminder service codes, tickler dates and/or frequency for reminders, method(s) of communication desired by the customer, and opt out flags.

2. Store-level sales and profit data to include:

    (a) Total sales summary by G/L Account Number;
    (b) Cost of sales summary by G/L Account Number; and
    (c) Gross Profit summary by G/L Account Number.

3. Product movement data, to include quantity, description, size (where applicable), cost and retail sales price for all products purchased and all products sold, to include proper manufacturer code, SKU number, line/account code classification (in conformance with the user documentation for the Licensed Software, as more fully described in the End User License Agreement), whether contained in Big O's product data file or purchased through Franchisee's outside suppliers.

II. To be transmitted monthly within 10 days after the last day of the preceding month:

1. Inventory status report, as of the last day of the preceding month, providing detailed reporting on quantity on hand, description, size, and cost for all tires in inventory, to include proper manufacturer code, SKU number, line/account code classification in conformance with the user

documentation for the Licensed Software, as more fully described in the End User License Agreement), whether contained in Big O's product data file or purchased through Franchisee's outside suppliers.

2. Store level sales and profit data, in aggregate for the preceding month, to include:

   a. Total sales summary by G/L Account Number;
   b. Cost of sales summary by G/L Account Number; and
   c. Gross Profit summary by G/L Account Number.

3. Sales category data, in aggregate for the preceding month, to include:

   a. Total sales summary to National Account Customers (including key accounts); and,
   b. Total sales summary of Farm Class Tires.

CONFIDENTIAL

DST INC., a Solera company
END USER SOFTWARE LICENSE AGREEMENT

This DST INC. END USER SOFTWARE LICENSE AGREEMENT (this "Agreement") is made between DST INC., a Solera company ("Licensor"), and _____ ("End User"), dated as of _____ (the "Effective Date"), under the following circumstances:

A. End User is a franchisee of Big O Tires, LLC ("Big O").

B. Big O has executed agreements with Licensor pursuant to the terms of which Big O has authorized End User to obtain the software licenses and services from Licensor, which are described herein (the "Master Software License Agreement").

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date

END USER

_____

By:_____
Print Name:_____
Title:_____

LICENSOR

By:_____
Print Name:_____
Title:_____

End User "Notice Contact" if other than signer: _____

1. DEFINITIONS

1.1 "Acceptance Date" means the respective date upon which the Licensed Software has been installed at a Designated Location, data conversion has been completed, and the Licensed Software is ready to be used to process transactions at that Designated Location, as evidenced by End User's execution of an acceptance certificate in the form of Schedule C attached hereto.

1.2 "Affiliate" means, with respect to any party to this Agreement, any entity that directly or indirectly controls, is controlled by, or is under common control with such party.

1.3 "Authorized Use" means that End User and its employees and consultants who are bound by the terms of this Agreement may use the Licensed Software at a Designated Location for its intended use for internal business purposes only.

1.4 "Confidential Information" means all confidential or proprietary information of either party which is furnished to the other party, other than information that is now in the public domain or hereafter becomes part of the public domain through no fault of the party receiving the information.

1.5 "Designated Location" means each location at which the Licensed Software is to be installed, as indicated on the work order discussed in Section 2.1.

1.6 "Documentation" means Licensor's written materials that accompany the Licensed Software and are delivered to End User, whether in print or electronic format.

1.7 "Fee" or "Fees" means the amount to be paid by End User to Licensor or Big O for the provision of the Licensed Software, Maintenance and Support Services and any other products or services to be provided by Licensor to End User during the Term.

1.8 "Intellectual Property Rights" means all trade and service marks, patents, trade secrets, copyrights, moral rights, rights of privacy or publicity, proprietary rights and similar rights.

1.9 "Licensed Software" and "Software" means any computer software programs provided to End User by Licensor pursuant to this Agreement and subsequent agreements, including, but not limited to, the software products identified in Schedule A and any Software Releases made available to End User in accordance with the Maintenance and Support Services Terms and Conditions.

1.10 "Maintenance and Support Services" means the maintenance and support services described on Schedule B.

1.11 "Maintenance and Support Services Terms and Conditions" are attached as Schedule B.

1.12 "Specifications" means the specifications published with respect to the Software by Licensor at the Effective Date.

1.13 "Term" means the period from the Effective Date to the date on which this Agreement is terminated pursuant to Section 4.

1.14 "Third Party Software" means the third party software which is part of the Licensed Software.

1.15 "Warranty Commencement Date" means, with respect to any Licensed Software, the date of installation of the Licensed Software at the applicable Designated Location.

2. LICENSE; INSTALLATION AND RELATED PROFESSIONAL SERVICES; MAINTENANCE

2.1 Grant. Subject to the terms and conditions of this Agreement and the Master Software License Agreement, Licensor grants End User a non-exclusive license to use the Licensed Software for the Term: (a) only for the number of copies of the Licensed Software set forth in the work order approved by End User, each solely for its Authorized Use; (b) to distribute internally the Documentation solely for the purpose of supporting End User's Authorized Use of the Licensed Software; and (c) to copy the Licensed Software solely for back-up or archival purposes, provided, that any such copy may not be installed and in use at the same time as an original copy of the Licensed Software is installed and in use. In addition, Licensor will provide to End User (i) the set-up, testing, data conversion, installation, training, and post go live support services that will be described in the work order discussed above (collectively, the "Professional Services") and (ii) Maintenance and Support Services pursuant to the Maintenance and Support Services Terms and Conditions.

2.2 Restrictions. End User will not assign, sublicense, resell, rent, lease, transfer (except at the time it transfers its franchise license, provided that the transferee is qualified and approved by Big O in accordance with the approval requirements in effect at the time of the franchise transfer), reverse engineer, decompile, disassemble, reverse assemble, modify, adapt, translate, decrypt or create derivative works based on the Licensed Software, or merge the Licensed Software into any other program or use all or any portion of the Licensed Software for the purpose of deriving its source code. End User will keep as confidential and not disclose to any third party any of Licensor's Confidential Information without the prior written consent of Licensor. Notwithstanding the foregoing, End User may assign this Agreement and its rights and obligations hereunder to any person or party who or which acquires (whether by asset or stock purchase or otherwise) the business located at the Designated Location provided that such purchaser (a) continues, and is permitted by Big O to continue, the operation of such business as a franchise of Big O, and (b) executes Licensor's then-current software license agreement pursuant to which such purchaser shall acquire, at no additional cost, license rights to the

Licensed Software on the terms set forth herein but shall purchase from Licensor training services at Licensor's then-current rates and any other professional services reasonably required to effect the transition of the license and the Licensed Software at the rates then charged by Licensor to other End Users for the performance of similar services.

2.3 **Hardware and Software Specifications**. End User will adhere to the reasonable terms and conditions of any applicable third party license agreements. In addition, End User will, at its sole expense, obtain the computer, hardware and computer peripherals, including printers, monitors, modems and networking equipment that meets the standards and specifications described by Licensor in order to operate the Licensed Software.

2.4 **Verification**. End User will, as reasonably requested by Licensor from time to time, provide Licensor with a description of the computer hardware on which the Licensed Software is then installed, along with the serial number of such hardware and verification that such hardware is located at the applicable Designated Location.

3. OWNERSHIP AND TITLE

3.1 **Licensed Software, Documentation and Intellectual Property Rights**. End User acknowledges and agrees that except for the explicit rights granted in this Agreement, all other rights, including without limitation, Intellectual Property Rights, and all title and interest, in and to the Licensed Software and Documentation will remain the sole and exclusive property of Licensor or Big O as set forth in the Master Software License Agreement, and End User will not derive or assert any title or interest in or to the Licensed Software, Documentation or Intellectual Property Rights of Licensor or Big O. Neither party will make any use of any logo, trademark or trade name of the other party without the prior written consent of such other party.

3.2 **End User's Confidential Information**. Licensor shall keep as confidential all of End User's Confidential Information and not disclose any of End User's Confidential Information to any third party other than Big O without the prior written consent of End User.

4. TERMINATION

4.1 **Termination by Either Party**. Except as set forth in Section 4.2, either party may terminate this Agreement if the other party is in default of any provision of this Agreement and such default is not corrected within thirty (30) days after the nonbreaching party gives the breaching party written notice of default. In addition, End User shall have the right to terminate this Agreement at any time after the Effective Date by providing Licensor with ninety (90) days' prior written notice thereof.

4.2 **Immediate Termination by Licensor**. Licensor will have the absolute right, unless precluded by applicable law, to immediately terminate this Agreement if: (a) End User becomes insolvent within the meaning of any state or federal law; or (b) End User makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors.

4.3 **Automatic Termination**. This Agreement shall terminate automatically, without further action on the part of either party, in the event that End User ceases to be a Big O franchisee for any reason (or no reason) whatsoever. In such event, End User may re-acquire Licensor's standard software products (but not any portion of the Licensed Software or other software which is proprietary to Big O) from Licensor upon executing Licensor's then-current software license agreement, paying Licensor its then-current installation and data conversion fees, and, going forward, paying Licensor the maintenance and support fees charged by Licensor to non-

franchisee end users (i.e., end users which are not affiliated with Big O and which did not acquire their respective license to the Licensed Software under the Master Software License Agreement and related agreements). This Agreement shall terminate automatically, without further action on the part of either party, with regard to any Designated Location in the event that End User ceases to be a Big O franchisee at such Designated Location for any reason (or no reason) whatsoever.

4.4 Effect of Termination. Upon termination of this Agreement or the licenses granted hereunder, or upon termination of this Agreement or the licenses granted hereunder as to a Designated Location, End User will promptly (as to all of its locations if the Agreement is terminated in full or as to the Designated Locations that are terminated if this Agreement is terminated only as to certain Designated Locations) (a) discontinue all use of the Licensed Software and Documentation; (b) return or destroy, at Licensor's request, all Licensed Software and Documentation (in the case of the Licensed Software and any Documentation provided in electronic or digital format, by erasing them from the magnetic media and hardware system on which they are stored and, at Licensor's request, returning the media and documentation, if any); (c) return or destroy, at Licensor's request, all of Licensor's Confidential Information; (d) certify in writing to Licensor, within thirty (30) days of such termination, that End User has complied with this Section; and (e) pay any fees or expenses that are or will become due through the effective date of termination (which amounts will immediately become due and payable). All fees and expenses of any kind that have been paid are nonrefundable, for any reason, including termination of this Agreement.

4.5 Survival. Termination of this Agreement shall not affect any right, obligations, or liabilities accruing prior thereto, relating to any breach of this Agreement, or intended to survive such termination. By way of example, the parties' rights and obligations under Sections 1, 2.2, 3, this Section 4, and Sections 6.2, 6.3, 7 and 8 of this Agreement will survive termination of this Agreement.

5. FEES AND PAYMENT TERMS

5.1 Fees. The Fees payable by End User for the Licensed Software, the Professional Services, and Maintenance and Support Services shall be as set forth in the work order discussed in Section 2.1. The Fees for Maintenance and Support Services shall commence on the applicable Support Commencement Date (as defined in the Maintenance and Support Services Terms and Conditions) and shall be payable by End User monthly in advance on the first day of each month thereafter. If any Support Commencement Date is not the first day of a month, Maintenance and Support Services for the period from the Support Commencement Date to the last day of the month in which the Support Commencement Date occurs will be provided to End User at no charge.

5.2 Taxes, Duties, and Other Charges. End User shall pay all taxes, including without limitation, sales, use, value added, and withholding taxes, payable with respect to the Licensed Software or any services to be rendered to End User pursuant to this Agreement, other than taxes based upon the net income of Licensor or Big O.

6. WARRANTIES; LIMITATIONS; EXCLUSIONS; INDEMNIFICATION

6.1 General. Subject to the limitations set forth below, Licensor warrants that for a period of thirty (30) days, commencing on the applicable Warranty Commencement Date, the Licensed Software will materially conform to the Documentation and the Specifications. End User's sole and exclusive remedy for a breach of warranty under this Section will be limited to repair or

replacement of any defective media and correction of non-conforming Licensed Software or demonstrable errors, as applicable, and, further, will only be available to End User if Licensor is notified in writing within the warranty period and is provided with a reasonable opportunity to cure such defect.

6.2 Limitations; Exclusions. The warranties set forth in this Agreement are conditioned upon proper use of the Licensed Software in accordance with the Documentation and will not apply to (a) any Licensed Software that has been subject to misuse, failure to comply with applicable operating instructions, improper installation, repair, alteration or damage, either by End User or a third party or (b) problems arising as a result of the use of the Licensed Software in connection with any software not listed in the Specifications as being compatible with the Licensed Software or any hardware not meeting the requirements for hardware described in the Specifications. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT ARE EXCLUSIVE AND IN LIEU OF ALL OTHERS, WHETHER ORAL, WRITTEN, EXPRESS, IMPLIED OR STATUTORY, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NONINFRINGEMENT. NO THIRD PARTY IS AUTHORIZED TO MAKE ANY MODIFICATIONS, EXTENSIONS, OR ADDITIONS TO THIS LIMITED WARRANTY AND LICENSOR DISCLAIMS ANY AND ALL WARRANTIES AND REPRESENTATIONS MADE BY PERSONS OTHER THAN LICENSOR. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NEITHER LICENSOR, NOR ANY LICENSOR OF THIRD PARTY SOFTWARE, NOR BIG O WARRANT THAT THE LICENSED SOFTWARE OR SOFTWARE RELEASES WILL OPERATE UNINTERRUPTED OR ERROR FREE.

6.3 Indemnification. If End User gives to Licensor prompt written notice of any claim under this paragraph, Licensor will indemnify, defend and hold harmless End User from and against any damages actually awarded against End User to a third party resulting from such third party's claims or any settlement agreed to by Licensor in favor of such third party alleging that the Licensed Software or Documentation infringes or violates any superior rights of any third party in or to any (a) United States patent, (b) trademark, (c) copyright, or (d) trade secret. Licensor has the right to (a) assume the defense of such claim and select counsel and (b) consent to the entry of judgment with respect to, or otherwise settle such claim. End User shall, at Licensor's expense, cooperate in the defense or prosecution of such claim. Should the Licensed Software or Documentation become, or in Licensor's opinion be likely to become, the subject of a claim of infringement, Licensor will also, at its sole option, either (a) obtain for End User the right to continue using the allegedly infringing material pursuant to the terms and conditions of this Agreement or (b) replace or modify the allegedly infringing material so that it becomes non-infringing but functionally equivalent. The foregoing indemnification obligation will not apply to any claim based on or arising from (a) software not owned or developed by or on behalf of Licensor, (b) the combination of the Licensed Software with other products not owned or developed by or on behalf of Licensor provided the infringement arises in connection with the combination, (c) software supplied by Licensor in accordance with End User's designs, specifications, or instructions, (d) the failure of End User to use updated or corrected Licensed Software or Documentation provided by Licensor, or (e) the failure of End User to use the Licensed Software or Documentation for its intended purposes, provided, that Licensor's indemnification obligations as related to trademark infringement claims shall remain unaffected by subparts (b) through (e) above. THE FOREGOING STATES THE ENTIRE LIABILITY OF

LICENSOR TO END USER, WHETHER FOR DAMAGES OR OTHERWISE, FOR CLAIMS OF INFRINGEMENT OF ANY COPYRIGHT, PATENT, TRADEMARK, TRADE SECRET, OR OTHER INTELLECTUAL PROPERTY RIGHT WITH RESPECT TO ANY LICENSED SOFTWARE OR DOCUMENTATION.

7. LIMITATION OF LIABILITY

TO THE EXTENT PERMITTED BY APPLICABLE LAW, EXCEPT AS OTHERWISE SET FORTH IN SECTION 6.3 AND EXCEPT FOR DAMAGES CAUSED BY ANY BREACH OF SECTION 3.2, IN NO EVENT WILL LICENSOR, BIG O OR END USER, OR ANY AFFILIATE OF ANY OF THE FOREGOING, BE LIABLE FOR SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE, CONSEQUENTIAL, MULTIPLE OR RELIANCE DAMAGES INCURRED BY ANY PARTY HERETO OR ANY THIRD PARTY IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT INCLUDING, BUT NOT LIMITED TO, BUSINESS INTERRUPTION OR DAMAGES FOR LOSS OF PROFITS, SAVINGS, DATA, BUSINESS INFORMATION OR USE, HOWEVER IT ARISES, WHETHER SUCH DAMAGES ARE ALLEGED IN CONTRACT, TORT OR OTHERWISE, EVEN IF ANY SUCH ENTITY IS MADE AWARE OF THE POSSIBILITY OF SUCH DAMAGES OR IF THE DAMAGES ARE FORESEEABLE.

8. GENERAL

8.1 Waiver. Licensor and End User may, by written instrument, waive any obligation of or restriction upon the other under this Agreement. The failure, refusal or neglect of Licensor or Big O to exercise any right under this Agreement or to insist upon full compliance by End User of its obligations will not constitute a waiver by Licensor or Big O of any provision of this Agreement.

8.2 Governing Law; Jurisdiction. This Agreement will be construed in accordance with and governed by the laws of the State of Colorado, without regard to conflict of law rules that would cause the laws of any other jurisdiction to apply. The parties agree that the Denver, Colorado courts will be the proper forum for any legal controversy arising out of or in connection with this Agreement, and the parties hereby irrevocably and unconditionally consent to the exclusive jurisdiction of such courts for such purposes, to the extent permitted by applicable law.

8.3 Entire Agreement. This Agreement and each schedule attached hereto (each of which is incorporated herein by reference) together constitute the entire understanding between Licensor and End User, and supersede all prior discussions, representations, understandings or agreements whether oral or in writing between Licensor and End User with respect to the subject matter of this Agreement. Any modification or amendment to this Agreement must be in writing signed by both parties. In the event of any inconsistency between the main body of this Agreement and any schedule or exhibit, the terms of the schedule or exhibit will prevail. In no event will a purchase order amend, modify or supplement any of the terms of this Agreement.

8.4 Assignment. Except as set forth in Section 2.2, End User shall not sublicense, transfer, rent or lease any Licensed Software without Big O's prior written consent. Licensor will have the right to assign this Agreement to a parent, subsidiary or a successor in interest, upon notice to End User.

8.5 Export Control. End User will not knowingly export or re-export, directly or indirectly, any technical data (as defined in the U.S. Export Administration Regulations) produced or provided

under this Agreement to a destination to which such export or re-export is restricted or prohibited by U.S. or non-U.S. law.

8.6 Force Majeure. Except for End User's obligation to pay amounts owed under this Agreement, neither party will be held liable or deemed to be in default for any delay or failure in performance under this Agreement due to any cause outside its reasonable control.

8.7 Severability. In the event that a particular provision of this Agreement is held by a court of competent jurisdiction to be invalid, such provision will be severed from the Agreement and will not affect the validity of this Agreement as a whole or any of its other provisions. The parties hereto agree to replace such invalid provision with a new provision that has the most nearly similar permissible, economic or other effect.

8.8 Injunctive Relief. Each party will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (a) the other party's violation of the provisions of this Agreement relating to confidentiality or the Intellectual Property Rights of such party, including in the case of Licensor, the Licensed Software and Documentation; and (b) any act or omission by the other party, any Affiliate of the other party, or any employee or consultant of the other party or any of its Affiliates that may impair the goodwill associated with its Intellectual Property Rights. Each party will be entitled to seek injunctive relief against the other party under this provision without posting a bond or other security.

8.9 Attorneys' Fees. In the event that any legal proceeding or action is brought by any party for the enforcement of this Agreement or because of any dispute with respect to the other party's performance of its obligations hereunder, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in connection with such proceeding or action, in addition to any other remedies or damages.

8.10 Notices. Any notice required or permitted under this Agreement must be in writing and sent by certified mail, Federal Express or any other nationally-recognized overnight courier or via telefax, with written acknowledgement from the recipient, to the Notice Contact, and shall be deemed given when received. The sending party shall have the burden of proving receipt.

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Schedule A

Licensed Software:

Point-of-Sale Solution: DST POS software version 9.1 ("DST POS") or the most recently issued software version in effect as of the date of this Agreement.

Multi-Store Solution: DST Home Office software version 9.1 ("DST Home Office") or the most recently issued software version in effect as of the date of the Franchise Agreement.

The DST POS and DST Home Office software are collectively referred to and bundled together as the "DST Software"

As used in the Agreement, "Specifications" means the following Documentation concerning the Licensed Software:

DST POS User Training Manual version 8.9 Service Pack 3 or the most recently issued software version in effect as of the date of the Franchise Agreement.

DST Home Office User Training Manual version 8.9 Service Pack 3 or the most recently issued software version in effect as of the date of the Franchise Agreement.

Third Party Software: Epicor (formerly Activant) Part Expert software version 2.10 or the most recently issued software version in effect as of the date of the Franchise Agreement. The License Agreement for the Third Party Software to be executed by End User is attached hereto as Attachment A-1.

Melissa Data Address Check Version 2, or the most recently issued version in effect as of the date of this agreement. ("Melissa Data")

The Third Party Software and/or its manufacturer(s) are subject to change at any time. Therefore, Licensor reserves the right to replace and/or substitute the Third Party Software with equivalent or similar functioning software, and to add additional Third Party Software to support new functionality that may be added in the future. However, no change will occur without the prior approval of the IT Committee of the Big O Franchisees and Big O Management.

As used in the Agreement, "Computer Hardware" standards and specifications means the reasonable specifications provided by Licensor to Customer from time to time.

Upon delivery and acceptance of any copy of Licensed Software or Deliverable incorporating modifications to the Software, the Specifications shall be automatically amended to reflect such modifications.

Schedule B

DST INC., a Solera company
MAINTENANCE AND SUPPORT SERVICES
TERMS AND CONDITIONS

1. DEFINITIONS

All capitalized terms in this Schedule have the meanings set forth in the License Agreement or as defined in this Schedule.

Agreement. "Agreement" or "License Agreement" will mean the End User Software License Agreement between End User and Licensor.

Master Software License Agreement. "Master Software License Agreement" will mean the First Amended and Restated Software License Agreement between Licensor and Big O Tires, LLC, dated as of April 16, 2013.

Big O. "Big O" will mean Big O Tires, LLC

Critical Error. A "Critical Error" exists where, due to a defect, error, or malfunction in the Licensed Software, the Licensed Software or any significant subsystem of the Licensed Software is not operating.

Severe Error. A "Severe Error" exists where, due to a defect, error, or malfunction in the Licensed Software, the Licensed Software is operational, but functionality or usability is severely degraded, and such degradation affects significant aspects of the business operations of End User.

Average Error. An "Average Error" exists where, due to a defect, error, or malfunction in the Licensed Software, the Licensed Software is operational, but either produces incomplete or inconsistent results or its functionality or usability is impaired, but not severely degraded.

Minor Error. A "Minor Error" exists where there is a defect, error, or malfunction in the Licensed Software, but the defect, error, or malfunction does not constitute a Critical Error, a Severe Error, or an Average Error.

Exception Error. An "Exception Error" exists when the Licensed Software does not meet aesthetic expectations.

Software Patch. A patch is a piece of software designed to fix problem(s) with, or update to Licensed Software or its supporting data.

Service Pack. A service pack is a software package that contains several fixes or updates to the Licensed Software.

Maintenance Fee. "Maintenance Fee" will mean the amount to be paid by End User to Big O as consideration for the provision of Maintenance and Support Services as set forth in this Agreement.

Normal Business Hours. "Normal Business Hours" will mean the hours between 6:00 AM Eastern Time and 11:00 PM Eastern Time, 7 days per week, excluding regularly scheduled holidays (such schedule of holidays to be delivered to End User upon request).

Software Releases or Release will mean planned patches, updates, upgrades, enhancements, modifications, new versions, or new releases to or for the Licensed Software (however packaged), or any separate software programs marketed by Licensor as replacements of any portion of the Licensed Software.

Support Commencement Date will be with respect to any Licensed Software the date of installation of such Licensed Software.

Technical Contact. "Technical Contact" will mean, for the purposes of the Maintenance and Support Services Terms and Conditions, a representative of End User identified in writing who is trained by Licensor (in accordance with Licensor's standard training program) in the use and administration of the Licensed Software who has the necessary security access and skills to assist Licensor in providing files, log file information, and any other information relevant to resolution of the problem and to follow the instructions of Licensor, including the ability to install and implement any Software updates, upgrades, enhancements, new versions, and new releases.

2. MAINTENANCE AND SUPPORT SERVICES

2.1 The Services. (a) Subject to the terms of this Schedule B and the License Agreement, Licensor shall provide to End User the following maintenance and support services (collectively, the "Maintenance and Support Services"):

(i) Correction of reported and reproducible errors or malfunctions in the Licensed Software in accordance with Section 2.1(c).
(ii) Help desk telephone support, from which End User may seek general assistance concerning the Licensed Software and through the use of which operational problems with respect to the Licensed Software may be reported. Help desk support will be provided during Normal Business Hours. In addition, Licensor will provide emergency maintenance and support services remotely via telephone or, at Licensor's discretion, online support, after Normal Business Hours.
(iii) Furnishing of Software Releases as the same are made commercially available by Licensor.
(iv) Furnishing of one (1) copy of any Third Party Software updates within thirty (30) days of receipt of same from said third party companies.
(v) Furnishing of such modifications to the Licensed Software as are necessary to cause the Licensed Software to continue to be compatible with the most recent version of the Third Party Software which is then commercially available or to maintain compliance with legal requirements of any federal, state, or local jurisdiction. Licensor shall have up to ninety (90) days to achieve compatibility with the most recent version of Third Party Software from the date the Third Party Software becomes commercially available.

(b) Maintenance and Support Services shall be provided at no charge other than the then current Maintenance Fees.

(c) Licensor shall respond in a timely manner to requests for Maintenance and Support Services, in accordance with the following provisions relating to the severity of the problem:

(i) If a Critical Error has been reported, Licensor will provide a response to End User within two (2) hours during Normal Business Hours. Licensor will use commercially reasonable efforts to resolve such Critical Error within six (6) hours after the problem is reported, and Licensor will resolve such Critical Error with a Software Patch within fifteen (15) business days. If the problem was reported during Normal Business Hours, Licensor shall continue work to correct the problem after Normal Business Hours at no additional charge.
(ii) If a Severe Error has been reported, Licensor will provide a response to End User within two (2) hours during Normal Business Hours. Licensor will use commercially

reasonable efforts to resolve such Severe Error within forty-eight (48) hours after the problem is reported, and Licensor will resolve any such Error with a Software Patch within thirty (30) business days. If the problem was reported during Normal Business Hours, Licensor shall continue work to correct the problem after Normal Business Hours at no additional charge.

(iii) If an Average Error has been reported, Licensor will provide a response to End User within six (6) hours during Normal Business Hours. Licensor will use commercially reasonable efforts to resolve such Average Error within five (5) days after the problem is reported, and Licensor will resolve any such Error in the next Service Pack once or twice annually.

(iv) If a Minor Error has been reported, Licensor will provide a response to End User within forty-eight (48) hours during Normal Business Hours. Licensor will use commercially reasonable efforts to resolve such Minor Error within five (5) days, and Licensor will resolve such Error in the next Software Release once annually.

(v) If an Exception Error has been reported, Licensor shall provide a response to End User within ten (10) business days, indicating whether or not Licensor will correct such Exception Error. Licensor shall have no obligation to correct Exception Errors in any subsequent Release or to provide a "temporary fix" or workaround.

For purposes of this Section 2.1(c), (a) all submitted Errors must be reported in accordance with such reasonable standard reporting procedures as Licensor may from time to time implement, and be reproducible (i.e., contain step by step written detail on the keystrokes required to reproduce the Error); (b) Licensor may resolve or correct a Critical Error or a Severe Error through a "temporary fix" or workaround until such time as the necessary correction is incorporated into the next available Release; and (c) Licensor may resolve or correct an Average Error or a Minor Error through a "temporary fix" or workaround until such time as the necessary correction is incorporated into one of the two next available Releases.

(d) If the parties agree that onsite Maintenance and Support Services are required, Licensor shall bear all of its travel, meals, lodging, and related expenses incurred in connection therewith.

2.2 End User Responsibilities.

(a) In consideration of Licensor's performance of Maintenance and Support Services, End User shall initially pay Big O $219.00 per Big O Tires store per month (Big O is obligated to pay Licensor certain related fees pursuant to the Master Software License Agreement and related agreements). In the event that End User lapses in its payment obligations to Big O, then Licensor shall have no obligation to provide Maintenance and Support Services to such End User during such period of non-payment, and End User will be in default of the License Agreement.

(b) The Maintenance Fees set forth above shall be allocated as follows:

i. $80.00 per month to Licensor for Maintenance and Support Services;
ii. $109.00 per month to Licensor or Big O for Third Party Software; and

iii. $30.00 per month to be held by Big O for a general development fund. The general development fund shall be used for POS application enhancements, new features, and functionalities, as approved and directed by the IT Committee of Big O Tires Franchisees and Big O management ("Development Approval Committee").

(c) The Maintenance Fees set forth herein shall be fixed through March 31, 2015. Thereafter, during the term of this Agreement, the fees for Maintenance and Support Services may be adjusted effective annually on April 1 of each year, by Licensor by providing notice to End User not less than 60 days before the effective date of any such adjustment. Such adjustment shall not exceed the change in the Consumer Price Index – All Urban Consumers, as published by the Bureau of Labor Statistics of the United States Department of Labor, during the initial period or the Renewal Period, as the case may be, immediately preceding such Renewal Period. In addition, should the fees charged to Licensor or Big O for Third Party Software ("Third Party Fees") increase, or the amounts received from End Users for Third Party Software be less than the Third Party Fees, Licensor or Big O shall be entitled to increase the portion of Maintenance Fees allocated to such Third Party Software by a corresponding amount, not to exceed five percent (5%) per year. In the event Third Party Fees are reduced, Licensor or Customer shall reduce the portion of Maintenance Fees allocated to Third Party Software by a corresponding amount.

(d) In addition to the Maintenance Fees set forth above, Licensor or Big O may charge additional fees, to be used to cover the cost of future development of, or additional features to, the Licensed Software, in such amounts and for such duration as may be agreed upon from time to time between Licensor and the IT Committee of Big O Tires Franchisees, and approved by the Franchise Advisory Council of Big O Tires Franchisees and Big O.

(e) End User, at its sole expense, will: (i) provide Licensor access to the Licensed Software for purposes of performing the Maintenance and Support Services; (ii) provide Licensor such assistance, information, services and facilities as may be reasonably requested by Licensor to perform the Maintenance and Support Services; and (iii) provide Licensor with access to at least one Technical Contact.

(f) Licensor shall advise End User as to any changes in hardware or software being recommended by Licensor to enable End User to make full use of any Release from time to time being made available by Licensor hereunder. If End User elects to receive and install a new Release, End User will maintain the operating environment designated by Licensor and will upgrade the operating environment, at End User's expense, to the operating systems, communications software, and other third party products or services designated by Licensor from time to time.

2.3 Exclusions.

(a) The Maintenance and Support Services do not include installation, implementation, training, consulting or similar services relating to the Licensed Software, including without limitation, any Software Releases, or any services performed to correct malfunctions in Microsoft or other third party software or hardware (e.g., printers or networking equipment). Licensor may also exclude from the Maintenance and Support Services any defect related to the Software if End User has failed to install the most recent Software Release relating to such defect and such Software Release would address the defect.

(b) End User acknowledges and agrees that it is responsible, at its sole expense, for the compatibility of the Licensed Software with any hardware, application or software not listed in the then current Specifications as being compatible with the Licensed Software and any hardware or operating systems not meeting the requirements for the same described in the then current Specifications.

(c) In addition, Maintenance and Support Services do not include the correction of errors caused by any damage to or defect in any Licensed Software due to misuse, failure to comply with applicable operating instructions, or improper installation by anyone other than Licensor or Licensor-certified installers, or due to repair, alteration or accident, either by End User or a third party.

(d) Licensor reserves the right to charge for time, at its then current hourly rate, and for long distance telephone toll charges, when such charges are incurred in relation to (i) aiding End User to recover from problems not directly related to the Licensed Software or other services excluded from coverage under these Maintenance and Support Terms and Conditions; or (ii) providing End User services listed in Section 2.3. By way of example and not in limitation of the foregoing, Licensor's services in connection with resolving hardware problems, including, but not limited to, problematic telephone lines, Internet connections, backup devices, or modems, including diagnosis or restoration of a system as a result of a hardware malfunction, shall be billable to End User requesting the same.

(e) At the time any services are requested which are billable by Licensor on a time and materials basis, Licensor shall notify End User that Licensor intends to charge for the same. All time and materials charges shall be invoiced by Licensor to End User.

2.4 Support of Previous Software Releases. For as long as these Terms and Conditions are in force and so long as End User is current with regards to its Maintenance and Support Services Fees, Licensor will provide Maintenance and Support Services to End User for old versions or releases of the Licensed Software for a period of one year after delivery to End User of the version or release that replaces the same. By way of example, if Licensor replaces a version 3.0 with a version 4.0, Licensor shall support version 3.0 for a period of one year after the date of delivery of version 4.0. In addition, if Licensor releases interim versions of the Licensed Software, such as version 3.1, 3.2, etc., Licensor shall support version 3.0 and all interim versions of 3.0 until such time as Licensor releases version 4.0 and that version has been available to End User for at least one year from the date of production (General Availability) date.

2.5 Shipment of Software Releases. At no charge to End User, Licensor will ship one copy of all Software Releases and accompanying Documentation, if any, to End User, FOB destination.

3. TERM AND RENEWAL; TERMINATION; REINSTATEMENT

3.1 Term and Renewal. Unless earlier terminated in accordance with the provisions of Section 4 of the License Agreement, Licensor shall provide Maintenance and Support Services hereunder to End User until the end of Normal Business Hours on March 31, 2016. Thereafter, after consultation with the Franchise Advisory Council, Big O may extend this period of Maintenance and Support Services for additional successive one-year periods (each, a "Renewal Period") as provided in the Master Software License Agreement; provided, however, that without the consent of Licensor, Big O may not extend the period of Maintenance and Support Services beyond three consecutive Renewal Periods.

3.2 Termination. Unless earlier terminated in accordance with the provisions of Section 4 of the License Agreement, this Schedule B shall terminate upon the termination or expiration of the Agreement.

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Schedule C

Form of Acceptance Certificate

ACCEPTANCE CERTIFICATE

Franchisee/End User: _____

Designated Location of the Franchisee/End User to which this Acceptance Certificate relates:

Big O Store No. _____
Address _____
_____

For purposes of the payment provisions set forth in Section 5 of the End User License Agreement (the "Agreement"), between the undersigned Franchisee/End User and DST Inc., a Solera company ("Licensor"), the undersigned Franchisee/End User hereby acknowledges and agrees that the Licensed Software has been installed at the above-identified Designated Location, data conversion has been completed, and the Licensed Software is ready to be used to process transactions at such Designated Location as of ___ _____, 20___ (the "Acceptance Date").

_____
Corporate Name of Franchisee/End User

By_____

Name:_____

Title: _____

Attachment A-1

End User License Agreement For Catalog Products

This End User License Agreement ("Agreement") is by and between DST Inc., a Solera company ("Reseller") and the licensee identified on the DST License Agreement of which this document is a part. The purpose of this Agreement is to define the terms and conditions for your acquisition and use of the Software Products and is effective on the date of the DST License Agreement.

1. DEFINITIONS.

a. "**Epicor**" means Epicor Software Corporation, which is a licensor of the Software Product to Reseller.

b. "**Database**" means the computerized databases and compilations of data licensed by Epicor and its third party licensors to Reseller for subsequent sublicense and distribution under these terms and the terms of the Reseller Agreement, including any updates or modifications thereto, provided by Reseller on selected media.

c. "**Designated Computer System**" means the specific computer hardware consisting of single computer central processing unit ("CPU") and operating system configuration on which Reseller Product and the Software Product is installed by Reseller and on which Licensee is permitted to use the Software Products.

d. "**Documentation**" means the written materials created by Epicor relating to the Software, Databases, and Equipment, as applicable, to be provided to Licensee.

e. "**Order**" means the order placed by Licensee with Reseller, and accepted by Epicor, for the Software Products.

f. "**Reseller Agreement**" means the Value Added Reseller Agreement entered into between Epicor and Reseller on March 1, 2006.

g "**Reseller Product**" means the DST software product developed and marketed by Reseller and integrated by Reseller with the Software Product.

h. "**Software**" means the specific version and release of Epicor's, and Epicor's third party licensor's, object-code computer software programs and Databases licensed to Reseller for subsequent sublicense and distribution under these terms and the terms of the Reseller Agreement.

i. "**Software Product**" means the Software and any related Documentation.

2. LICENSE GRANT & RESTRICTIONS.

a. **Grant**. Subject to the terms and conditions of this Agreement, including without limitation payment of the applicable fees set forth in an Order, Reseller grants to Licensee a personal, non-transferable, royalty bearing and non-exclusive license to use the specific version and release of the Software Products reflected on an Order for

Licensee's own internal business use on a Designated Computer System specified in such Order for (i) the number of devices (e.g., terminals, printers, modems) physically linked by dedicated cables to the CPU ("**Users**") as specified in an Order, (ii) the number of disk drives specified in an Order for the system type purchased by Licensee, and (iii) for the Licensee Site(s) specified in an Order.

b. **Restrictions**. Licensee shall not (i) permit any parent, subsidiaries, affiliated entities, or third parties to use the Software Product, (ii) process or permit to be processed the data of any other party by the Software Product, (iii) copy, distribute or modify, the Software Product or any portion thereof, (iv) sell, transfer, translate, modify, adapt, disassemble, decompile, reverse-assemble or reverse-engineer the Software Product, or any portion thereof or (v) allow electronic access to the Software Product by any third party not authorized by Epicor for such access. An additional license(s) is required and additional license fees must be paid for: (1) any additional User Site(s); (2) movement of the Designated Computer System authorized to utilize the licensed Software to a Site other than that specified in an Order; (3) additional disk drives; and (4) use of the Software on a Designated Computer System other than that specified in an Order. Licensee agrees to comply with and not modify, tamper with or make inoperative any feature which is incorporated in the Software Product to prevent unlicensed access to the Software Product. Access to licensed Software Products may be provided to Licensee via a hardware key ("**Key**"). Replacement Keys for lost or damaged Keys may be licensed from Reseller at Reseller's then-current prices.

c. **Additional Database Restrictions**. Licensee shall not utilize any part of the Database: (i) to reformat or modify any Database, (ii) to extract data from any Database except as necessary in connection with Licensee's licensed use of the Software Product; or (iii) to analyze or reverse engineer any file formats. Licensee may print out one copy of the discrete data elements resulting from the "look up" or inquiry to the Database, provided that Licensee (1) retains all copyright and other proprietary notices contained on any part of the Database, (2) upon conclusion of Licensee's internal use of such discrete data elements, Licensee immediately destroys any printed materials, (3) does not print a substantial portion of the Database, (4) does not aggregate discrete data elements from multiple transactions, or compile limited data sets, (5) does not incorporate such results into a module of another system or application, including without limitation into an estimation module, regardless of the technique (e.g., screen scraping, download, printing and re-entry or otherwise) used to obtain such Database or portion thereof, or (6) otherwise use such discrete data elements as a replacement for the Software Product. Licensee acknowledges that the Database is the confidential information of Epicor and its Licensor's and Licensee shall not disclose such discrete data elements or Database to any third parties or use such discrete data elements or Database for any purpose not expressly authorized in this Agreement. Licensee will take all commercially reasonable steps to prevent any unauthorized access, use or copying of any discrete data elements downloaded or printed.

d. **Additional VIN LookUp Restrictions.** To the extent your license set forth above extends to VIN LookUp products, VIN LookUp contains proprietary products and data of R.L. Polk & Co., which Epicor obtained under a license from R.L. Polk & Co.

Your use of VIN LookUp is subject to the terms of set forth herein, including the following restrictions.

i. VIN LookUp is licensed exclusively for your internal use. You may not grant access to VIN LookUp or its output to, or allow use of VIN LookUp or its output by, any third party and will take reasonable steps to prevent the unauthorized use of VIN LookUp, including without limitation use of unique user identification and password access for authorized employees. You will not disassemble, decompile, or reverse engineer VIN LookUp or the R.L. Polk & Co. products and data. You may not copy the VIN Lookup or any portion thereof except for backup purposes provided that any back up copies contain any proprietary legends and are marked as confidential. Licensee acknowledges that the VIN LookUp constitutes Confidential Information of Epicor and its licensors and is subject to the provisions of Section 6. Licensee shall hold, and cause its employees to hold VIN LookUp in strict confidence, shall take steps to prevent unauthorized use or disclosure and shall be liable for any unauthorized disclosure or use by its employees.

ii. You may use VIN LookUp only within the Software or to search the Database. The only data you may search for and obtain using VIN LookUp are the year, make, model, and vehicle attributes of an automobile. You are prohibited from using VIN LookUp for any other purposes, including but not limited to, (i) using VIN LookUp to search any catalogs or databases other than those provided to you by Epicor; (ii) enabling VIN LookUp for any customer or end user use, other than searching an Epicor catalog; (iii) using VIN LookUp to generate motor vehicle registration statistical reports, title statistics or vehicle population statistics derived from motor vehicle information; (iv) using VIN LookUp to create a substitute or parallel product; or (v) reselling, sublicensing, or otherwise disclosing VIN LookUp or VIN LookUp data to third parties.

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6. CONFIDENTIAL INFORMATION. Licensee understands and agrees that the Software Product consists of confidential, proprietary, and trade secret information of Reseller and its licensors, including without limitation Epicor ("**Confidential Information**"). During the term of this Agreement and at all times after its termination, Licensee agrees that it will not use the Confidential Information except in accordance with the terms and conditions of this Agreement, that it shall maintain the confidentiality of this information, and that it shall not sell, license, publish, display, distribute, disclose, or otherwise make available this information to any third party.

7. TERM & TERMINATION.

a. This Agreement shall begin on the Effective Date and continue in effect until terminated as provided herein.

b. In the event that Reseller's right to sublicense and /or distribute the Software Product as set forth in the Reseller Agreement terminates or expires for any reason or Reseller fails to pay amounts due under the Reseller Agreement, this Agreement and the licenses granted hereunder shall immediately terminate.

c. Should either party breach any provision of this Agreement and fail to remedy such breach within thirty (30) days of written notice thereof, the injured party may terminate this Agreement immediately, provided that a breach by Licensee of any restrictions contained in Sections 2(b), 2(c) or 2(d) or a breach of the confidentiality provisions of Section 6 shall be grounds for immediate termination without the opportunity to cure.

d. This Agreement shall terminate automatically and without notice, to the extent permitted by applicable law, in any of the following events: (i) Termination of the DST License Agreement; (ii) Licensee files a petition in bankruptcy (or is the subject of an involuntary petition in bankruptcy that is not dismissed within sixty (60) days after the effective filing date thereof); (iii) Licensee is or becomes insolvent; (iv) Licensee admits

of a general inability to pay its debts as they become due; or (v) Licensee makes an assignment for the benefit of creditors.

e. LICENSEE UNDERSTANDS AND AGREES THAT RESELLER OR ITS LICENSORS MAY ELECTRONICALLY ACCESS LICENSEE'S DESIGNATED COMPUTER SYSTEM TO DEACTIVATE SOFTWARE PRODUCTS IN THE EVENT OF TERMINATION OF THIS AGREEMENT.

f. In the event of termination of this Agreement, any license issued hereunder shall immediately terminate and Licensee shall return to Reseller all copies of the applicable Software Product and any portions thereof, any license Keys and any Confidential Information in Licensee's possession. Licensee shall certify in writing, at Reseller's request, that all existing copies of such materials have been returned or destroyed.

g. Upon termination or expiration of this Agreement for any reason, the following provisions shall continue and survive in full force and effect: Sections 2(e), 3, 4, 5, 6 and

8. GENERAL.

a. This Agreement, including any licenses and rights granted hereunder, may not be sold, leased, assigned, or otherwise transferred, in whole or in part, by Licensee without the prior written consent of Reseller and Epicor.

b. This Agreement is the sole and complete statement of the obligations of the parties as to the subject matter of this Agreement and supersedes all previous understandings, representations, negotiations and proposals with respect thereto. This Agreement may not be amended or modified except in writing duly signed by Licensee and an authorized representative of Reseller. In the event that any one or more provisions contained in this Agreement should for any reason be held to be unenforceable, such enforceability shall not affect any other provision of the Agreement, but the Agreement shall be construed as if such unenforceable provisions had not been contained herein.

c. Any waiver of any breach of this Agreement shall be in writing and signed by the non-breaching party and shall be limited to the particular instance described in the writing and shall not operate or be deemed to waive any future breach nor shall any delay on the part of either party to act upon any breach be deemed a waiver thereof.

d. LICENSEE AGREES THAT EPICOR SHALL BE A THIRD PARTY BENEFICIARY OF THIS AGREEMENT, AND ENTITLED TO FULLY ENFORCE THE RESTRICTIONS AND ENJOY THE FULL BENEFIT OF THE PROTECTIONS CONTAINED HEREIN. NOTWITHSTANDING THE FOREGOING, IN NO EVENT SHALL EPICOR BE RESPONSIBLE OR LIABLE FOR ANY OBLIGATION HEREUNDER.

e. All notices shall be in writing and sent by registered mail, return-receipt requested to the parties at their addresses set out on the reverse side hereof or such other address as they designate in writing.

f. Licensee agrees to provide Reseller and its licensors with electronic access to Licensee's Designated Computer System through Licensees telephone lines and modems without prior notice to monitor and enforce the terms of this Agreement.

EXHIBIT K-1

LIST OF FRANCHISEES

Business Name	Address	Store No	City	State	Zip	Phone
BORE / MPC, LLC	3672 WEST SUNSET AVE	3001	SPRINGDALE	AR	72762	479-756-0110
STEVEN L. LITTLE	3160 HWY 95	4074	BULLHEAD CITY	AZ	86442	928-758-5500
DV TIRES, LLC	1129 E FLORENCE BLVD	4163	CASA GRANDE	AZ	85222-4215	520-426-3099
GERMANN TIRE AND AUTO LLC	2550 GERMANN RD	4205	CHANDLER	AZ	85286	480-726-0077
THE MARTINEZ BROTHERS, INC.	1208 S STATE ROUTE 260	4053	COTTONWOOD	AZ	86326	928-634-0333
TJAE, LLC	2469 N WALGREEN ST	4185	FLAGSTAFF	AZ	86004	928-527-0773
BILBREY ENTERPRISES, INC.	11429 N SAGUARO BLVD	4170	FOUNTAIN HILLS	AZ	85268	480-836-1680
TONY WILLIAMS	3465 E BASELINE	4194	GILBERT	AZ	85234	480-892-0903
TJ AUTOMOTIVE, LLC	750 S LINDSAY RD	4187	GILBERT	AZ	85296	480-633-2446
GADOCAN TIRE, LLC	5115 W PEORIA AVE	4162	GLENDALE	AZ	85302	623-937-3042
ALDOROSE TIRES, INC.	6195 W BELL RD	4155	GLENDALE	AZ	85308	602-547-0526
RICKY & DIANE ENTERPRISES, INC.	1790 N BROAD ST	4178	GLOBE	AZ	85501	928-425-8222
GVBO, INC.	1976 N LACANOA	4018	GREEN VALLEY	AZ	85614	520-625-9414
THE BENSON FAMILY AB LIVING TRUST	1942 E ANDY DEVINE AVE	4058	KINGMAN	AZ	86401	928-753-2431
MILESTONE LAKE HAVASU, INC.	1625 COUNTRYSHIRE AVE	4066	LAKE HAVASU CITY	AZ	86403	928-680-7555
MARICOPA TIRE & AUTO, LLC	44500 W EDISON RD	4191	MARICOPA	AZ	85239-0000	520-568-1460
WALL TIRE 1, INC.	4243 E MAIN ST	4149	MESA	AZ	85205	480-854-3577
BUDGET TIRES & SERVICE, INC.	1738 S CRISMON RD	4171	MESA	AZ	85209	480-545-5369
GEG TIRES, INC.	6915 E BASELINE RD	4156	MESA	AZ	85209	480-830-1118
MCKELLIPS TIRE & AUTO, LLC	6702 E MCKELLIPS RD	4197	MESA	AZ	85215	480-924-4000
MTM ORACLE, LLC	10885 N ORACLE RD	4151	ORO VALLEY	AZ	85737	520-544-2525
CHARLES D. HEPWORTH	760 ELM ST	4041	PAGE	AZ	86040	928-645-2608
MARTINEZ BROTHERS TIRES, INC.	901 BEELINE HWY S	4160	PAYSON	AZ	85541-5413	928-474-8441
BIG O TIRES, LLC	9864 N 91ST AVE	4189	PEORIA	AZ	85345-8305	623-878-5480
JT AUTOMOTIVE, LLC	720 E BASELINE RD	4169	PHOENIX	AZ	85042	602-243-6255
HOLMES ENTERPRISES LLC	2248 W BELL RD	4184	PHOENIX	AZ	85023	602-866-7558
HAPPY VALLEY ROAD TIRES, LLC	1975 W HAPPY VALLEY RD	4200	PHOENIX	AZ	85085	623-516-2446
NESHOBE TIRE, LLC	21029 N CAVE CREEK RD	4195	PHOENIX	AZ	85024	602-867-1811
FOOTHILLS TIRE & SERVICE II, LLC	15625 S DESERT FOOTHILLS PKWY	4207	PHOENIX	AZ	85048-8463	480-460-6319
BIG O TIRES, LLC	4702 E THUNDERBIRD RD	4196	PHOENIX	AZ	85032	602-765-1950
FOOTHILLS TIRE & SERVICE, LLC	4832 E WARNER RD	4203	PHOENIX	AZ	85044	480-785-4518
BIG O TIRES, LLC	2510 N 75TH AVE	4190	PHOENIX	AZ	85035	623-846-0112
J & S TIRES AND SERVICE, INC.	1315 IRON SPRINGS RD	4022	PRESCOTT	AZ	86305	928-776-1111
SR DEVELOPMENT, LLC	7690 E HWY 69	4209	PRESCOTT VALLEY	AZ	86314	928-772-1176
BFG TIRES & SERVICES, LLC	7385 S POWER RD	4199	QUEEN CREEK	AZ	85242	480-279-1777
JOHNSON RANCH TIRE & AUTO, LLC	1360 W HUNT HWY	4204	SAN TAN VALLEY	AZ	85143	480-882-1600
AMG SCOTTSDALE TIRE COMPANY, L.L.C.	7630 E MCDOWELL RD	4138	SCOTTSDALE	AZ	85257	480-946-2531
SANDLEWOOD, INC.	2985 W HWY 89A	4091	SEDONA	AZ	86336-5113	928-282-8920
SHOW LOW TIRES, INC.	1781 E DEUCE OF CLUBS	4104	SHOW LOW	AZ	85901	928-537-2740
COCHISE TIRES, LLC	1988 S HWY 92	4146	SIERRA VISTA	AZ	85635	520-458-0255
DMS ENTERPRISES, INC.	17039 BOSWELL BLVD	4076	SUN CITY	AZ	85373	623-974-5701
AMG ENTERPRISES, L.L.C.	2020 S RURAL RD	4083	TEMPE	AZ	85282	480-968-3995
THE AUTO SPA, INC.	2185 W HWY 70	4183	THATCHER	AZ	85552	928-428-3366
JORRY, LLC	3716 S 6TH AVE	4212	TUCSON	AZ	85713	520-624-0680
R.B.O. INC.	1502 S ALVERNON WY	4036	TUCSON	AZ	85711	520-325-2656
TUCSON TIRE CENTER, INC.	1815 W VALENCIA RD	4120	TUCSON	AZ	85746	520-294-6419
JORRY, LLC	7140 E GOLF LINKS RD	4211	TUCSON	AZ	85730	520-745-0271

Business Name	Address	Store No	City	State	Zip	Phone
R.B.O., INC.	1669 N WILMOT	4039	TUCSON	AZ	85712	520-886-1251
M.M.J., INC.	6627 N THORNYDALE RD	4084	TUCSON	AZ	85741	520-544-2400
TUCSON TIRE CENTER, INC.	2445 N SILVERBELL RD	4213	TUCSON	AZ	85745	520-792-9000
TEMOR TIRES, L.P.	540 E WICKENBURG WY	4166	WICKENBURG	AZ	85390	928-668-0100
J.S.V.G., INC.	10517 E S FRONTAGE RD	4106	YUMA	AZ	85365	928-342-5535
J.S.V.G., INC.	2975 S PACIFIC AVE	4006	YUMA	AZ	85364	928-344-2702
GJ & GK PARTNERSHIP	1200 PARK ST	5020	ALAMEDA	CA	94501	510-521-7873
SOUTHLAND TIRE & SERVICE, INC	27812 ALISO CREEK RD, E-100	5838	ALISO VIEJO	CA	92656-3824	949-362-4225
PERFORMANCE GROUP INDUSTRIES, INC.	2021 E LA PALMA RD	5714	ANAHEIM	CA	92806	714-502-0644
CASE - ESTES PARTNERSHIP	412 E 18TH ST	5006	ANTIOCH	CA	94509	925-757-6420
KIKIW CORPORATION	6911 WHITE LN	5759	BAKERSFIELD	CA	93309	661-827-9888
DREWW CORPORATION	2502 MING AVE	5760	BAKERSFIELD	CA	93304	661-831-3349
NOKID CORPORATION	3215 MALL VIEW RD	5762	BAKERSFIELD	CA	93306	661-872-4600
NOLANWESLEY CORPORATION	3648 COFFEE RD	5761	BAKERSFIELD	CA	93308	661-588-1920
BIG O TIRES, LLC	9075 ARTESIA BLVD	5801	BELLFLOWER	CA	90706-6202	562-461-8575
ASHER-DOLLE GROUP III	415 MILITARY E	5241	BENICIA	CA	94510	707-745-0244
BIG O TIRES, LLC	2625 SAN PABLO AVE	5094	BERKELEY	CA	94702	510-843-9633
VJR CORPORATION	42098 WASHINGTON ST	5729	BERMUDA DUNES	CA	92203	760-200-9005
RJR CORPORATION	210 N BREA BLVD	5560	BREA	CA	92821	714-529-7602
JEFFREY S. RENNER	8040 BRENTWOOD BLVD	5081	BRENTWOOD	CA	94513	925-634-4344
BILL WINDHAM, INC.	3321 DUROCK RD, STE A	5085	CAMERON PARK	CA	95682	530-676-2446
BARNETT MOTORSPORTS, INC.	21311 VANOWEN ST	5787	CANOGA PARK	CA	91303	818-884-9497
STORMS TIRE & AUTO INC.	2615 STATE ST	5830	CARLSBAD	CA	92008-1627	760-720-5212
TERBERG TUCKER, INC.	21932 S AVALON BLVD	5738	CARSON	CA	90745	310-835-5606
CUZA CORPORATION	68365 RAMON RD	5609	CATHEDRAL CITY	CA	92234	760-328-1828
BIG O TIRES, LLC	14135 PIPELINE AVE	5803	CHINO	CA	91710-5618	909-548-6682
FREELAND, INC.	399 BROADWAY	5777	CHULA VISTA	CA	91910	619-426-6520
RESA - EGV PARTNERSHIP	1440 A CONCORD AVE	5027	CONCORD	CA	94520	925-676-1200
REIMANN, SKOLL & ASHER PARTNERSHIP	3572 CLAYTON RD	5016	CONCORD	CA	94520	925-676-0900
BIG O TIRES, LLC	1002 W 6TH ST	5804	CORONA	CA	92882-3117	951-735-2430
GOLDEN WEST TIRE CENTERS, LLC	322 E 17TH ST	5837	COSTA MESA	CA	92627-3206	949-642-4131
BIG O TIRES, LLC	6052 CERRITOS AVE	5807	CYPRESS	CA	90630-4828	714-826-6334
ASHER, ASHER, DOLLE, CHERRY & WINDHAM	155 W LINDA MESA AVE	5073	DANVILLE	CA	94526	925-831-8331
TED J. CHAMBERS, INC.	1513 5TH ST	5021	DAVIS	CA	95616	530-753-7900
BIG O TIRES, LLC	14010 PALM DR	5788	DESERT HOT SPRINGS	CA	92240-6846	760-251-3444
CCM	7121 DUBLIN BLVD	5007	DUBLIN	CA	94568	925-829-1950
MEC, LLC	4640 POST ST	5100	EL DORADO HILLS	CA	95762	916-939-6700
GRANT GUNNELL ENTERPRISES #34	9720 ELK GROVE-FLORIN RD	5034	ELK GROVE	CA	95624	916-686-4627
CALVINE NO. 87, LLC	8022 ORCHARD LOOP LN	5087	ELK GROVE	CA	95624-3455	916-689-6700
OCEAN TIRES, INC.	1795 E VALLEY PKWY	5639	ESCONDIDO	CA	92027	760-741-2076
FAIRFIELD #5023, INC.	2349 N TEXAS ST	5023	FAIRFIELD	CA	94533	707-427-8474
BOT FAIRFIELD	1129 N TEXAS ST	5015	FAIRFIELD	CA	94533	707-429-2677
GJ & GK PARTNERSHIP	38623 FREMONT BLVD	5002	FREMONT	CA	94536	510-790-2444
BIG O TIRES, LLC	6053 N BLACKSTONE AVE	5244	FRESNO	CA	93710	559-436-6372
BLACK DONUTS, INC.	1201 S CENTRAL AVE	5734	GLENDALE	CA	91204	818-548-1788
DENTON ENTERPRISES, INC.	1115 HEALDSBURG AVE	5076	HEALDSBURG	CA	95448	707-433-6644

Business Name	Address	Store No	City	State	Zip	Phone
GOLDEN WEST TIRE CENTERS, LLC	19411 BEACH BLVD	5833	HUNTINGTON BEACH	CA	92648-2503	714-536-7571
SKR INVESTMENTS, INC	8767 IRVINE CENTER DR, STE A	5769	IRVINE	CA	92618	949-585-9022
E&A ASSOCIATES, INC.	7589- A EL CAJON BLVD	5589	LA MESA	CA	91941	619-667-6767
BIG O TIRES, LLC	13920 VALLEY VIEW AVE	5811	LA MIRADA	CA	90638-3503	562-946-5855
CEA TIRES, INC.	3328- A&B MT DIABLO BLVD	5003	LAFAYETTE	CA	94549	925-283-2258
K G ELLISON COMPANIES, INC.	150 - A CAMPBELL ST	5783	LAKE ELSINORE	CA	92530	951-245-3555
GOLDEN WEST TIRE CENTERS, LLC	20742 LAKE FOREST DR, UNIT C-3	5834	LAKE FOREST	CA	92630-7795	949-462-9088
JAM PARTNERSHIP	4025 FIRST ST	5252	LIVERMORE	CA	94551-4911	925-373-0660
ALBERT A. BELTRAN	1625 E LAUREL AVE	5674	LOMPOC	CA	93436	805-736-0187
GOLDEN WEST TIRE CENTERS, LLC	1181 E PACIFIC COAST HWY	5826	LONG BEACH	CA	90806	562-489-2000
T&T THOUSAND OAKS, INC.	11057 SAN FERNANDO RD	5780	LOS ANGELES	CA	91331	818-896-9080
ALI ETADALI	11470 GATEWY BLVD	5768	LOS ANGELES	CA	90064	310-479-4899
KJEJ CORPORATION	2245 W CLEVELAND AVE	5181	MADERA	CA	93637	559-673-3530
ROSSON AND ASSOCIATES	1261 W 18TH ST	5136	MERCED	CA	95340	209-384-3295
ALAN W. WHITE	3501 YOSEMITE BLVD	5134	MODESTO	CA	95357	209-524-2446
MONTANEZ ENTERPRISES, LTD.	4237 MCHENRY AVE	5130	MODESTO	CA	95356	209-527-6248
BIG O TIRES, LLC	40420 CALIFORNIA OAKS RD	5813	MURRIETA	CA	92562-5828	951-600-0160
SF TIRE & SERVICE CENTERAL INC	442 SOSCOL AVE	5256	NAPA	CA	94559	707-255-2535
WILLIAM D. HARTWICK	949 W BROADWAY	5671	NEEDLES	CA	92363	760-326-3885
MOW LLC	35255 NEWARK BLVD	5175	NEWARK	CA	94560	510-794-5622
MIRGHANBARI ENTERPRISES, INC.	7427 REDWOOD BLVD	5217	NOVATO	CA	94945	415-892-7585
WEST MAC NO. 83, LLC	810 W MACARTHUR BLVD	5083	OAKLAND	CA	94608	510-653-0119
GOLDEN WEST TIRE CENTERS, LLC	1825 E KATELLA AVE	5824	ORANGE	CA	92867-5106	714-538-0016
BIG O TIRES, LLC	3008 OLIVE HWY, UNITS A&B	5246	OROVILLE	CA	95966	530-533-5141
MOWL ENTERPRISES, INC.	5995 SKYWAY	5215	PARADISE	CA	95969	530-872-1385
T&T PASADENA, INC.	112 S ROSEMEAD BLVD	5736	PASADENA	CA	91107	626-793-6410
RANDY W. SCOTT	516 E WASHINGTON ST	5070	PETALUMA	CA	94952	707-765-2500
BIG O TIRES NO. 84	700 BELMONT WY	5084	PINOLE	CA	94564	510-724-9444
RESA/EGV PARTNERSHIP	1500 N PARK BLVD	5011	PITTSBURG	CA	94565	925-432-3883
DORADO TIRE & AUTO, INC.	85 PLACERVILLE DR	5251	PLACERVILLE	CA	95667	530-622-6956
BIG O TIRES, LLC	1845 CONTRA COSTA BLVD	5248	PLEASANT HILL	CA	94523	925-825-8203
CHERRY BROTHERS, INC. II	3688 A WASHINGTON ST	5024	PLEASANTON	CA	94566	925-462-7650
G & G 2000, INC.	12947 POWAY RD	5752	POWAY	CA	92064	858-486-2446
WEST COAST TAYLORS, INC.	8850 ARCHIBALD AVE	5660	RANCHO CUCAMONGA	CA	91730	909-948-0111
BKJBOT, INC.	377 E CYPRESS AVE	5058	REDDING	CA	96002	530-221-2233
FREELAND, INC.	2310 EL CAMINO REAL	5230	REDWOOD CITY	CA	94063	650-366-2446
FIVE STAR PARTNERSHIP	12952 SAN PABLO AVE	5008	RICHMOND	CA	94805	510-234-1721
4-LIFE TIRE	23930 SUNNYMEAD BLVD	5673	MORENO VALLEY	CA	92553	951-242-8300
THOMAS P SULLIVAN	5979 COMMERCE BLVD #1	5074	ROHNERT PARK	CA	94928	707-584-4880
BIG O TIRES, LLC	199 S HARDING BLVD, STE A	5233	ROSEVILLE	CA	95678	916-784-2219
BILL WINDHAM INC.	1615 L ST	5086	SACRAMENTO	CA	95814	916-443-2900
BCR TIRE ENTERPRISES, INC.	5555 STOCKTON BLVD	5164	SACRAMENTO	CA	95820	916-452-1414
ASH/DOL/ASH/WINDHAM/DANN	5701 FOLSOM BLVD	5039	SACRAMENTO	CA	95819	916-452-5946
BIG O TIRES, LLC	927 EL CAMINO REAL	5816	SAN CLEMENTE	CA	92672-4650	949-492-5543
BIG O TIRES, LLC	12093 SCRIPPS SUMMIT DR	5817	SAN DIEGO	CA	92131	858-577-0667
GARMO & SONS, INC.	1106 GARNET AVE	5688	SAN DIEGO	CA	92109	858-490-0409

Business Name	Address	Store No	City	State	Zip	Phone
HARLEY ENTERPRISES, INC.	14365 PENASQUITOS DRIVE	5829	SAN DIEGO	CA	92129	858-672-7121
JOHN GARDINER AUTOMOTIVE, INC.	1023 MISSION ST	5178	SAN FRANCISCO	CA	94103	415-626-2446
FREELAND, INC.	3040 GEARY BLVD	5253	SAN FRANCISCO	CA	94118	415-751-2577
BIG AUTO SERVICE CENTER, INC.	1509 PARKMOOR AVE	5236	SAN JOSE	CA	95128	408-286-8473
TOSCANO & MCKELLAR, LLC	15241 WASHINGTON AVE	5177	SAN LEANDRO	CA	94579	510-357-8473
TOSCANO & MCKELLAR, LLC	2201 WASHINGTON AVE	5017	SAN LEANDRO	CA	94577	510-351-5022
BIG O TIRES, LLC	1286 SAN MARCOS BLVD #100	5782	SAN MARCOS	CA	92078	760-471-6576
SPOORENBERG, INC.	2160 EL CAMINO REAL	5227	SAN MATEO	CA	94403	650-212-2446
SAN RAMON NO. 108, LLC	2089 CAMINO RAMON	5108	SAN RAMON	CA	94583	925-355-9500
GOLDEN WEST TIRE CENTERS, LLC	3365 S BRISTOL ST	5835	SANTA ANA	CA	92704	714-545-2879
GOLDEN WEST TIRE CENTERS, LLC	1302 E 17TH ST	5836	SANTA ANA	CA	92705-8536	714-541-6811
BIG O TIRES, LLC	23510 VALENCIA BLVD	5785	SANTA CLARITA	CA	91355-1777	661-259-7498
SPOORENBERG, INC.	1219 SOQUEL AVE	5240	SANTA CRUZ	CA	95062	831-429-9989
IRWIN LEE DAVID CORP.	872 4TH ST	5026	SANTA ROSA	CA	95404	707-528-2446
FREELAND, INC.	742 S MAIN ST	5254	SEBASTOPOL	CA	95472	707-829-9864
XPRESS AUTO SERVICES, INC.	796 E MONO WY	5243	SONORA	CA	95370	209-536-9210
JON E. CARLSON	2935 RIVERSIDE DR	5067	SUSANVILLE	CA	96130	530-257-5549
DL CHASE, INC.	18440 VENTURA BLVD	5698	TARZANA	CA	91356	818-881-8414
BIG O TIRES, LLC	40525 WINCHESTER RD	5820	TEMECULA	CA	92591-5506	951-296-9070
GOLDEN WEST TIRE CENTERS, LLC	3635 PACIFIC COAST HWY	5828	TORRANCE	CA	90505	310-378-6700
TRIFORCE SOLUTIONS, INC.	1129 W 11TH ST	5221	TRACY	CA	95376	209-836-2683
GOLDEN WEST TIRE CENTERS, LLC	131 E FIRST ST	5825	TUSTIN	CA	92780-3246	714-544-9431
VICTOR VIGIL, INC.	1020- A N STATE ST	5077	UKIAH	CA	95482	707-462-1126
BIG O TIRES, LLC	1221 E MONTE VISTA AVE	5247	VACAVILLE	CA	95688	707-447-3351
DOLLE, ASHER, ASHER & WINDHAM PARTNERSHIP	2155 N BROADWAY ST	5060	WALNUT CREEK	CA	94596	925-937-5873
GROSECLOS ENTERPRISES, INC.	2150 HWY 46	5677	WASCO	CA	93280	661-758-5252
TIRE STORE 40, INC.	220 W MAIN ST	5040	WOODLAND	CA	95695	530-662-9106
LA POINTE CORPORATION	17111 IMPERIAL HWY	5596	YORBA LINDA	CA	92886	714-579-7966
TOKAH INC.	57672 TWENTY-NINE PALMS HWY	5779	YUCCA VALLEY	CA	92284	760-369-6791
ARVADA INVESTMENTS, LLC	9595 W 58TH AVE	6234	ARVADA	CO	80004	303-421-2881
DMAC, INC.	6510A INDIANA ST	6247	ARVADA	CO	80007	303-996-0001
CAK ENTERPRISES LLC.	15320 E ILIFF	6248	AURORA	CO	80013-1032	303-337-9631
FOUNTAIN INVESTMENTS, INC.	1770 S HAVANA ST	6074	AURORA	CO	80012	720-449-0390
TOWER ENTERPRISES, LLC	18431 E HAMPDEN AVE	6216	AURORA	CO	80013	303-766-5500
BVLYNNCO INVESTMENTS, LLC	22994 E SMOKY HILL RD	6212	AURORA	CO	80016	303-680-5500
VAIL VALLEY TIRE CENTER, LLC	41121 HWY 6 - P.O. BOX 9204	6218	AVON	CO	81620-9204	970-845-8473
CRYSTAL VALLEY TIRE CENTER, INC.	100 SOUTHSIDE DR	6070	BASALT	CO	81621	970-927-3038
LEEDS WEST TIRE GROUP, INC	3000 VALMONT RD	6244	BOULDER	CO	80301-2115	303-449-5393
LEEDS WEST TIRE GROUP, INC	593 SUMMIT BLVD	6245	BROOMFIELD	CO	80021	303-951-6000
CANADY'S TIRE CORP.	6430 W 120TH AVE	6158	BROOMFIELD	CO	80020	303-466-4117
TOAB, LLC	3030 E MAIN ST	6173	CANON CITY	CO	81212	719-269-8000
JRAM, INC.	508 E CASTLE PINES PKWY	6219	CASTLE PINES	CO	80108	720-733-1707
V AND E TIRES INCORPORATED	750 S PERRY ST	6129	CASTLE ROCK	CO	80104	303-688-8804
LEEDS WEST TIRE GROUP, INC	6711 S POTOMAC ST	6242	CENTENNIAL	CO	80112	303-790-2446
SPIEWAK TIRES	8110 S UNIVERSITY BLVD	6126	CENTENNIAL	CO	80122	303-694-4700
CSG AUTOMOTIVE, INC.	1611 S NEVADA AVE	6190	COLORADO SPRINGS	CO	80906	719-473-7089

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FILLMORE TIRE, INC.	806 E FILLMORE ST	6042	COLORADO SPRINGS	CO	80907	719-520-0722
COLORADO AUTOMOTIVE SERVICES, INC.	5820 OMAHA BLVD	6146	COLORADO SPRINGS	CO	80915	719-550-1840
LONE STAR INVESTMENTS, LLC	3575 HARTSEL DR	6222	COLORADO SPRINGS	CO	80920	719-268-9988
PRYOR, INC.	4496 AUSTIN BLUFFS PKWY	6223	COLORADO SPRINGS	CO	80918	719-599-4555
THE RUBBER ROOM, INC.	26237 CONIFER RD	6171	CONIFER	CO	80433	303-816-7088
ANS, INC.	1856 E MAIN ST	6168	CORTEZ	CO	81321	970-565-3633
WALKING L, INC.	1111 W VICTORY WY, STE 128	6241	CRAIG	CO	81625	970-824-2446
DELTA TIRE CENTER, LLC	111 GUNNISON RIVER DR	6197	DELTA	CO	81416	970-874-0580
MKA VENTURES, LLC	1940 S FEDERAL BLVD	6045	DENVER	CO	80219	303-934-5831
PEORIA INVESTMENTS, LLC	4695 PEORIA ST	6231	DENVER	CO	80239	303-307-0331
HALFMOON MANAGEMENT CO., INC.	7500 PECOS ST	6194	DENVER	CO	80221	303-427-9151
COLFAX INVESTMENTS, LLC	5405 E COLFAX AVE	6228	DENVER	CO	80220	303-355-3551
LA PLATA TIRE, INC.	1210 ESCALANTE DR	6076	DURANGO	CO	81303	970-247-2146
ELIZABETH PRAIRIE TIRES, LLC	140 ELIZABETH ST	6210	ELIZABETH	CO	80107-7575	303-646-6442
TWIN SISTERS TIRE, LLC	1633 RAVEN AVE, UNIT B	6225	ESTES PARK	CO	80517	970-586-8085
ASCO TIRES, LLC	3325 S 23RD AVE	6170	EVANS	CO	80620	970-330-8115
611 HOLDINGS, INC.	29032 CROSSROADS RD	6238	EVERGREEN	CO	80439	303-526-1100
COLLEGE TIRE, INC.	1506 N COLLEGE AVE	6150	FORT COLLINS	CO	80524	970-493-3356
KOLDENHOVEN ENTERPRISES, INC.	6650 CAMDEN BLVD	6051	FOUNTAIN	CO	80817	719-392-4203
WEST SLOPE AUTO LLC	820 N SUMMIT BLVD	6156	FRISCO	CO	80443	970-668-1446
MASON STREET TIRE, LLC	4245 S MASON ST	6220	FT. COLLINS	CO	80525	970-223-0415
SNOWY MOUNTAIN TIRE CENTER, L.L.P.	51079 HWY 6	6066	GLENWOOD SPRINGS	CO	81601	970-945-8550
GOLDEN ROAD INVESTMENTS, LLC	17503 S GOLDEN RD	6237	GOLDEN	CO	80401	303-273-2999
GRAND VALLEY TIRE CENTER, LLP	2462 HWY 6 & 50	6064	GRAND JUNCTION	CO	81505	970-243-4040
GRAND VALLEY TIRE CENTER, LLP	2894 N AVE	6065	GRAND JUNCTION	CO	81501	970-243-2440
GRAND VALLEY TIRE CENTER, LLP	215 N 3RD STREET	6243	GRAND JUNCTION	CO	81501	970-243-1188
LEEDS WEST TIRE GROUP, INC	8151 E ARAPAHOE RD	6240	GREENWOOD VILLAGE	CO	80112	303-267-0055
J&H ENTERPRISES, INC.	9009 W COLFAX AVE	6090	LAKEWOOD	CO	80215	303-232-0797
BJM INVESTMENTS, INC.	320 S UNION	6067	LAKEWOOD	CO	80228	303-989-3755
2ND CHANCE INVESTMENTS, LLC	9875B REMINGTON PL	6235	LITTLETON	CO	80128	303-347-8806
LEEDS WEST TIRE GROUP, INC	9973 W BOWLES AVE	6249	LITTLETON	CO	80123	303-978-1970
MYKLYN TIRES, INC.	1205 S MAIN ST	6125	LONGMONT	CO	80501	303-772-1462
RJS TIRE, INC.	1301 S BOULDER RD	6127	LOUISVILLE	CO	80027	303-666-8665
DALA TIRES, INC.	2480 N LINCOLN AVE	6088	LOVELAND	CO	80538	970-667-6074
MONTROSE TIRE CENTER, LLC	1900 S TOWNSEND AVE	6198	MONTROSE	CO	81401	970-240-6963
LONE STAR INVESTMENTS, LLC	650 HWY 105	6160	MONUMENT	CO	80132	719-488-2299
HIGH POCKET VENTURES, LLC	690 E 120TH AVE	6205	NORTHGLENN	CO	80233	303-457-1604
PARKER PINES, LLC	10431 PARKGLENN WY	6246	PARKER	CO	80138-3054	303-840-2800
BRADM, LLC	430 EAGLERIDGE BLVD	6159	PUEBLO	CO	81008	719-546-9820
PARTS DEPOT OF SALIDA, INC.	5570 E HWY 50	6162	SALIDA	CO	81201	719-539-3585
104TH STREET INVESTMENTS, LLC	3740 E 104TH AVE	6221	THORNTON	CO	80233	303-450-3393
WD'S VENTURE, LLC	2803 TOUPAL DR	6195	TRINIDAD	CO	81082	719-846-0800
BLAKE ENTERPRISES, LLC	9491 W 44TH AVE #105	6038	WHEATRIDGE	CO	80033	303-425-5545
121 EAST MIDLAND AVENUE, LLC	555 CHESTER AVE	6180	WOODLAND PARK	CO	80863	719-687-6682
SG TIRES, LLC	3193 E 17TH ST	12989	AMMON	ID	83406	208-523-4465
M & J TIRES, INC.	1422 MAIN ST	12200	BOISE	ID	83702	208-342-5525

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T & T TIRES, INC.	7199 FAIRVIEW AVE	12483	BOISE	ID	83704	208-376-3422
DALE HORTON, INC.	2013 BROADWAY AVE	12741	BOISE	ID	83706	208-345-7228
NORTHWEST TIRE 7 WHEEL INC.	4602 W STATE ST	12742	BOISE	ID	83703	208-336-4332
EAGLE TIRE, INC.	2948 STATE ST	12665	EAGLE	ID	83616-6228	208-938-5480
B & G TIRE, INC.	265 NORTHGATE MILE	12666	IDAHO FALLS	ID	83404	208-523-5544
KEN'S TIRE, INC.	216 E FAIRVIEW AVE	12515	MERIDIAN	ID	83642	208-888-1563
DAN'S BIG O TIRES, INC	1222 CALDWELL BLVD	12240	NAMPA	ID	83651	208-467-2123
SNAKE RIVER HOLDINGS, LLC	731 N 5TH AVE	12987	POCATELLO	ID	83201	208-232-3764
STONE CITY TIRE, INC.	1420 JAMES AVE	14015	BEDFORD	IN	47421	812-275-3100
BROWNSBURG/TRAMMEL, LLC	5 COMMERCE DR	14041	BROWNSBURG	IN	46112	317-858-9800
SK-AM, INC.	1209 EASTERN BLVD	14010	CLARKSVILLE	IN	47129	812-948-2321
K & D TIRES, INC.	1969 GARDNER LN	14081	CORYDON	IN	47112	812-738-8282
BIG O TIRES, LLC	5707 W 86TH ST	14079	INDIANAPOLIS	IN	46278	317-334-9999
THE M.G. SCOTT GROUP, LLC	642 3RD AVE	14071	JASPER	IN	47546-3601	812-482-5402
JTB TIRES, INC.	1502 E TENTH ST	14080	JEFFERSONVILLE	IN	47130-4530	812-282-2325
ROMACK BROTHERS, INC.	2471 N LEBANON ST	14068	LEBANON	IN	46052	765-482-6818
T M S, INC.	215 CLIFTY DR	14025	MADISON	IN	47250	812-273-5463
SYATT CORP.	540 STATE RD 67 S	14046	MOORESVILLE	IN	46158	317-834-6840
B&T TIRES, INC.	2245 STATE ST	14024	NEW ALBANY	IN	47150	812-949-0736
RBCG, LLC	601 S MEMORIAL DR	14067	NEW CASTLE	IN	47362	765-529-4874
BOT SERVICES, INC.	2668 E MAIN ST	14069	PLAINFIELD	IN	46168	317-837-1552
TRI STATE TIRES, INC.	3012 W BROADWAY	14065	PRINCETON	IN	47670	812-385-4488
TIRE WORKSHOP, INC.	1621 W MCCLAIN AVE	14082	SCOTTSBURG	IN	47170	812-752-2118
SEYMOUR TIRE & WHEEL CENTER INC.	420 CIRCLE ST	14078	SEYMOUR	IN	47274	812-522-6611
KELLER'S AUTOMOTIVE RUSTPROOFING SERVICES, INC.	2909 S 3RD PL	14072	TERRE HAUTE	IN	47802	812-478-3300
HT TIRE, INC.	203 SE 3RD ST	14059	WASHINGTON	IN	47501	812-254-3001
REX'S TIRE CENTER	331 E MAIN ST	16001	GARDNER	KS	66030	913-884-7597
T&M TIRE & AUTOMOTIVE, INC.	4661 W 6TH ST	16007	LAWRENCE	KS	66049	785-830-9090
TRYON AUTOMOTIVE, INC.	2735 SW WANAMAKER RD	16005	TOPEKA	KS	66614	785-271-0194
TAFT INCORPORATED	618 BLOOMFIELD RD	17079	BARDSTOWN	KY	40004	502-348-0880
H & H MARKETING, INC.	333 BROADWAY ST	17008	BRANDENBURG	KY	40108-1145	270-422-3977
POWERS 16, INC.	1112 N DIXIE HWY	17016	ELIZABETHTOWN	KY	42701	270-737-1990
R.N.HENDERSON CO.	9 CARSON PL	17022	FRANKFORT	KY	40601	502-223-8515
POWERS 19, INC.	1016 OLD HWY 60	17019	HARDINSBURG	KY	40143	270-756-6211
MBM TIRES, INC.	9414 TAYLORSVILLE RD	17004	JEFFERSONTOWN	KY	40299	502-267-7440
GTK, INC.	900 S HWY 53	17026	LAGRANGE	KY	40031	502-222-4777
BET, INC.	773 W MAIN ST	17088	LEBANON	KY	40033	270-692-1013
POWERS #11, INC	609 MILL ST	17089	LEITCHFIELD	KY	42754	270-259-5755
JOSEPH BRAD INC.	3623 LEXINGTON RD	17001	LOUISVILLE	KY	40207	502-896-8441
TYRE ENTERPRISES, INC.	7935 FEGENBUSH LN	17017	LOUISVILLE	KY	40228	502-239-4040
D. S. POWERS, INC.	12614 DIXIE HWY	17002	LOUISVILLE	KY	40272-4716	502-937-3885
MINT, INC.	4413 CANE RUN RD	17005	LOUISVILLE	KY	40216	502-447-9633
GOODWIN'S TIRES, INC.	195 OUTER LOOP	17007	LOUISVILLE	KY	40214	502-361-3543
BI-MARK, INC.	6101 OLD SHEPHERDSVILLE RD	17014	LOUISVILLE	KY	40228	502-966-3101
D&H JOINT VENTURES, INC.	4922 PRESTON HWY	17086	LOUISVILLE	KY	40213	502-968-5454
GRA-PEL, INC.	3751 PAMELA RAE DR	17083	LOUISVILLE	KY	40241	502-412-1119

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B & B ENTERPRISES, INC.	268 MARKET PLACE DR	17085	LOUISVILLE	KY	40229	502-955-1320
HAAM, INC.	11910 SHELBYVILLE RD	17006	MIDDLETOWN	KY	40243	502-245-9126
PG #9, INC.	1470 N DIXIE HWY	17009	RADCLIFF	KY	40160	270-351-1133
SBO, INC.	2231 SHELBYVILLE RD	17087	SHELBYVILLE	KY	40065	502-633-2135
BULLITT COUNTY TIRES, INC.	615 N BUCKMAN ST	17015	SHEPHERDSVILLE	KY	40165	502-543-3041
BORE/MPC, LLC	153 E HWY 54	25013	CAMDENTON	MO	65020-0000	573-346-8473
BORE/MPC, LLC	2300 BUSINESS LOOP 70 E	25001	COLUMBIA	MO	65201	573-449-2457
BORE/MPC, LLC	3915 PEACHTREE DR	25002	COLUMBIA	MO	65203	573-875-0068
BORE/MPC, LLC	200 FINANCIAL DR	25010	HOLLISTER	MO	65673	417-334-3329
BORE/MPC, LLC	1611 CHRISTY DR	25011	JEFFERSON CITY	MO	65101	573-634-5685
BORE/MPC, LLC	2410 MISSOURI BLVD	25006	JEFFERSON CITY	MO	65109	573-635-5950
BORE/MPC, LLC	1407 N MASSEY BLVD	25018	NIXA	MO	65714	417-725-6730
BORE/MPC, LLC	4715 JAYHAWK DR	25012	OSAGE BEACH	MO	65065	573-348-4600
BORE/MPC, LLC	2120A N BISHOP AVE	25017	ROLLA	MO	65401-8256	573-426-5599
BORE/MPC, LLC	2220 N GLENSTONE AVE	25009	SPRINGFIELD	MO	65803	417-831-1540
BORE/MPC, LLC	653 OLD BUSINESS ROUTE 66	25015	ST. ROBERT	MO	65584	573-336-4995
EPISODE I, LLC	620 N 7TH AVE	26704	BOZEMAN	MT	59715	406-522-8969
GUS & JACK'S TIRE SHOP	1117 7TH ST S	26702	GREAT FALLS	MT	59405	406-454-3407
CHRISTENSEN TIRE INC.	1238 HWY 2 E	26700	KALISPELL	MT	59901	406-755-7191
T&J TIRES AND ASSOCIATES, LLC	2135 N DIERS AVE	27010	GRAND ISLAND	NE	68803	308-384-0589
R&W TIRES AND ASSOCIATES, LLC	1919 S LOCUST ST	27012	GRAND ISLAND	NE	68801	308-381-1200
J&T TIRES AND ASSOCIATES, LLC	116 W 56TH ST	27011	KEARNEY	NE	68847	308-236-5099
MW INVESTMENTS L.L.C.	621 N WHITE SANDS BLVD	31001	ALAMOGORDO	NM	88310	575-437-1125
SOUTH VALLEY TIRES, INC.	3808 ISLETA BLVD SW	31008	ALBUQUERQUE	NM	87105	505-877-5644
PITIA, INC.	5200 CENTRAL AVE SE	31035	ALBUQUERQUE	NM	87108	505-268-4391
MENAUL INVESTMENTS LLC	6519 MENAUL BLVD	31060	ALBUQUERQUE	NM	87110	505-888-8584
AZTEC CAR CARE CO., INC.	1549 W AZTEC BLVD	31057	AZTEC	NM	87410	505-334-5575
SLASH W., INC.	1715 E PINE ST	31055	DEMING	NM	88030	575-544-2446
HIGH PERFORMANCE INC.	4650 E MAIN ST	31051	FARMINGTON	NM	87401	505-325-3584
RUBBER, INC.	1330 S EL PASEO RD	31040	LAS CRUCES	NM	88001	575-524-3548
LOS DOS AUTOMOTIVE, LLC	1820 1/2 7TH ST	31052	LAS VEGAS	NM	87701	505-426-1506
ALEJVAN, INC.	1820 MAIN ST	31050	LOS LUNAS	NM	87031-4842	505-565-4800
BIG O TIRES, LLC	1560 DEBORAH RD, SE	31054	RIO RANCHO	NM	87124	505-892-6622
LARO, INC.	1305 N MAIN ST	31038	ROSWELL	NM	88201	575-623-3071
SLASH W, INC.	2820 - 1/2 HWY 180 E	31056	SILVER CITY	NM	88062	575-388-1521
BIG O TIRES, LLC	1323 NEVADA HWY	28883	BOULDER CITY	NV	89005	702-294-5044
LIGHTNIN', INC.	119 HOT SPRINGS RD	28064	CARSON CITY	NV	89706	775-882-2002
PETERSEN TIRE, INC.	330 11TH ST	28105	ELKO	NV	89801	775-738-2877
BIG O TIRES, LLC	15 S GIBSON RD	28882	HENDERSON	NV	89012	702-558-3171
BIG O TIRES, LLC	170 N PECOS RD	28874	HENDERSON	NV	89074	702-263-9333
C & S TIRES, INC.	828 S BOULDER HWY	28813	HENDERSON	NV	89015	702-565-9393
BIG O TIRES, LLC	7145 S RAINBOW BLVD	28887	LAS VEGAS	NV	89119	702-263-0411
BIG O TIRES, LLC	787 N NELLIS BLVD	28870	LAS VEGAS	NV	89110	702-438-3282
BIG O TIRES, LLC	6060 CENTENNIAL CENTER BLVD	28884	LAS VEGAS	NV	89149	702-396-4241
BIG O TIRES, LLC	4329 W CRAIG RD	28881	LAS VEGAS	NV	89032	702-395-2100
BIG O TIRES, LLC	3415 S MARYLAND PKWY	28877	LAS VEGAS	NV	89169	702-735-7187

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BIG O TIRES, LLC	3625 S FORT APACHE LN	28880	LAS VEGAS	NV	89147	702-562-2213
BIG O TIRES, LLC	10127 W CHARLESTON BLVD	28879	LAS VEGAS	NV	89135	702-869-8299
BIG O TIRES, LLC	4728 E FLAMINGO RD	28878	LAS VEGAS	NV	89121	702-451-2208
BIG O TIRES, LLC	7620 W CHARLESTON BLVD	28876	LAS VEGAS	NV	89117	702-341-8100
BIG O TIRES, LLC	8075 W SAHARA AVE	28873	LAS VEGAS	NV	89103	702-804-5555
BIG O TIRES, LLC	2061 ROCK SPRINGS DR	28872	LAS VEGAS	NV	89128	702-360-9800
BIG O TIRES, LLC	4520 N RANCHO DR	28885	LAS VEGAS	NV	89149	702-656-7499
VIRGIN VALLEY TIRE, INC.	136 N SANDHILL BLVD	28837	MESQUITE	NV	89027	702-346-1188
WITTEN TIRE COMPANY, LTD	1301 E HWY 372	28821	PAHRUMP	NV	89048	775-727-8400
SILVER CREEK TIRE, LLC	5130 MAE ANNE AVE	28095	RENO	NV	89523	775-787-3222
NEVADA TIRE AND WHEEL, LLC	1195 E 4TH ST	28103	RENO	NV	89512	775-322-9142
STOCKER ENTERPRISES INC.	3090 KIETZKE LN	28104	RENO	NV	89502	775-827-5000
SILVER CREEK TIRE, LLC	12270 OLD VIRGINIA ROAD	28888	RENO	NV	89521	775-851-2446
BOS, INC.	1604 PYRAMID WY	28094	SPARKS	NV	89431	775-359-5592
OKC, LLC	904 S BROADWAY	36001	EDMOND	OK	73034	405-348-2440
R & L MALCHAR ENTERPRISES, LLC	4212 W OWEN K. GARRIOTT RD	36045	ENID	OK	73703	580-233-2172
CJB ENDEAVORS, LLC	401 N MUSTANG RD	36040	MUSTANG	OK	73064	405-237-3232
BIG O TIRES, LLC	1481 E ALAMEDA	36041	NORMAN	OK	73071-3010	405-447-4800
CJB ENDEAVORS, LLC	1100 W VANDAMENT AVE	36034	YUKON	OK	73099	405-354-6968
M & D TIRE, INC.	1602 SW 4TH AVE	37019	ONTARIO	OR	97914	541-889-9165
BOICE BUSINESS INVESTMENTS, LLC	2545 STEWART PKWY	37035	ROSEBURG	OR	97470	541-672-2848
PETERSEN TIRE OF AMERICAN FORK INC.	748 E STATE RD	44224	AMERICAN FORK	UT	84003	801-756-6000
D & D BUSINESS INVESTEMENTS, LLC	390 S MAIN ST	44107	BRIGHAM CITY	UT	84302	435-734-9429
CEDAR CITY TIRE, INC.	721 S MAIN ST	44103	CEDAR CITY	UT	84720	435-586-4200
E.A.G. TIRES, INC.	220 W 400 N	44065	CENTERVILLE	UT	84014-1832	801-295-0531
ACM ENTERPRISES LLC	1022 E DRAPER PKWY	44069	DRAPER	UT	84020	801-523-9300
BFT, INC.	320 N MAIN ST	44113	KAYSVILLE	UT	84037	801-546-1326
COLTON FAMILY ENTERPRISES, LLC	3725 W 5400 S	44209	KEARNS	UT	84118	801-964-9935
TAIT ENTERPRISES, INC.	1159 W ANTELOPE DR	44211	LAYTON	UT	84041	801-776-5560
LEHI PIONEER TIRE INC.	144 N 850 E	44106	LEHI	UT	84043	801-766-1806
RAW TIRE, INC.	240 E 1400 N	44111	LOGAN	UT	84341	435-752-4622
COLEY, INC.	4745 S STATE ST	44108	MURRAY	UT	84107	801-262-2436
TIRE OPS, LLC	855 E 100 N	44216	NEPHI	UT	84648-1607	435-623-0300
R & B, INC.	1893 N 400 E	44016	NORTH OGDEN	UT	84414	801-737-4781
COLEMAN TIRE, INC.	458 WASHINGTON BLVD	44220	OGDEN	UT	84404	801-393-8481
UBTC, INC.	5734 S HARRISON BLVD	44076	OGDEN	UT	84403	801-476-7066
WALL AVENUE TIRE, INC.	3190 WALL AVE	44223	OGDEN	UT	84401	801-399-4449
RANDCO, INC.	703 N STATE ST	44070	OREM	UT	84057	801-224-1177
RDS, INC.	1195 S STATE ST	44200	OREM	UT	84097	801-802-0541
PAYSON OPS, LLC	1146 W 800 S	44218	PAYSON	UT	84651	801-465-9934
CASTLE COUNTRY TIRES, INC.	790 W PRICE RIVER DR	44099	PRICE	UT	84501	435-613-2446
SQUIRE TIRE, INC.	1595 N FREEDOM BLVD	44074	PROVO	UT	84604	801-374-1177
COLOR COUNTRY TIRES, INC.	208 S MAIN ST	44056	RICHFIELD	UT	84701	435-896-8473
STAKER, INC.	E HWY 40	44024	ROOSEVELT	UT	84066	435-722-5561
CGT, LLC	2002 E 3300 S	44214	SALT LAKE CITY	UT	84109	801-487-1028
BUKER DOWNTOWN, INC.	178 E S TEMPLE	44206	SALT LAKE CITY	UT	84111	801-519-8241

Business Name	Address	Store No	City	State	Zip	Phone
TSW, LLC	3120 S HIGHLAND DR	44217	SALT LAKE CITY	UT	84106	801-467-5461
R & M APACHE TIRE CENTER, INC.	4546 S 900 E	44012	SALT LAKE CITY	UT	84117	801-262-4626
CC TIRES, INC.	910 S 300 W	44109	SALT LAKE CITY	UT	84101	801-322-1043
KB JENSEN, INC.	2284 E FORT UNION BLVD	44095	SALT LAKE CITY	UT	84121	801-733-4242
DJE, LLC	8835 S 700 E	44219	SANDY	UT	84070-1855	801-566-1177
A C M ENTERPRISES, L.L.C.	10227 S REDWOOD RD	44075	SOUTH JORDAN	UT	84095	801-446-5444
BEST BUY TIRE & SERVICE, INC.	570 N MAIN ST	44084	SPANISH FORK	UT	84660	801-798-9827
D & J SQUIRE INC.	495 S 1750 W	44098	SPRINGVILLE	UT	84663	801-489-5577
DIXIE TIRE, INC.	825 E ST GEORGE BLVD	44210	ST. GEORGE	UT	84770	435-628-4404
SOUTHERN UTAH TIRE, INC.	1055 S BLUFF ST	44045	ST. GEORGE	UT	84770	435-628-6404
MS SUNSET TIRE, INC.	1732 W SUNSET BLVD	44104	ST. GEORGE	UT	84770	435-634-1800
PERFORMANCE TIRE OF TOOELE, INC.	855 N MAIN ST	44110	TOOELE	UT	84074	435-882-4061
HIGH COUNTRY TIRE, INC.	55 N 300 E	44068	TREMONTON	UT	84337	435-257-3395
HEATON-ROYBAL ENTERPRISES, INC.	1265 W 500 S	44013	VERNAL	UT	84078	435-789-8872
COLTON WEST JORDAN, INC.	3176 W 7800 S	44213	WEST JORDAN	UT	84088	801-565-0031
JFKJ, LLC	3557 S 5600 W	44112	WEST VALLEY CITY	UT	84120	801-967-6404
LE MASTER MANAGEMENT, INC.	2830 W 3500 S	44066	WEST VALLEY CITY	UT	84119	801-967-7166
TIRES 2 YOU 2, INC.	60 NW GILMAN BLVD	47040	ISSAQUAH	WA	98027	425-391-4161
BIG O TIRES, LLC	555 N EDISON ST	47275	KENNEWICK	WA	99336-1976	509-735-8473
DAVCO ENTERPRISES, INC.	12540 NE 124TH ST	47108	KIRKLAND	WA	98034	425-821-9200
DOLMAN & MILLER, LLC.	809 VERNON RD	47272	LAKE STEVENS	WA	98258	425-335-7944
DAVCO ENTERPRISES, INC.	3333 BETHEL RD SE	47107	PORT ORCHARD	WA	98366	360-876-4823
TIRES 2 YOU, L.L.C.	10658 SE 180TH ST	47027	RENTON	WA	98055	425-235-9417
ROD M. JAY	2601 W NOB HILL BLVD	47019	YAKIMA	WA	98902	509-453-8170
SUMMIT TIRE, LLC	295 N WASHINGTON ST	50207	AFTON	WY	83110	307-885-2446
S & S TIRE, INC.	2727 CY AVE	50092	CASPER	WY	82604	307-234-2446
SPARE TIRE ENTERPRISES, INC.	5510 N YELLOWSTONE RD	50090	CHEYENNE	WY	82009	307-635-2905
TARA ENTERPRISE	3714 E LINCOLNWAY	50081	CHEYENNE	WY	82001	307-637-4294
LCRW, INC.	607 N CHEYENNE DR	50089	EVANSTON	WY	82930	307-789-1130
GLC PROPERTIES, LLC	402 E LAKEWAY RD	50088	GILLETTE	WY	82718	307-686-4884
B&G JACKSON LLC	530 S US HWY 89	50203	JACKSON	WY	83001	307-733-8325
RYLIE, INC.	303 S FEDERAL BLVD	50086	RIVERTON	WY	82501	307-856-4923
JAKL, INC.	1255 DEWAR DR	50205	ROCK SPRINGS	WY	82901	307-382-5430

EXHIBIT K-2

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

Name	City	State	Phone
Karl Gabbard; Bruce Ogilvie; Desiree Warner	Prescott Valley	AZ	(623) 293-0252; (623) 640-6418; (623) 229-0708
Dan Groman; James Groman	Surprise	AZ	(623) 544-1017; (661) 904-7499
Maqsood Ahmad; Sabina Ahmad	Tucson	AZ	(520) 577-1918
Maqsood Ahmad; Sabina Ahmad	Tucson	AZ	(520) 577-1918
Dan Luper	Auburn	CA	(530) 823-0448
Dianne Heston; Ronald Le Brun; Steve Oxford	Fremont	CA	(510) 581-9008; (925) 454-9005; (510) 713-1416
Tareq Nasrallah; Bader Tony Nasrallah	Glendora	CA	(626) 793-6410; (661) 775-5590
Jay Roen; Alice Roen	Long Beach	CA	(714) 960-4755
Richard Tellez	Los Gatos	CA	(510) 792-2879
Gordon Forsyth; Monica Forsyth	North Highlands	CA	(916) 338-3185
Lorena Acosta; Goitom Desta	Oakland	CA	(510) 427-5333; (510) 827-3717
Thomas Maring; Matthew Maring	Patterson	CA	(209) 602-0730; (209) 602-1390
Jerry Rodgers	Redlands	CA	(909) 657-5438
Johnny Gray, Jr.	San Diego	CA	(619) 994-6295
Tobia Guberman; Michael Guberman	Santa Barbara	CA	(818) 708-1661; (818) 713-1665
Bruce Cherry; Greg Mitchell; Joel Lasker	Stockton	CA	(925) 830-4575; (925) 373-1559; (925) 570-1197
Jay Roen; Alice Roen	Torrance	CA	(714) 960-4755
Mitch Beranek; Scott Koldenhoven; Keith Blake	Arvada	CO	(307) 635-0125; (719) 592-0121; (303) 697-6734
Robert Douglass; Nancy Douglass	Aurora	CO	(303) 470-0932
Tim Sullivan; Katherine Sullivan	Parker	CO	(303) 771-9957
Greg Cottrell; Lynda Cottrell; Ben Doud; Marilee Doud	Altoona	IA	(307) 687-1994; (303) 679-3191
Greg Cottrell; Lynda Cottrell; Ben Doud; Marilee Doud	Ankeny	IA	(307) 687-1994; (303) 679-3191
Greg Cottrell; Lynda Cottrell; Ben Doud; Marilee Doud	Urbandale	IA	(307) 687-1994; (303) 679-3191
Rusty Coats	Fulton	MO	(573) 999-4488
Brian Brodie	Sioux Falls	SD	(605) 361-0020
Kevin Dunn; Parley Holliday	American Fork	UT	(801) 489-9231; (801) 492-1364
Kenneth Gubler; Leslie Gubler	Woods Cross	UT	(801) 298-0483
Mike McDonald; Mary K. McDonald	Afton	WY	(307) 885-9461

EXHIBIT L

Trademark Specific Franchisee Organizations

The following are Trademark specific franchisee organizations:

Big O Tires Franchise Advisory Council
c/o Bryan Edwards, Chair
377 East Cypress Ave.
Redding, California 96002
Telephone: (530) 221-2233
Email: bkerock@gmail.com

This Franchise Advisory Council ("FAC") is a group of representatives of Big O's franchisees who meet regularly with Big O management, provide input to Big O's strategic planning and present viewpoints on issues involving the franchise relationship. FAC members are chosen by franchisees in accordance with policies periodically established by Big O.

The following independent franchisee organization has asked to be included in this disclosure document.

BIG O TIRE DEALERS OF AMERICA,
a California Non Profit Mutual Benefit Corporation
4980 Allison Parkway
Vacaville, California 75688
(707) 446-4444
Attn: Bryan Edwards, Chairman
Email Address: none
Web Address: none

EXHIBIT M

Table of Contents for Manual

Franchise Policies & Standards Manual

Total Number of Pages: 101

BIG O FRANCHISE POLICIES & STANDARDS MANUAL

EXHIBIT N

FINANCIAL STATEMENTS

KPMG

TBC CORPORATION AND SUBSIDIARIES

(A Majority Owned Subsidiary of Sumitomo Corporation of America)

Consolidated Financial Statements

March 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

TBC CORPORATION AND SUBSIDIARIES
(A Majority Owned Subsidiary of Sumitomo Corporation of America)

Table of Contents

KPMG LLP
Suite 2000
200 South Biscayne Boulevard
Miami, FL 33131

Independent Auditors' Report

The Board of Directors and Stockholders
TBC Corporation:

We have audited the accompanying consolidated financial statements of TBC Corporation and its subsidiaries (the Company), a majority owned subsidiary of Sumitomo Corporation of America, as of March 31, 2014 and 2013, which comprise the consolidated balance sheets as of March 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TBC Corporation and its subsidiaries as of March 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

June 9, 2014
Certified Public Accountants

TBC CORPORATION AND SUBSIDIARIES
(A Majority Owned Subsidiary of Sumitomo Corporation of America)

Consolidated Balance Sheets

March 31, 2014 and 2013

(In thousands, except share data)

Assets		2014	2013
Current assets:			
Cash	$	15,654	18,092
Accounts and notes receivable		255,325	273,121
Related-party receivables		1,193	1,205
		256,518	274,326
Less allowance for doubtful accounts		(18,697)	(13,664)
Total accounts and notes receivable, net		237,821	260,662
Inventories		616,960	666,318
Refundable federal and state income taxes		10,327	18,373
Deferred income taxes		50,924	61,441
Other current assets		28,161	25,491
Total current assets		959,847	1,050,377
Property and equipment, net:			
Land		61,789	65,806
Buildings and leasehold improvements		261,640	255,403
Furniture and equipment		448,666	393,762
		772,095	714,971
Less accumulated depreciation and amortization		(328,796)	(273,128)
Total property and equipment, net		443,299	441,843
Trademarks, net		336,159	349,702
Franchise agreements, net		67,877	73,863
Customer lists, net		62,056	68,394
Goodwill		258,055	260,425
Favorable market lease intangibles, net		3,351	5,333
Other assets		24,433	19,303
Total assets	$	2,155,077	2,269,240

(Continued)

TBC CORPORATION AND SUBSIDIARIES
(A Majority Owned Subsidiary of Sumitomo Corporation of America)

Consolidated Balance Sheets

March 31, 2014 and 2013

(In thousands, except share data)

Liabilities		**2014**	**2013**
Current liabilities:			
Book overdrafts	$	7,184	13,041
Accounts payable and accrued expenses		212,116	214,015
Accrued payroll and related costs		49,875	69,964
Due to affiliates		90,890	66,810
Revolving credit facility, parent		224,631	314,242
Current portion of long-term debt, parent		450,000	525,000
Current portion of other long-term debt, capital lease, and financing obligations		38,147	25,163
Deferred revenue		24,560	21,644
Warranty allowance		6,399	8,513
Worker's compensation reserve		20,866	20,305
Other current liabilities		41,062	47,561
Total current liabilities		1,165,730	1,326,258
Long-term debt, parent		325,000	250,000
Other long-term debt, capital lease, and financing obligations, less current portion		50,290	47,139
Other noncurrent liabilities		102,342	115,048
Deferred income taxes		170,849	168,953
Total liabilities		1,814,211	1,907,398
Commitments and contingencies (notes 8 and 17)			
Stockholders' equity:			
TBC Corporation's stockholders' equity:			
Common stock, $0.01 par value. Authorized, 60,000 shares; issued and outstanding, 50,000 shares		1	1
Additional paid-in capital		421,123	421,123
Accumulated other comprehensive income (loss)		3,837	(2,071)
Accumulated deficit		(102,497)	(76,242)
Total TBC Corporation's common stockholders' equity		322,464	342,811
Noncontrolling interest		18,402	19,031
Total stockholders' equity		340,866	361,842
Total liabilities and stockholders' equity	$	2,155,077	2,269,240

See accompanying notes to consolidated financial statements.

TBC CORPORATION AND SUBSIDIARIES
(A Majority Owned Subsidiary of Sumitomo Corporation of America)

Consolidated Statements of Operations

Years ended March 31, 2014 and 2013

(In thousands)

	2014	2013
Net sales	$ 3,162,288	3,214,669
Cost of sales	2,029,016	2,057,773
Gross profit	1,133,272	1,156,896
Expenses:		
Selling, administrative, and retail store expenses	1,126,913	1,117,798
Goodwill impairment	—	274,191
Total expenses	1,126,913	1,391,989
Income (loss) from operations	6,359	(235,093)
Other expense:		
Interest expense, net	(40,578)	(32,857)
Other (expense) income, net	(1,233)	3,707
Total other expense	(41,811)	(29,150)
Loss before income tax expense	(35,452)	(264,243)
Income tax benefit	(15,853)	(29,964)
Net loss	(19,599)	(234,279)
Less net income attributable to noncontrolling interest	(2,043)	(1,427)
Net loss attributable to TBC Corporation's common stockholders	$ (21,642)	(235,706)

See accompanying notes to consolidated financial statements.

TBC CORPORATION AND SUBSIDIARIES
(A Majority Owned Subsidiary of Sumitomo Corporation of America)

Consolidated Statements of Comprehensive Income (Loss)

Years ended March 31, 2014 and 2013

(In thousands)

		2014	2013
Net loss	$	(19,599)	(234,279)
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments		(3,170)	1,536
Pension and other postretirement benefit plans:			
Net actuarial gain		8,462	1,086
Prior service cost		—	(213)
Other comprehensive income, net of tax		5,292	2,409
Comprehensive loss		(14,307)	(231,870)
Less comprehensive income attributable to noncontrolling interest		(1,427)	(2,244)
Net comprehensive loss attributable to TBC Corporation	$	(15,734)	(234,114)

See accompanying notes to consolidated financial statements.

TBC CORPORATION AND SUBSIDIARIES
(A Majority Owned Subsidiary of Sumitomo Corporation of America)

Consolidated Statements of Stockholders' Equity

Years ended March 31, 2014 and 2013

(In thousands, except share data)

	Common stock		Additional paid-in capital	Accumulated other comprehen-sive (loss) income	Retained earnings (Accumulated deficit)	Stockholders' equity, TBC Corporation	Noncontrolling interest	Total stockholders' equity
	Number of shares	Amount						
Balance, March 31, 2012	50,000	$ 1	421,123	(3,663)	189,131	606,592	17,045	623,637
Net (loss) income	—	—	—	—	(235,706)	(235,706)	1,427	(234,279)
Other comprehensive income	—	—	—	1,592	—	1,592	817	2,409
Dividends paid	—	—	—	—	(29,667)	(29,667)	(258)	(29,925)
Balance, March 31, 2013	50,000	1	421,123	(2,071)	(76,242)	342,811	19,031	361,842
Net (loss) income	—	—	—	—	(21,642)	(21,642)	2,043	(19,599)
Other comprehensive income (loss)	—	—	—	5,908	—	5,908	(616)	5,292
Dividends paid	—	—	—	—	(4,613)	(4,613)	(2,056)	(6,669)
Balance, March 31, 2014	50,000	$ 1	421,123	3,837	(102,497)	322,464	18,402	340,866

See accompanying notes to consolidated financial statements.

TBC CORPORATION AND SUBSIDIARIES
(A Majority Owned Subsidiary of Sumitomo Corporation of America)

Consolidated Statements of Cash Flows

Years ended March 31, 2014 and 2013

(In thousands)

	2014	2013
Cash flows from operating activities:		
Net loss	$ (19,599)	(234,279)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	75,699	67,963
Amortization of intangible assets	27,603	27,091
Valuation of mandatorily redeemable preferred stock	(1,877)	(4,455)
Provision (recovery) for doubtful accounts and notes	3,106	180
Loss on disposal of property and equipment	6,875	479
Pension amortization	(628)	—
Bargain purchase gain on acquisition of two warehouse locations (note 4(c))	—	(351)
Deferred income taxes	5,143	(32,361)
Equity in net income from investees	(291)	(149)
Goodwill impairment	—	274,191
Changes in operating assets and liabilities, net of acquisitions:		
Accounts and notes receivable	19,895	(27,089)
Inventories	49,954	(47,007)
Other current assets	(1,847)	5,206
Other assets	(3,806)	1,086
Accounts payable, accrued expenses, and due to affiliates	22,191	(56,179)
Accrued payroll and related costs	(20,089)	24,438
Deferred revenue and warranty allowance	803	(7,495)
Federal and state income taxes refundable or payable	8,035	(9,913)
Other current liabilities	(3,820)	4,272
Noncurrent liabilities	627	(49,251)
Net cash provided by (used in) operating activities	167,974	(63,623)
Cash flows from investing activities:		
Purchases of property and equipment	(70,068)	(86,362)
Acquisition of wholesale warehouse and five retail stores (note 4)	(2,022)	—
Acquisitions of retail stores, net of cash acquired	—	(4,895)
Acquisition of Midas (note 4(a)), net of cash acquired	—	(172,265)
Proceeds from dispositions of property and equipment	4,413	4,200
Net cash used in investing activities	(67,677)	(259,322)
Cash flows from financing activities:		
(Decrease) increase in book overdrafts	(5,857)	4,672
Net borrowings under TBC de Mexico bank loans	9,449	3,711
Net (repayments) proceeds under revolving facility, parent	(89,611)	82,323
Proceeds from issuance of long-term debt, parent	—	350,000
Payment of acquired Midas debt	—	(75,397)
Payment of dividend to noncontrolling interest	(2,056)	(258)
Net payments of other long-term debt, capital lease, and financing obligations	(7,857)	(3,057)
Issuance of mandatorily redeemable preferred stock	—	27
Payment of dividend to common shareholders	(4,613)	(29,667)
Net cash (used in) provided by financing activities	(100,545)	332,354
Effect of exchange rate on cash	(2,190)	748
Net (decrease) increase in cash	(2,438)	10,157
Cash:		
Balance – beginning of year	18,092	7,935
Balance – end of year	$ 15,654	18,092
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 45,696	36,977
Cash (received) paid for income taxes, net of payments or refunds	(31,157)	8,141

See accompanying notes to consolidated financial statements.

(1) Nature of Business and Basis of Presentation

(a) Operations

TBC Corporation and subsidiaries (TBC or the Company) is one of the United States' largest independent marketers of tires for the automotive replacement market. The Company has determined that its operating activities consist of retail, franchise, and wholesale divisions. The Company operates or acts as a franchisor of retail tire and automotive service centers throughout the United States of America, Canada, Europe, and other countries under the following trade names: Tire Kingdom, Merchant's Tire & Auto Centers, National Tire & Battery, Big O Tires (Big O), Midas, and SpeeDee. The Company operates as a wholesaler of tire and automotive parts primarily in the United States of America, Canada, and Mexico under the following trade names: TBC Brands, Carroll's Tire, and TBC de Mexico. As of March 31, 2014, the Company had a total of 2,586 retail locations consisting of 816 Company-operated and 1,770 franchised stores. As of March 31, 2013, the Company had a total of 2,660 retail locations consisting of 903 Company-operated and 1,757 franchised stores. The Company operated 95 and 90 warehouse locations, for Fiscal 2013 and Fiscal 2012, respectively.

(b) Ownership Structure

On November 17, 2005, 100% of the Company's common stock was acquired and its debt was assumed (the Acquisition) by Sumitomo Corporation of America (SCOA) together with its parent, Sumitomo Corporation, Japan (SC), for a total consideration of $1.1 billion, including debt. SCOA elected to apply pushdown accounting with respect to its acquisition of the Company. Accordingly, its aggregate $1.1 billion purchase price, which included costs directly related to the acquisition, was "pushed down" to the consolidated financial statements of the Company. As a result, the assets acquired and liabilities assumed as of November 17, 2005 were adjusted to their respective fair values on that date, pursuant to the purchase method of accounting for business combinations.

Effective March 31, 2009, SCOA sold 40% of its interest in the Company to Summit Global Management of America, Inc. (SGMA), which is owned 100% by SC. Additionally, SGMA owns 100% of SCOA.

SCOA is headquartered in New York City and is an integrated global trading company with diversified investments in businesses involved in manufacturing and marketing of consumer products, providing financing for customers and suppliers, coordination and operation of urban and industrial infrastructure products, providing transportation and logistics services, developing natural resources, distribution of steel and other products, and developing and managing real estate. TBC is a subsidiary within SCOA's living-related business segment. SGMA owns certain of SC's investments in the United States.

(c) Definition of Fiscal Year

As used in these consolidated financial statements and related notes to consolidated financial statements, "Fiscal 2012," "Fiscal 2013," "Fiscal 2014," "Fiscal 2015,", "Fiscal 2016," "Fiscal 2017," and "Fiscal 2018" refer to the years ended or ending March 31, 2013, 2014, 2015, 2016, 2017, 2018, and 2019, respectively.

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of TBC Corporation and its wholly and majority owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

(b) Use of Estimates

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of such consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as certain consolidated financial statement disclosures. Actual results could differ from those estimates.

(c) Cash Management

The Company's cash management process generally utilizes zero balance accounts, which provide for the settlement of the related disbursement accounts on a daily basis. This process resulted in book overdrafts of approximately $7.2 million and $13.0 million, respectively, as of March 31, 2014 and 2013.

(d) Investments – Noncontrolling Interest and Equity, Cost Method

The Company has invested in certain tire distributors and independent tire dealers. The investments in these 50% or less-owned entities are accounted for using the cost and equity methods and are included in other assets on the accompanying consolidated balance sheets. The Company does have the ability to influence, but not control, certain of its investments. The cost of each equity investment is adjusted for the Company's share of equity in earnings or losses of the respective investment and reduced by any distributions received. The carrying value of such equity investments totaled $3.1 million and $2.9 million as of March 31, 2014 and 2013, respectively. For its share of earnings and losses from such equity investments, the Company recorded net gains in other income (expense), net on the accompanying consolidated statements of operations of $0.3 million and $0.1 million for Fiscal 2013 and 2012, respectively. As of March 31, 2014, the Company holds a controlling interest of 75.17% of its former equity method investment, TBC de Mexico, which occurred via a step acquisition in September 2010.

(e) Accounts and Notes Receivables and Allowance for Doubtful Accounts

As of March 31, 2014 and 2013, the Company's accounts and notes receivable included approximately 76% and 77% of domestic, respectively, and 24% and 23% of international, customer accounts, respectively. The Company's notes receivable balance was $10.6 million and $8.4 million as of March 31, 2014 and 2013, respectively. Notes receivable vary in terms and become due periodically until Fiscal 2019. The long-term portion of notes receivable is included in other assets within the accompanying consolidated balance sheets.

The Company maintains an allowance for doubtful accounts and notes for estimated losses resulting from the inability of its customers to make required payments. The allowance is based upon review of the overall condition of receivable balances, both trade accounts and notes receivable, and review of significant past-due accounts. Receivables determined to be uncollectible are charged against the established allowance. The Company evaluated its allowance for doubtful accounts as of March 31, 2014 and 2013, and determined that the amounts were adequate, based on facts and conditions known at that time and evaluation of current economic conditions domestically and internationally. If the financial condition of the Company's customers were to deteriorate in such a way as to impair their ability to make payments, additional allowances may be required.

(f) Inventories

Inventories, consisting of tires and other automotive products held for resale, are valued at the lower of cost or market, primarily under the weighted average cost method. Also, certain vendor allowances that are related to inventory purchases are considered to reduce the product cost. The Company adjusts its inventory for slow-moving and discontinued products and the nature of the Company's inventory is such that the risk of obsolescence is not significant. Any adjustments are evaluated and determined based upon current market conditions, aging of inventories, and product offering changes.

(g) Concentrations of Credit Risk

The Company performs ongoing credit evaluations of its customers, primarily wholesale and retail-franchisees, and typically requires some form of security, including collateral, guarantees, or other documentation. The Company maintains allowances for potential credit losses.

The Company maintains cash balances with financial institutions with high credit ratings. The Company has not experienced any losses with respect to bank balances in excess of government-provided insurance.

(h) Property and Equipment

Property and equipment are recorded at historical cost. Depreciation and amortization are computed using the straight-line method, over the lesser of the useful life or lease term of the asset. The useful life for buildings and leasehold improvements range from 20 to 39 years or coincide with the respective lease terms. Furniture and equipment, which include computer hardware and software, typically have useful lives of 3 to 10 years. Amounts expended for repairs and maintenance are charged to operations, and expenditures for major renewals and betterments are capitalized.

The Company applied Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 350-40, *Internal-Use Software*, to certain software development costs and capitalized approximately $68.4 million and $20.9 million as of March 31, 2014 and 2013, respectively, which has been placed in service and included in the accompanying consolidated balance sheets in furniture and equipment. The useful life of capitalized software varies between three and seven years. The Company capitalized certain software not yet placed in service of approximately $4.1 million and $41.7 million, respectively, as of March 31, 2014 and 2013, which is

included in the accompanying consolidated balance sheets in furniture and equipment; however, but is not being depreciated. The Company capitalized approximately $2.9 million and $1.2 million of interest related to a certain software project during Fiscal 2013 and 2012, respectively.

In Fiscal 2012, with the acquisition of Midas (note 4), the Company acquired R.O. Writer, an internally developed software for use and for resale, which has continued to be developed. This software is sold to third parties and is utilized by Midas franchisees and Midas operated stores. During Fiscal 2013 and 2012, the Company capitalized approximately $1.5 million and $0.5 million, respectively, in costs related to development of future versions and recorded revenue of approximately $7.2 million and $6.9 million, respectively, related to its sales. Depreciation related to these capitalized costs is recorded in cost of goods sold in the accompanying consolidated statements of operations.

(i) Goodwill, Trademarks, Customer Lists, Franchise Agreements, and Other Intangible Assets

Goodwill represents the excess of cost over the fair value of identifiable net assets acquired. Under FASB ASC Topic 350, *Intangibles – Goodwill and Other* (ASC 350), goodwill and other indefinite-lived intangible assets are not amortized but are tested for impairment annually or more frequently, if events or circumstances indicate that the asset might be impaired with charges being recorded only if impairment is found to exist. The Company performs its annual impairment assessment as of the second quarter of each fiscal year unless circumstances dictate more frequent assessments. If the carrying value of such assets exceeds its fair value, an impairment loss is required to be evaluated. Fair value is estimated primarily using the discounted cash flow method.' When available and as appropriate, the Company uses comparative market multiples to corroborate discounted cash flow results. In applying this methodology, the Company relies on a number of factors, including actual operating results, future business plans, economic prospects, and market data. For Fiscal 2013, under its required annual impairment testing, management determined the fair value of the Company's three reporting units exceeded their respective carrying values. For the Fiscal 2012, management determined there was an impairment to its retail reporting unit after conducting step two calculations in accordance with ASC 350 (note 6).

(j) Long-Lived Assets

The Company periodically reviews the recoverability of intangible and other long-lived assets. If facts or circumstances support the possibility of impairment, the Company will prepare a projection of the undiscounted future cash flows of the specific assets and determine if the assigned value is recoverable or if an adjustment to the carrying value of the assets is necessary. The Company does not believe that there were any facts or circumstances that indicated an impairment of recorded intangible and long-lived assets as of March 31, 2014 and 2013.

(k) Facility Closure Costs

The Company regularly reviews location performance against expectations and closes locations determined not to meet established performance requirements in accordance with ASC Subtopic 420-10, *Exit or Disposal Cost Obligations*. Costs associated with location closures are recognized when the location is no longer used in an operating capacity or when a liability has been

incurred. Location assets are also reviewed for possible impairment, or reduction of estimated useful lives. Accruals for location closure costs are based on the future commitments, primarily operating lease obligations, adjusted for anticipated sublease and termination benefits, and are discounted, depending upon the length of obligation remaining. The accrued balance related to future commitments under operating leases for closed stores was $6.6 million and $2.9 million, respectively, as of March 31, 2014 and 2013..

(l) Net Sales

Net sales include revenues from sales of products and services, plus franchise and royalty fees charged to Big O, Midas, and SpeeDee franchisees, less returns, and customer rebates. Sales are either recognized at the time products are shipped, title transfers, or services are rendered. Concurrently, the costs of allowances and rebates are accrued. Monthly royalty fees are recognized when gross sales are recorded by the franchise, and royalties have been earned.

During Fiscal 2013 and 2012, Big O franchise and royalty fees typically ranged between 2% and 5% of franchisees' adjusted gross sales. Concurrently, there are franchisees still participating under a previous program, which have monthly royalty fees of 2.0% of gross sales. Initial franchise fees are deferred and recognized when all material services and/or conditions relating to the sale or transfer of the franchise have been substantially completed.

Midas royalty fees ranged between 2% and 10% of net sales. Product royalties are recognized as earned based on the volume of franchisee purchases of products from certain vendors.

The Company expenses costs related to securing initial franchise agreements and performing the required services under such agreements as incurred.

(m) Sales Taxes

The Company presents sales net of sales taxes, and value-added tax (VAT).

(n) Warranty Allowances

The Company or the vendors supplying its products provide its customers limited warranties on certain products. Warranty costs relating to merchandise sold or services provided not covered by vendors are estimated and recorded as warranty obligations at the time of sale. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the amount as necessary depending upon the program (note 9).

(o) Deferred Revenue

Certain of the Company's services (alignments, tire balancing and rotating, and road hazard) are sold through annual or multiyear contracts for a onetime upfront payment. Direct costs of these contracts are expensed as incurred. The Company recognizes revenue over the life of these contracts in proportion to the expected incremental costs, such as parts, labor, and other overhead-related expenses. Expected incremental costs are based on historical evidence gathered by the Company through annual studies. The Company had $39.2 million and $32.2 million of deferred revenue with

respect to these contracts as of March 31, 2014 and 2013, respectively, which is included in deferred revenue and other noncurrent liabilities within the accompanying consolidated balance sheets.

(p) Vendor Funds

The Company receives vendor funds in its normal course of operations from volume-based rebate agreements, early payment discounts, and cash incentives to promote vendor products. The Company accounts for these vendor funds in accordance with the FASB ASC Subtopic 605-50, *Customer Payments and Incentives*, which states that cash consideration received from a vendor is presumed to be a reduction of the price of the vendor's products or services and should, therefore, be characterized as a reduction of cost of goods sold and a portion of these amounts be capitalized into ending inventory. Vendor funds are treated as a reduction of inventory costs, unless they represent a reimbursement of specific, incremental, and identifiable costs incurred by the customer to sell the vendor's product. The Company accrues for these vendor funds based upon the vendor agreements in place and the projected amount of vendor purchases. Accrued vendor funds are recorded as a reduction to inventory. During the year, the Company monitors and adjusts the amount accrued by comparing actual purchases to projected purchases. Vendor funds are earned when the Company either sells the vendor's product or completes performance of certain provisions of the vendor agreement. Earned vendor funds are recorded as a reduction in costs of sales.

(q) Self-Insured Reserves

The Company is self-insured for general and automobile liability, workers' compensation, and healthcare claims and maintains stop-loss coverage with third-party insurers to limit its total liability exposure. A reserve for liabilities associated with these losses is established for claims filed and claims incurred but not yet reported (IBNR) based upon the Company's estimate of ultimate cost, which is calculated using analyses of historical data, severity factors, and valuations provided by third-party actuaries. The Company monitors new claims and claim development as well as negative trends related to the IBNR in order to assess the adequacy of its insurance reserves. The Company also reviews its assumptions with its third-party actuaries, which occurs twice a year. While the Company does not expect the amounts ultimately paid to differ significantly from its estimates, the Company's self-insurance reserves and corresponding selling, administrative, and retail store expenses could be affected if future claim experience differs significantly from historical trends and actuarial assumptions. Due to the length of timing of claim payments for the various lines of insurance, the Company discounts certain of its liabilities.

(r) Retirement Plans' Assets and Obligations

The values of certain assets and liabilities associated with the Company's various retirement plans are determined on an actuarial basis and include estimates and assumptions such as timing of retirement, compensation, mortality, and discount rates (note 11).

(s) Operating Leases

The Company has various operating leases that contain predetermined escalations of the minimum rental payments during the term of the lease. For these leases, the Company recognizes the related rental expense on a straight-line basis over the life of the lease, beginning with the point at which the

Company obtains control and possession of the leased properties, and records the difference between the amounts charged to operations and amounts paid as deferred rent, which is recorded within noncurrent liabilities within the consolidated balance sheets. The Company's policy is to amortize deferred rent as a component of rent expense, which is classified as selling, administrative, and retail store expenses on the accompanying consolidated statements of operations, over the lease term. In addition, the Company has certain contingent leases, which contain a base rate amount as well as contingent payments, which are based upon monthly sales volume.

Midas leases real estate that is subleased to franchisees and owns real estate in the U.S. and Canada that is leased to franchisees.

(t) Interest Income from Customers

The Company charges interest for late payments on trade and note receivables that arise in the normal course of business. Interest income is recognized when collected and is recorded in the accompanying consolidated statements of operations within other income, net.

(u) Comprehensive Income (Loss)

Comprehensive income (loss) represents the change in stockholders' equity from transactions and other events and circumstances arising from nonstockholder sources. Comprehensive income (loss) consists of net income, retirement plan obligations, and foreign currency translation adjustments all of which are net of applicable taxes.

(v) Foreign Currency Translation

Under FASB ASC Topic 830, *Foreign Currency Matters*, the financial statements of foreign subsidiaries are translated into U.S. dollars at current exchange rates, except for revenues, costs, and expenses, which are translated at average current exchange rates during each reporting period. Gains and losses resulting from the translation of financial statements are excluded from the consolidated statements of operations and are credited or charged to a separate component of other comprehensive income (loss) within the accompanying consolidated statements of stockholders' equity.

(w) Shipping and Handling Costs

Freight costs incurred to deliver merchandise to retail stores and warehouses are included as a component of inventory and reflected in costs of goods sold as product is sold. Warehouse and distribution costs for items such as payroll, rent, and insurance, as well as freight costs incurred to ship merchandise to customers, are all recorded as a component of selling, administrative, and retail store expenses in the accompanying consolidated statements of operations. Freight costs incurred to ship merchandise to customers totaled $33.3 million and $30.9 million for Fiscal 2013 and 2012, respectively.

(x) Fair Value of Financial Instruments – Short-Term Assets and Liabilities

The fair values of cash, accounts and notes receivable, accounts and notes payable, due to affiliates, accrued expenses, and other current liabilities approximate their carrying values because of their short-term nature.

(y) Income Tax Accounting

The Company determines its income tax provision using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company also recognizes future tax benefits associated with tax loss and credit carryforwards as deferred tax assets. The Company's deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company measures deferred tax assets and liabilities using enacted tax rates in effect for the year in which it expects to recover or settle the temporary differences. The effect of a change in tax rates on deferred taxes is recognized in the period that the change is enacted. For Fiscal 2013 and 2012, under the tax allocation agreement with SGMA, the Company files its federal tax return with SGMA as it is a participating member in the affiliated group as defined under such agreement. The Company will file and has filed independently all nonunitary state returns for Fiscal 2013 and 2012, respectively.

(z) Advertising

Advertising costs are charged to expense when incurred. Advertising expense totaled $79.7 million and $83.5 million for Fiscal 2013 and 2012, respectively.

(aa) Pre-Store Opening Expenses

Pre-store opening expenses, which consist primarily of payroll and occupancy-related costs, are expensed as incurred.

(bb) Reclassifications

For Fiscal 2012, the Company presented certain operating expenses under the financial statement caption, distribution expenses, within the consolidated statement of operations. During the current year, management decided to include operating expenses within one financial statement caption, selling, administrative, and retail store expenses. This reclassification does not have any impact on the overall presentation of the statement of operations as all underlying expenses within the previously disclosed distribution expenses and the selling, administrative, and retail store expense financial statement captions are operating in nature.

(3) Recent Accounting Pronouncements

In February 2013, the FASB issued an accounting standards update to ASC Topic 220, *Comprehensive Income*; to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments seek to attain that objective by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles (GAAP) to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. The amendments are effective prospectively for reporting periods beginning after

December 15, 2013, with early adoption permitted. The Company adopted the provisions of the update as of April 1, 2013.

(4) Acquisitions

During Fiscal 2013, the Company completed the acquisition of one wholesale warehouse and five retail stores for a combined cash purchase price of $2.0 million. The consolidation of the related assets, including identifiable intangibles and goodwill, did not have a material impact to the accompanying consolidated balance sheet as of March 31, 2014.

During Fiscal 2012, the Company completed the following acquisitions: a stock purchase of Midas, Inc. (see table a below), a total of eight retail store locations were acquired through asset purchase agreements (see table b below), two wholesale warehouse locations (see table c below), and four retail stores acquired through the Company's Retail Franchisee Workout Program. These acquisitions were accounted for using the acquisition method of accounting in accordance with FASB ASC Topic 805, *Business Combinations*. The purchase price was allocated to the assets acquired and liabilities assumed based on the estimated fair values at the date of inception.

(a) Midas, Inc. – A Stock Purchase

On March 28, 2012, the Company commenced a cash tender offer (the Offer) to acquire all of the outstanding shares of common stock of Midas, Inc. (Midas), par value $0.001 per share (together with the associated preferred share purchase rights, the Shares), at a price of $11.50 per share in cash (the Offer Price), without interest and less any required withholding taxes. Following the completion of the Offer and subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement dated March 12, 2012 (the Merger Agreement), including receipt of approval by the stockholders of Midas, the Company merged with Midas, with Midas surviving as a wholly owned subsidiary of the Company.

On April 30, 2012, the Company funded the acquisition of Midas for cash consideration of approximately $172.3 million. To fund this transaction, the Company obtained additional financing from its parent (note 7). The allocation of the purchase price of Midas to the assets acquired and liabilities assumed is presented in the table below (in thousands). Assets acquired and liabilities assumed reflect fair value estimates and analyses, including work performed by third-party valuation specialists for tangible and intangible assets as well as pension and environmental obligations. The fair value of receivables acquired includes management's estimate of the cash flows not expected to be collected. Contingent liabilities recognized as of acquisition date primarily represent potential losses arising from ongoing litigation matters (note 17), and asset retirement and environmental obligations (note 15). The transaction resulted in goodwill of $79.0 million, which reflects the value of the Company's expectations for continued future growth in the business, and synergies created for the franchise and company-owned operations to most effectively meet the needs of consumers. Of the total goodwill, $36.9 million is deductible for tax purposes (in thousands).

	Allocation
Assets acquired:	
Accounts receivable	$ 13,905
Inventories	5,404
Other current assets	2,946
Total current assets	22,255
Property and equipment	156,386
Tradename	174,000
Franchise agreements	19,100
Intangible assets – other	6,159
Goodwill	78,959
Other assets	3,031
Total assets	459,890
Liabilities assumed:	
Notes payable to banks	75,397
Accounts payable	21,756
Change of control liabilities	15,723
Other current liabilities	22,336
Total current liabilities	135,212
Contingent liabilities	26,136
Pension liabilities	53,246
Finance obligation	27,578
Deferred taxes	29,056
Other noncurrent liabilities	16,397
Total liabilities	287,625
Cash purchase price	$ 172,265

(Continued)

(b) TBC Retail Group, Inc. – 8 Retail Store Locations

In April 2012, the Company purchased eight retail store locations. The operations were included from the acquisition date to March 31, 2013. The entire amount of goodwill recorded through these acquisitions is expected to be deductible for tax purposes. The following is a summary of the amounts assigned to assets acquired and liabilities assumed by the Company in connection with this acquisition (in thousands):

		Allocation
Assets acquired:		
Inventory	$	600
Property and equipment		184
Goodwill and other intangible assets		4,216
Total assets		5,000
Liabilities assumed:		
Current liabilities		141
Total liabilities		141
Cash purchase price	$	4,859

(Continued)

(c) Carroll Tires, LLC – 2 Warehouse Locations

In April 2012, the Company purchased two warehouse locations. The operations were included from the acquisition date to March 31, 2013. This transaction resulted in a bargain purchase gain of approximately $0.4 million, based upon the allocation of purchase price, and was immediately recognized in other income (expense), net within the accompanying consolidated statements of operations. The following is a summary of the amounts assigned to assets acquired and liabilities assumed by the Company in connection with this acquisition (in thousands):

		Allocation
Assets acquired:		
Accounts receivable	$	1,078
Inventory		1,765
Property and equipment		22
Intangible asset		618
Total assets		3,483
Liabilities assumed:		
Current liabilities		259
Total liabilities		259
Net assets acquired		3,224
Bargain purchase gain		(351)
Cash purchase price	$	2,873

(5) Related Parties and Major Suppliers

Related Parties

The Company's operations are managed through its executive officers, board of directors, and SCOA. Substantially, all of the Company's debt is owed to SCOA, as discussed in note 7.

Sales to entities in which the Company has an ownership interest accounted for approximately $21.0 million for both Fiscal 2013 and 2012, or 0.7% and 0.6% of the Company's net sales in each respective year. Accounts receivable resulting from transactions with these related parties are presented separately in the accompanying consolidated balance sheets. The terms and conditions negotiated with related parties are based on similar terms of the Company's trade accounts receivable.

During Fiscal 2013 and 2012, the Company purchased approximately $180.2 million and $217.2 million, respectively, of its total inventory purchases from SC and approximately $15.4 million and $12.9 million, respectively, of customs brokerage services from Sumisho Global Logistics, an affiliated company.

Additionally, during both Fiscal 2013 and 2012, the Company incurred administrative service fees of approximately $1.0 million and $1.3 million, respectively, and interest expense of approximately $37.7 million and $31.8 million, respectively, from SCOA.

The Company has payables with related parties, which are included in due to affiliates in the accompanying consolidated balance sheets, as follows (in millions):

	Related party	March 31 2014	March 31 2013
Inventory purchases	Sumitomo Corporation	$ 89.0	62.8
Customs brokerage services	Sumisho Global Logistics	1.8	0.3
Income taxes or other taxes payable	SCOA	0.1	3.7
		$ 90.9	66.8

The Company also had accrued interest due to SCOA as of March 31, 2014 and 2013 of approximately $3.8 million and $5.7 million, respectively, which is included in other current liabilities in the accompanying consolidated balance sheets.

Effective April 2010, SC implemented a new dividend payout system for its overseas affiliated companies. Certain subsidiaries within the SC consolidated group are required to pay a dividend at least 50% of the equity income of the respective year during the following fiscal year. During Fiscal 2013 and 2012, the Company was required to pay dividends of approximately $4.6 million and $29.7 million, respectively, for Fiscal 2012 and 2011 net income. SC will notify the Company once it has determined if it requires payment for Fiscal 2013 and will provide the amount and payment date accordingly.

Major Suppliers

During Fiscal 2013 and 2012, approximately 51.7% and 58.9%, respectively, of the Company's inventory purchases were from four vendors, as follows:

	March 31 2014	March 31 2013
Vendor A	20.5%	25.4%
Vendor B	12.3	12.4
Vendor C	10.0	10.6
Vendor D	8.9	10.5

(6) Goodwill and Intangible Assets

Acquired Intangible Assets

	March 31, 2014 (in thousands)			
	Weighted average amortization period	Gross carrying amounts	Accumulated amortization	Net carrying amount
Amortizing intangible assets:				
Trademarks	26 years	$ 414,037	(77,878)	336,159
Franchise agreements	13 years	113,100	(45,223)	67,877
Customer lists	12 years	103,251	(41,195)	62,056
Software intangible	1 year	2,800	(1,789)	1,011
Favorable market leasehold interest	8 years	44,338	(20,766)	23,571
Unfavorable market leasehold interest	8 years	(36,094)	16,797	(19,297)
Other intangible assets	1 year	1,905	(1,716)	189

	March 31, 2013 (in thousands)			
	Weighted average amortization period	Gross carrying amounts	Accumulated amortization	Net carrying amount
Amortizing intangible assets:				
Trademarks	26 years	$ 414,022	(64,320)	349,702
Franchise agreements	13 years	113,100	(39,237)	73,863
Customer lists	12 years	103,884	(35,490)	68,394
Software intangible	1 year	2,800	(856)	1,944
Favorable market leasehold interest	9 years	46,419	(18,797)	27,622
Unfavorable market leasehold interest	7 years	(37,080)	14,791	(22,289)
Other intangible assets	1 year	1,981	(1,408)	573

Aggregate amortization expense for amortizing intangible assets was $32.9 million and $27.1 million for Fiscal 2013 and 2012, respectively. The estimated future annual amortization expense related to amortizing intangible assets as of March 31, 2014 is approximately $26.4 million for each of the following five Fiscal years: 2014, 2015, 2016, 2017 and 2018.

The Company records its favorable leasehold interest, net of unfavorable, in short-term and long-term assets. As of March 31, 2014 and 2013, $0.9 million and $2.5 thousand, respectively, of favorable leasehold interest, net of unfavorable, was included as a portion of other current assets and $3.4 million and $5.3 million, respectively, of favorable leasehold interest, net of unfavorable, was included as favorable market lease intangibles in the consolidated balance sheets. The Company's other intangible assets, net, are included in other assets in the consolidated balance sheets.

Goodwill

During Fiscal 2013, the Company performed its annual goodwill impairment test and determined that the fair values for the wholesale, retail, and franchise reporting units exceeded their respective carrying values.

During Fiscal 2012, the Company performed its annual goodwill impairment test and determined that there was no impairment of goodwill for the wholesale and franchise reporting units. However, management observed deterioration in demand across the automotive aftermarket retail marketplace, causing a decline in tire unit sales and lower car count in the Company's retail stores. Additionally, the Company experienced lower margins on products and services due to competitive forces. Based on this trend, the Company revised the projected outlook for the remainder of Fiscal 2012 and beyond, which also anticipated increases in certain operating expenses necessary to support the retail reporting unit on a go-forward basis. As a result, management determined that goodwill for the retail reporting unit was impaired.

In measuring the impairment loss under the two-step test the fair values of individual assets and liabilities of the retail reporting unit were estimated, along with the fair value of the retail reporting unit as a whole. These valuations were determined primarily based on discounted cash flow and replacement cost analyses. The impairment loss was then measured by the amount by which the carrying value of goodwill exceeded the implied fair value of goodwill. Based on this assessment, the Company recorded an impairment charge of $274.2 million, which had an associated tax benefit of $34.2 million for Fiscal 2012.

The changes in the carrying amount of goodwill for Fiscal 2013 and 2012 are as follows (in thousands):

	March 31	
	2014	2013
Balance as of April 1:		
Gross goodwill	$ 534,616	451,639
Accumulated impairment losses	(274,191)	—
Net goodwill as of April 1	260,425	451,639
Activity during the year:		
Goodwill acquired during the year	397	82,926
Effect of foreign currency translation	(284)	51
Other	(2,483)	—
Impairment loss	—	(274,191)
Subtotal	(2,370)	(191,214)
Balance as of March 31:		
Gross goodwill	532,246	534,616
Accumulated impairment losses	(274,191)	(274,191)
Net goodwill as of March 31	$ 258,055	260,425

(7) Debt

The Company has a revolving credit facility with SCOA with a balance of $224.6 million and $314.2 million and term loans with a balance of $775.0 million and $775.0 million, as of March 31, 2014 and 2013, respectively.

Revolving Credit Facility

The Company's revolving credit facility matured on March 31, 2014; under this annual renewal, the credit facility will expire on March 31, 2015. The current capacity of the credit facility is $360.0 million with interest rate for the daily loan Bank of Tokyo Mitsubishi UFJ, Ltd. (BTMU) London Inter Bank Offered Rate (LIBOR) plus 2.4% annum, depending on whether the borrowed amount at the end of any month exceeds certain borrowing levels within the agreement amendment. The rates vary from 2.59% to 2.62% per annum, based on borrowing level. As of March 31, 2014, the effective rate was 2.59%.

As of March 31, 2014 and 2013, the Company had approximately $135.4 million and $45.8 million, respectively, available to borrow the credit facility. In addition, the Company had $53.0 million and $46.8 million representing outstanding standby letters of credit as of March 31, 2014 and 2013, respectively. These letters of credit relate to performance and payment guarantees with certain vendors. Based upon the Company's experience with these arrangements, the Company does not believe that any obligations that may arise will be significant.

Term Loans

The Company amended its original term loan with SCOA with the balance of $425 million previously due at various times through March 17, 2015 and was extended to March 31, 2018. The four principal payments are payable on November 17, 2014, November 17, 2015, March 31, 2017, and March 17, 2018 in the amounts of $100 million, $150 million, $75 million, and $100 million, respectively. Each of the four principal amounts will include fixed interest rates of 3.40%, 3.70%, 3.35%, and 3.83%, respectively. Interest is paid semiannually in arrears on May 17 and November 17 for the first two principal payments due, and March 31 and September 30 for the last two principal payments.

The Company entered into a separate term loan agreement (Acquisition Loan) with SCOA on the closing date of the Midas acquisition in the amount of $350 million with quarterly interest payments required and principal repayment due March 29, 2013. The Acquisition Loan carried an interest rate of 3.65% per annum above the LIBOR for a three-month term quoted by BTMU with quarterly interest payments due and matured on March 29, 2013. As of March 31, 2014, the Company renewed the Acquisition Loan with quarterly interest payments due and matured on March 31, 2015. The interest rate is LIBOR plus 4% per annum for a three-month term quoted by BTMU. The interest rate as of March 31, 2014 was 4.26%.

The Company's subsidiary, TBC de Mexico, has several bank loans with various lenders, all of which are included within the current portion of other long-term debt, capital lease, and financing obligations in the accompanying consolidated balance sheets. The following summarizes the terms and the interest rates for these loans (in thousands):

	March 31	
	2014	**2013**
Working capital revolver with a bank in the amount of approximately $25 million, maturity date of March 2015 with interest rates varying between 4.99% and 5.55% monthly	$ 15,779	18,371
Working capital revolver with a bank in the amount of approximately $10 million, maturity date of September 15, 2014 with a fixed interest rate of 5.04% monthly	9,951	—
Working capital revolver with a bank in the amount of approximately $2 million, maturity date of April 2014 with the interest rates varying between 4.97% and 5.21% monthly	1,995	—
Mexican governmental finance program; maturity dates vary depending upon payment plans with local farmers; interest rates to TBC de Mexico fixed at 13% annually, monthly at 1.083%	74	170
	$ 27,799	18,541

(Continued)

In a prior year, the Company entered into a financing arrangement with a third party to finance certain software licenses. The agreement is for a 48-month term with an interest rate of 3.1% and the balance as of March 31, 2014 and 2013 of approximately $0.5 million and $1.3 million, respectively.

Long-term debt, capital lease obligations, and finance lease obligations are summarized as follows (in thousands):

	March 31	
	2014	2013
Term loan facility	$ 775,000	775,000
Capital lease obligations	33,898	24,158
Finance lease obligations	26,197	28,258
Notes payable	28,342	19,886
Total debt, capital lease, and financing obligations	863,437	847,302
Less current portion	488,147	550,163
Total long-term debt, capital lease, and financing obligations	$ 375,290	297,139

Maturities of long-term debt, capital lease obligations, and finance lease obligations are as follows (in thousands):

Fiscal year:	
2014	$ 488,147
2015	158,448
2016	6,084
2017	80,211
2018	103,744
Thereafter	26,803
Total	$ 863,437

The Company has received a written commitment from SCOA to extend the due dates, as necessary, for loans scheduled to mature during Fiscal 2014.

In order to estimate the fair value of its term loan facility due to SCOA, the Company would evaluate interest rates that are currently available for issuance of debt with similar terms and remaining maturities. It is the Company's position that the term loan facility with SCOA does not represent the manner in which the Company could otherwise finance its operation as a stand-alone entity. Furthermore, given the effect SCOA's acquisition pushdown accounting (note 1) has on the Company's balance sheet structure, management does not believe it is practicable to estimate fair value of the term loan facility.

(8) Capital and Operating Lease Commitments

Assets acquired under capital leases are included in property and equipment and total $24.5 million and $23.5 million as of March 31, 2014 and 2013, respectively. The accumulated depreciation relating to these capital lease assets is $10.1 million and $9.2 million as of March 31, 2014 and 2013, respectively. Assets acquired under finance leases are included in property and equipment and total approximately $35.2 million as of March 31, 2014 and 2013. The accumulated depreciation relating to these finance leases assets is $6.7 million and $3.4 million as of March 31, 2014 and 2013, respectively. Other facilities and equipment are leased under arrangements that are accounted for as operating leases. The Company's commitments under operating leases relate primarily to retail store locations, distribution facilities, and vehicles and equipment. In addition to rental payments, the Company is obligated in some instances to pay real estate taxes, insurance, and certain maintenance costs. Rental expense of $143.4 million and $145.5 million was charged to operations during Fiscal 2013 and 2012, respectively, after reducing such expense by rental income of $39.7 million and $34.9 million, respectively. Minimum base rent is expensed on a straight-line basis over the terms of the operating leases. Sublease income pertains to certain lease agreements ranging from 10 to 15 years and contain renewal options ranging from 5 to 15 years with terms similar to the original lease agreements.

Future minimum operating and capital lease payments and the related present value of finance and capital lease payments as of March 31, 2014 were as follows (in thousands):

Fiscal	Operating leases	Finance leases	Capital leases	Sublease income
2014	$ 169,412	4,930	9,413	(42,230)
2015	158,699	4,877	7,699	(37,682)
2016	146,423	4,766	5,068	(33,563)
2017	134,146	4,725	3,689	(28,950)
2018	120,505	4,725	2,029	(20,967)
Thereafter	745,055	14,916	29,002	(81,901)
Total minimum lease payments	1,474,240	38,939	56,900	$ (245,293)
Less – sublease income associated with operating leases	(245,293)			
Net minimum lease payments	$ 1,228,947			
Less – interest expense associated with finance and capital leases		(12,742)	(23,002)	
Present value of net minimum lease payments		$ 26,197	33,898	

(Continued)

Real Estate Sale and Leaseback Transaction

During Fiscal 2002, Midas sold 77 of its owned real estate properties to Realty Income Corporation, a publicly traded real estate investment trust, and realized approximately $39.6 million in net proceeds. Simultaneous with that sale, Midas leased these properties from Realty Income Corporation and the sites continue to be leased to Midas franchisees under existing leases. Because these properties continued to generate rents to Midas, the Company recorded a $27.7 million finance lease obligation as part of the Midas acquisition pursuant to ASC Subtopic 840-40, *Sale-Leaseback Transactions*. As of March 31, 2014 and 2013, the properties are recorded on the balance sheet within buildings and leasehold improvements and will continue to be depreciated over the remaining useful lives. Annual lease payments will be made through the expiration of the lease obligation in 2022.

(9) Warranty Allowances

For non-Midas programs, the Company or the vendors supplying its products provide its customers limited warranties on certain products. In most cases, the Company's vendors are primarily responsible for warranty claims. Warranty costs relating to merchandise sold or services provided not covered by vendors are estimated and recorded as warranty obligations at the time of sale. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the amount as necessary.

The following table is a reconciliation of the changes in the Company's non-Midas warranty liability for Fiscal 2013 and 2012 (in thousands):

		March 31	
		2014	2013
Warranty allowance, beginning of year	$	5,219	5,265
Allowances established		3,228	6,558
Allowances utilized		(4,320)	(6,604)
Warranty allowance, end of year	$	4,127	5,219

For certain Midas products, customers are provided a written warranty from Midas for products purchased from Midas shops in North America, namely brake friction, mufflers, shocks, and struts. The warranty will be honored at any Midas shop in North America and is valid for the lifetime of the vehicle, but is voided if the vehicle is sold. The Company maintains a warranty accrual to cover the estimated future liability associated with outstanding warranties. The Company determines the estimated value of outstanding warranty claims based on 1) an estimate of the percentage of all warranted products sold and registered in prior periods at retail that are likely to be redeemed, and 2) an estimate of the future cost of redemption of each future warranty. Management develops these estimates based on actual historical registration and redemption data as well as actual cost information on current redemptions.

As discussed further below, prior to 2008 in the United States and 2009 in Canada, Midas was responsible for fulfillment of all warranty obligations rather than the franchisees. Accordingly, when the Company determines there are to be charges in estimated future warranty redemptions and/or the estimated cost of these redemptions, the warranty charges or benefits are included in the consolidated statements of

operations as an adjustment to warranty expense (reflected as a component of cost of sales). In addition, there are no new allowances established for this pre-2008/2009 population because there are no new registrations under these programs.

The following table is a reconciliation of the changes in the Company's warranty liability under the legacy Midas program for Fiscal 2013 and 2012 (in thousands):

		March 31	
		2014	2013
Fiscal year:			
Accrued warranty, as of acquisition date (note 4(a))	$	3,157	3,611
Warranty credits issued to franchisees and Company-operated shops		(326)	(481)
Change in liability for accruals related to pre-existing warranties		(2,215)	27
Warranty allowance, end of year	$	616	3,157

As of January 1, 2008, the Company changed how the Midas warranty obligations are funded in the United States (July 1, 2009 for Canada). Beginning in fiscal 2008, the Midas warranty program in the United States was funded directly by Midas franchisees. The franchisees are charged a fee for each warranted product sold to customers, and are issued credits for all warranties that are redeemed. The fees billed to franchisees are recorded as a receivable to Midas on behalf of the warranty fund, and the redemption credits issued to franchisees are recorded as a liability to the fund. As such, there are no revenues or expenses recorded to Midas and the current warranty program will have no net impact on the results of operations.

The following table is a reconciliation of the changes in the Company's warranty liability under the current Midas program for Fiscal 2013 and 2012 (in thousands):

		March 31	
		2014	2013
Warranty allowance, as of acquisition date (note 4(a))	$	7,456	7,217
Warranty fees charged to franchisees and Company-operated shops		2,060	2,146
Warranty credits issued to franchisees and Company-operated shops		(2,100)	(1,980)
Changes in liability for accruals related to pre-existing warranties		97	73
Warranty allowance, end of year	$	7,513	7,456

The Company's total obligation under its warranty programs is included in warranty allowance and other noncurrent liabilities in the accompanying consolidated balance sheets.

(10) Income Taxes

Income tax benefit for Fiscal 2013 and 2012 was as follows (in thousands):

		March 31	
		2014	2013
Current:			
Federal	$	(29,371)	(789)
State		2,620	(675)
Foreign		5,755	3,861
	Current income tax (benefit) expense	(20,996)	2,397
Deferred			
Federal		8,945	(29,519)
State		(2,504)	(2,575)
Foreign		(1,298)	(267)
	Deferred income tax expense (benefit)	5,143	(32,361)
	Income tax benefit	$ (15,853)	(29,964)

The provision for income taxes differs from the statutory federal rate of 35% mainly due to state taxes, permanent items, valuation allowance, foreign income inclusion, and foreign tax credits received. The provision for deferred income taxes represents the change in the Company's net deferred tax assets or liabilities during the year, excluding deferred taxes related to other comprehensive income or loss and acquisitions impacting deferred tax assets or liabilities, and includes the effect of any tax rate changes. Deferred tax assets and liabilities arise from temporary differences between the tax basis of the Company's assets and liabilities and their reported amounts in the accompanying consolidated financial statements.

(Continued)

The major components of deferred tax assets and liabilities in the accompanying consolidated balance sheets are summarized as follows (in thousands):

	March 31	
	2014	2013
Deferred tax assets:		
Allowance for doubtful accounts	$ 7,644	8,332
Warranty-related reserves	4,417	5,643
Insurance-related accruals	12,260	10,964
Compensation and retirement-related accruals	18,046	34,128
Lease accruals and related arrangements	12,901	12,439
Deferred revenues	5,274	4,907
Inventories	7,681	9,891
Loss carryforwards and tax credits	48,152	42,247
Legal reserves	5,491	6,983
Closed store accrual	2,531	940
Environmental accrual	3,113	3,355
Other	6,308	7,223
Total gross deferred tax assets	133,818	147,052
Less valuation allowance	(5,359)	(5,359)
Net deferred tax assets	128,459	141,693
Deferred tax liabilities:		
Trademarks and intangible assets	(175,863)	(183,181)
Property and equipment	(63,261)	(58,523)
Foreign partnership investment basis difference	(5,711)	(6,304)
Total deferred tax liabilities	(244,835)	(248,008)
Net deferred tax liabilities	$ (116,376)	(106,315)
Consolidated balance sheet presentation:		
Current deferred tax assets, net	$ 50,924	61,441
Noncurrent deferred tax assets, net	3,549	1,197
Noncurrent deferred tax liabilities, net	(170,849)	(168,953)
Net deferred income tax liabilities	$ (116,376)	(106,315)

In assessing the realization of the Company's deferred tax assets, the Company considers whether it is more likely than not that the deferred tax assets will be realized. The ultimate realization of the Company's deferred income tax assets depends upon generating future taxable income during the periods in which the temporary differences become deductible and before the net operating loss carryforwards expire. The Company evaluates the recoverability of the deferred tax assets by assessing the need for a valuation allowance. After consideration of all of the evidence, the Company has determined that a valuation

allowance of approximately $5.4 million is necessary as of March 31, 2014 and 2013. The net change in the valuation allowance was $0 and $5.4 million for Fiscal 2013 and 2012, respectively.

The Company had $29.1 million and $31.1 million in federal net operating loss carryforwards as of March 31, 2014 and 2013, respectively. The federal net operating loss carryforwards are due to the acquisition of Midas, Inc. and are subject to IRS Code Section 382, *Limitations*. The remaining losses are expected to be utilized prior to expiration between 2023 and 2033.

The Company had $10.5 million and $4.0 million of state net operating loss carryforwards as of March 31, 2014 and 2013, respectively. The $10.5 million of state net operating loss carryforwards as of March 31, 2014 are subject to a valuation allowance of $2.1 million. The remaining losses are expected to be utilized prior to expiration in 2018 through 2033.

The Company had $4.5 million and $5.3 million of foreign tax credit carryforwards available to utilize against federal income taxes as of March 31, 2014 and 2013, respectively. These credits can be carried forward for 10 years and will expire between 2015 and 2024. As of March 31, 2014, the $4.5 million of foreign tax credit carryforwards are subject to a valuation allowance of $3.3 million.

As of March 31, 2014 and 2013, U.S. taxes were not provided on income of the Company's foreign subsidiaries, as the Company has invested or expects to invest the undistributed earnings indefinitely. If in the future this income is repatriated to the United States, or if the Company determines that the earnings will be remitted in the foreseeable future, additional tax provisions may be required. It is not practical to determine the amount of unrecognized deferred tax liabilities on the undistributed earnings.

The Company's domestic and foreign operations are included in the federal income tax returns filed by SCOA. For the purposes of these Consolidated Financial Statements, the Company has determined its U.S. income tax provision in accordance with the tax sharing agreement between the Company and SCOA. The non-U.S. tax provision has been determined on a standalone basis for each non-U.S. affiliate. The Company is open to future examinations by the Internal Revenue Service (IRS) for tax years 2003 through 2013. The Company and its subsidiaries' state income tax returns are open to audit under the statute of limitations for the years 2003 through 2013. The Company and its subsidiaries' foreign income tax returns are open to audit under the statute of limitations for the years 2005 through 2013.

FASB ASC Topic 740-10, *Income Taxes* (ASC 740), provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more-likely than-not recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company recognizes interest and penalties accrued related to unrecognized tax benefits as components of the income tax provision and recognized expense of $0.01 million for Fiscal 2013 and 2012. As of March 31, 2014 and 2013, the liability for uncertain tax positions, including interest and penalties, is recorded in the accompanying consolidated balance sheets within other current liabilities.

The following table summarizes the activity related to the Company's unrecognized tax benefits (in thousands):

Balance at March 31, 2012	$	268
Additions based on tax positions related to the current year		464
Additions for tax positions of prior years		57
Additions for acquired tax positions		1,395
Reductions for tax positions of prior years		—
Statute expirations		—
Settlements		(59)
Balance at March 31, 2013		2,125
Additions based on tax positions related to the current year		64
Additions for tax positions of prior years		86
Additions for acquired tax positions		—
Reductions for tax positions of prior years		(5)
Statute expirations		—
Settlements		(207)
Balance at March 31, 2014	$	2,063

(11) Retirement Plans

(a) 401(k) Plans

The Company maintains employee savings plans under Section 401(k) of the Internal Revenue Code. Eligible employees are permitted to make tax deferred contributions from 1% to 50% of their eligible pay, subject to certain Internal Revenue Service limitations. Contributions are typically made by the Company to the 401(k) plans based on specified percentages of eligible employee contributions, but may also include discretionary contributions. TBC contributions are fully and immediately vested. Expenses recorded for the Company's contributions totaled $5.7 million and $4.3 million during Fiscal 2013 and 2012, respectively.

(b) Supplemental Retirement and Pension Plans

TBC Corporation

The Company also provides supplemental retirement plans for certain of its key executives, to provide benefits in excess of amounts permitted to be paid by its other retirement plans under current tax law. Expense recorded for supplemental retirement benefits totaled $1.8 million and $3.4 million for Fiscal 2013 and 2012, respectively. As of March 31, 2014 and 2013, the Company had recorded an unfunded projected benefit obligation of $10.6 million and $18.1 million, respectively, based upon a measurement date of March 31, 2014 and March 31, 2013. Plan balances are included within accrued payroll and other noncurrent liabilities.

Under FASB ASC Topic 715, *Compensation – Retirement Benefits*, the following tables set forth the obligations and balance sheets for the executive supplemental retirement plan along with the income statement and other items as of March 31 (in thousands):

	March 31	
	2014	**2013**
Benefit obligations:		
Change in projected benefit obligation (PBO):		
PBO, beginning of year	$ 18,089	17,616
Service cost	945	1,597
Interest cost	94	229
Actuarial loss	(1,744)	(1,353)
Settlements	(6,791)	—
PBO, end of year	$ 10,593	18,089
Accumulated benefit obligation (ABO), end of year	$ 10,593	17,253
Funded status as of year-end:		
Funded status	$ (10,593)	(18,089)
Amount recognized end of year	$ (10,593)	(18,089)
Assumptions used for year-end obligation:		
Discount rate/lump-sum rate	0.30%/Segment rates	0.57%/Segment rates
Compensation increase rate	—%	3.0%
Measurement date	March 31, 2014	March 31, 2013

	March 31	
	2014	**2013**
Amounts recognized in other comprehensive income:		
Prior service cost	$ —	(342)
Net loss	361	(1,800)
Total	$ 361	(2,142)
Amounts recognized in the statement of financial position:		
Current liabilities	$ (10,593)	(4,955)
Noncurrent liabilities	—	(13,134)
Total	$ (10,593)	(18,089)

(Continued)

	March 31	
	2014	**2013**
Net periodic pension cost:		
Service cost	$ 945	1,597
Interest cost	94	229
Amortizations:		
Net gain	—	—
Prior service cost	342	572
Settlement charge	416	1,009
Net periodic pension cost	$ 1,797	3,407
Assumptions used to determine net periodic pension cost:		
Discount rate/lump-sum rate	0.61%/Segment rates	1.30%/Segment rates
Compensation increase rate	3.0%	3.0%
Measurement date	March 31, 2014	March 31, 2013
Estimated amounts to be amortized from accumulated other comprehensive income into net periodic pension cost in next fiscal year:		
Prior service cost	$ —	342
Total	$ —	342

	March 31	
	2014	**2013**
Expected benefit payments during fiscal year(s) ending:		
March 31, 2015	$ 10,614	4,997
March 31, 2016	—	—
March 31, 2017	—	14,848

	2014	**2013**
Employer contributions expected to be paid during fiscal years ended March 31, 2014 and 2013	$ 10,614	—
Information for plans with PBO in excess of assets:		
PBO, end of year	$ 10,593	18,089
Fair value of assets, end of year	—	—
Information for plans with ABO in excess of assets:		
ABO, end of year	$ 10,593	17,253
PBO, end of year	10,593	18,089
Fair value of assets, end of year	—	—

(Continued)

(c) Defined-Benefit Pension Plans and Other Postretirement Plans

Midas, Inc.

Certain employees in the U.S. and Canada are covered under various defined-benefit pension plans sponsored and funded by the Company. Plans covering salaried employees provide pension benefits based on years of service, and generally are limited to a maximum of 20% of the employees' average annual compensation during the five years preceding retirement or curtailment of the plan. Plans covering hourly employees generally provide benefits of stated amounts for each year of service. During the Fiscal 2012, the Company opted to freeze the U.S. pension plan effective August 31, 2012. Therefore, following this date, no additional employees become eligible for benefits and no further benefits accrue based upon service.

Net periodic pension costs for Fiscal 2013 and Fiscal 2012 are presented in the following table (in thousands):

	March 31	
	2014	2013
Service cost	$ 169	321
Interest cost on projected benefit obligation	3,264	2,795
Amortization of initial net (asset) obligation	(25)	—
Amortization of net (gain) loss	(1)	—
Expected return on assets	(4,526)	(3,619)
Total net periodic cost	$ (1,119)	(503)

The principal economic assumptions used in the determination of net periodic pension cost of the U.S. Defined Benefits Plan included the following:

	March 31	
	2014	2013
Discount rate	3.60%	3.10%
Expected long-term rate of return on plan assets	7.00	7.00

The Company used the Mercer Discount Yield Curve as the basis for determining the Fiscal 2013 and 2012 discount rate. The index is long term in nature and reflects the future timing of the expected cash flows for the pension plan. The rate of increase in compensation was reduced to 0% due to freezing of the entire plan by the Company during Fiscal 2012, the same applied for Fiscal 2013.

The Company believes the assumed long-term rate of return on pension plan assets is appropriate given the Company's target long-term asset allocation and the freezing of the plan in the prior year. The assumed long-term rate is based on portfolio returns and reviewing prudent risk and return between income and growth assets to meet benefit payments needs. Actual allocations to each asset

class vary from target allocations due to periodic investment strategy changes, market value fluctuations, and the timing of benefit payments and contributions. The Company believes its target asset allocation is appropriate given the expected timing and amount of expenses for the plan. The Company's target asset allocation and actual asset allocation for Fiscal 2013 and Fiscal 2012 were as follows for the U.S. Defined-Benefit Plan:

	March 31, 2014		March 31, 2013	
	Target	Actual	Target	Actual
U.S. Large Cap Equity	19.1%	19.3%	24.8%	24.8%
U.S. Small/Mid Cap Equity	4.8	4.9	6.2	6.4
Non-U.S. Developed Equity	19.8	19.5	25.7	25.6
Emerging Markets Equity	4.1	4.1	5.3	5.2
U.S. Core Fixed Income	5.4	5.4	6.1	6.1
U.S. Long Duration Fixed Income	46.6	46.5	31.9	31.9
Growth Fixed Income	0.2	0.3	—	—
Total	100.0%	100.0%	100.0%	100.0%

The Canadian Hourly Defined-Benefit Plan and the Canadian Salary Defined-Benefit Plan assets were diversified in the current year to a mix more appropriate for the ongoing pension obligations. The fair value of the Canadian plan assets was approximately $5.6 million and $4.7 million as of March 31, 2014 and 2013, respectively, essentially all of which were measured using significant other observable inputs.

The fair value of the U.S. pension plans' assets, only, as of March 31, 2014 and 2013, by asset is as follows (in thousands):

	March 31, 2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Large Cap Equity	$ 13,271	—	13,271	—
U.S. Small/Mid Cap Equity	3,386	—	3,386	—
Non-U.S. Developed Equity	13,405	—	13,405	—
Emerging Markets Equity	2,796	—	2,796	—
U.S. Core Fixed Income	5,590	—	5,590	—
U.S. Long Duration Fixed Income	30,115	82	30,032	—
Growth Fixed Income	176	—	176	—
Total	$ 68,739	82	68,656	—

	March 31, 2013	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Large Cap Equity	$ 14,354	—	14,354	—
U.S. Small/Mid Cap Equity	3,669	—	3,669	—
Non-U.S. Developed Equity	15,048	—	15,048	—
Emerging Markets Equity	3,070	—	3,070	—
U.S. Core Fixed Income	3,602	—	3,602	—
U.S. Long Duration Fixed Income	19,072	135	18,937	—
Total	$ 58,815	135	58,680	—

U.S. Large Cap Equity invests primarily in common stock of large cap companies in the U.S. with above average earnings growth and revenue expectations as well as undervalued companies relative to their intrinsic value. Additionally, seeks to match the performance of the S&P 500 Index and invests in common stock of large cap companies in the U.S. It targets broad diversification across economic sectors and seeks to achieve lower overall portfolio volatility by investing in complementary active managers with varying risk characteristics.

U.S. Small/Mid Cap Equity invests in small to mid-sized companies in the U.S. with above average earnings growth and revenue expectations as well as undervalued companies relative to their intrinsic value. It targets broad diversification across economic sectors and seeks to achieve lower overall portfolio volatility by investing in complementary active managers with varying risk characteristics.

Non-U.S. Core Equity invests in all cap companies operating in developed and emerging markets outside the U.S. The strategy targets broad diversification across economic sectors and seeks to achieve lower overall portfolio volatility by investing in complementary active managers with varying risk characteristics. Total exposure to emerging markets is typically 10%–15%, inclusive of direct investment in emerging markets and exposure through other non-U.S. high equity funds.

Mercer Emerging Markets Equity uses fundamental investment strategies and quantitative applications to provide emerging markets equity exposure and targets broad diversification across economic sectors and seeks to achieve lower portfolio volatility by investing in complementary active managers with varying risk characteristics.

U.S. Core Fixed Income invests primarily in U.S. dollar-denominated investment grade and government securities. It may also invest opportunistically in out-of-benchmark positions including U.S. high yield, non-U.S. bonds, and TIPs.

U.S. Long Duration Fixed Income invests primarily in U.S. dollar-denominated investment grade and government securities with varying year duration, in passively managed U.S. long duration investment grade portfolio at a 90% weight and a passively managed U.S. long treasury portfolio at a 10% weight and certain investments that focus on high quality issues within the U.S. corporate bond market and leverages the skill and proprietary research of the sub-advisor managers to potentially minimize exposure to ratings downgrades and defaults.

Growth Fixed Income employs a multi-manager approach to provide exposure to fixed income asset classes generally associated with higher yield and globalization. Such asset classes include global high yield bonds and emerging markets debt denominated in local currency.

The following table presents estimated future benefits payments for both U.S. and Canada over the next 10 years, including expected future service, as appropriate, as of March 31, 2014 (in thousands):

Fiscal year:		
2014	$	4,302
2015		4,305
2016		4,432
2017		4,598
2018		4,751
2019 – 2023		26,284
Total	$	48,672

(Continued)

The changes in the projected benefit obligations for Fiscal 2013 and 2012 for U.S. and Canada obligations were as follows (in thousands):

	March 31	
	2014	2013
Benefit obligations as of the beginning of the year	$ 106,689	107,507
Service cost	169	325
Interest cost	3,264	2,791
Actuarial (gain) loss	(7,050)	3,796
Plan curtailments	—	(2,313)
Benefits paid and plan expenses	(4,286)	(5,417)
Benefit obligations as of the end of the year	$ 98,786	106,689

The changes in the fair market value of the U.S. and Canada plan assets for Fiscal 2013 and 2012 were as follows (in thousands):

	March 31	
	2014	2013
Fair value of assets as of the beginning of the period	$ 63,506	54,504
Actual return on plan assets	7,680	3,882
Company contributions	7,295	8,455
Benefits paid and plan expenses	(3,921)	(3,335)
Fair value of assets as of the end of the year	$ 74,560	63,506

The Company's policy is to fund the pension plans in accordance with applicable U.S. and Canadian government regulations and to make additional contributions as required. As of March 31, 2014, the Company has met all regulatory minimum funding requirements. The Company made contributions of $7.0 million and $8.5 million to the U.S. Defined-Benefit Plan in Fiscal 2013 and Fiscal 2012, respectively, and expects to contribute approximately $7.0 million to the U.S. Defined-Benefit Plan during Fiscal 2014.

The following table reconciles the pension plans' funded status to the amounts recognized on the consolidated balance sheet as of March 31, 2014 and 2013 (in thousands):

	March 31	
	2014	2013
Actuarial present value of projected benefit obligation	$ (98,786)	(106,689)
Plan assets at fair market value	74,560	63,506
Accrued pension cost recognized on consolidated balance sheets	$ (24,226)	(43,183)

(Continued)

Amounts recognized in accumulated other comprehensive loss as of Fiscal 2013 and 2012 were as follows (in thousands and after tax):

		March 31	
		2014	2013
Net actuarial gain (loss)	$	5,898	(981)

As of March 31, 2014 and 2013, the Company has recorded accrued pension costs as follows (in thousands):

		March 31	
		2014	2013
Accrued Canadian pension liability	$	469	(331)
Accrued U.S. pension liability		(24,695)	(42,852)
Pension liability	$	(24,226)	(43,183)

(12) Other Benefit Plans

(a) Mandatorily Redeemable Preferred Stock

The board of directors of TBC approved the issuance of 10,000 shares of Series A Preferred Stock, par value $0.01 per share. The shares are nonvoting and are not entitled to dividends. The Company issued 408 shares for which cash received by TBC totaled approximately $6.8 million, for a per share value of approximately $17 thousand. The preferred shares are redeemable by the holder at any time after three years from issuance or by TBC upon change of control. Additionally, there is a requirement by the Company to repurchase all shares held by a holder, depending upon the termination circumstances, such as death, retirement, and with or without good cause. During Fiscal 2012 and 2011, zero and three shares, respectively, were redeemed under the provisions of the agreement due to the respective holder's change in employment status. As of March 31, 2014 and 2013, the liability recorded related to the preferred stock equals the amount of cash that would be paid under the conditions specified in the contract if the shares were repurchased or redeemed at that date, subject to certain assumptions regarding redemption conditions. Based upon the Certificate of Designations, Preferences, and Rights of Series A Preferred Stock of TBC Corporation and the knowledge of conditions existing as of March 31, 2014, the holder will be paid the redemption value per share as of the end of the quarter ending or immediately following the date of termination. The redemption value is determined based on a defined formula included in the agreement. As of March 31, 2014 and 2013, the redemption value was determined to be approximately $1.4 million and $3.2 million, respectively, for a per share value of approximately $6 thousand and $11 thousand, respectively. These amounts are included within other noncurrent liabilities in the accompanying consolidated balance sheets. The liability recorded as of March 31, 2014 and 2013 included a $1.9 million and $4.5 million, respectively, decrease in value during Fiscal 2013 and 2012,

respectively, which was classified within interest expense, net in the accompanying consolidated statements of operations.

(b) Long-Term Incentive Plans

The Company has long-term incentive plans that it offers to its key employees that are considered nonqualified plans. Prior to April 1, 2009, the plans were governed by the Senior Executive Incentive Plan, and administered by the executive committee of the board of directors. The plans allowed for grants of Phantom Stock Awards (PSAs), Annual Performance Awards (APAs), and/or Long-Term Performance awards (LTIPs). The APA and LTIP awards require the achievement of specific performance objectives established at the date of grant. If the objectives are met, the award is payable 30 days after the availability of the audited consolidated financial statements for APAs and the third consecutive fiscal year of the performance period for LTIPs. The Company measures these awards using a defined formula included in the award agreement based upon certain key performance criteria. As of March 31, 2014 and 2013, the Company recorded a liability of $0 and $7.4 million, respectively, in the accompanying consolidated financial statements related to these plans. Bonus expense specific to these plans of $0.8 million was recorded for Fiscal 2012, which was classified within selling, administrative, and retail store expenses in the accompanying consolidated statements of operations. The last payout from these plans occurred in Fiscal 2013 and, accordingly, no further bonus expense or liability exists related to these plans.

As of April 1, 2009, the Company established the Phantom Share Appreciation Plan, which replaced the Senior Executive Incentive Plan prospectively. The plan is administered by the executive committee of the board of directors and allows for grants of Phantom Share Appreciation Awards (Phantom Shares). The Phantom Shares vest 25% on each one-year anniversary from the date of grant. The award is only exercisable at the end of the four-year period following the date of grant provided that the grantee remains employed through the end of the four-year period (certain exceptions are applicable for death, retirement, or disability). The Company measured awards granted in Fiscal 2012 and 2011 using a defined formula included in the award agreement based upon certain key performance criteria, subject to a floor. As of March 31, 2014 and 2013, the Company recorded a liability of $5.2 million for both fiscal years in the accompanying consolidated financial statements related to this plan. Bonus expense of $1.5 million and $3.6 million was recorded for Fiscal 2013 and 2012, respectively, which was classified within selling, administrative, and retail store expenses in the accompanying consolidated statements of operations.

(c) Deferred Compensation Plan

The Company adopted the TBC Corporation Deferred Compensation Plan, which allows certain key employees to defer up to 80% of their base salary and/or 100% of their bonuses on a tax-deferred basis. All deferral elections are required to be made prior to the beginning of the respective plan year. Participants receive returns on amounts they deferred based on investment elections they make which are added to their deferrals. Deferrals into the plan and any related earnings are 100% vested. The Company purchased life insurance contracts that may be used to fund the Company's obligation under this plan. As of March 31, 2014 and 2013, the Company had a liability of $6.3 million and $5.5 million, respectively, and an asset of $6.7 million and $5.7 million, respectively, recorded in the accompanying consolidated balance sheets related to this plan. The related asset is included in other

assets and the liability is included in other noncurrent liabilities within the accompanying consolidated balance sheets.

(13) Financial Guarantees and Credit Risks

From time to time, certain of the Company's franchise units provide certain financial guarantees associated with real estate leases and financing of its franchisees. Although the guarantees were issued in the normal course of business to meet the financing needs of its franchisees, they may represent credit risk in excess of the amounts reported in the consolidated balance sheets. As of March 31, 2014 and 2013, there were no contractual amounts owed as it related to these guarantees.

(14) Variable Interest Entities

FASB ASC Subtopic 810, *Consolidation*, provides guidance on the consolidation of entities whose equity holders have either not provided sufficient equity at risk to allow the entity to finance its own activities or do not possess certain characteristics of a controlling financial interest.

The Company performs ongoing reassessment(s) of the primary beneficiary of the Variable Interest Entity (VIE) and eliminates the quantitative approach previously required for determining whether an entity is the primary beneficiary. The Company performs ongoing qualitative assessments of its VIEs to determine whether the Company has a controlling financial interest in the VIE and therefore is the primary beneficiary. The Company is deemed to have a controlling financial interest when it has both the ability to direct the activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. Based on the Company's assessment, if it determines it is the primary beneficiary, the Company consolidates the VIE in the Company's consolidated financial statements. As of March 31, 2014 and 2013, the Company has concluded that there are no controlling interests in any VIEs.

(15) Asset Retirement and Environmental Obligations

Asset Retirement Obligations

The Company utilizes the provisions of FASB ASC Topic 410, *Asset Retirement and Environmental Obligations*. FASB ASC 410 requires the capitalization of any retirement obligation costs as part of the carrying amount of the long-lived asset and the subsequent allocation of the total expense to future periods using a systematic and rational method. The Company has determined that certain leases require that the premises be returned to its original condition, reflecting normal wear and tear, upon lease termination. As a result, the Company will incur costs, primarily related to the removal of signage and equipment from its retail stores, at the lease termination and requires that these costs be recorded at their fair value at lease inception.

As of March 31, 2014 and 2013, the Company had a liability pertaining to the asset retirement obligation, which is included in noncurrent liabilities in the accompanying consolidated balance sheets. Accretion expense associated with the asset retirement obligations is recorded as selling, administrative, and retail store expense in the accompanying consolidated statements of operations. The following is a reconciliation of the beginning and ending carrying amounts of the Company's asset retirement obligation (in thousands):

		2014	2013
Asset retirement obligation, beginning of year	$	8,531	3,104
Asset retirement obligation established during acquisition accounting		—	4,841
Asset retirement obligation incurred during the year		(595)	152
Accretion expense		494	434
Asset retirement obligation, end of year	$	8,430	8,531

Environmental Obligations

The Company has identified a number of Midas franchise and Company-operated shops that contain soil, groundwater, or other types of contamination from improper usage and maintenance of equipment, or disposal of certain hazardous chemicals used in the operation of automotive retail locations. Due to its association with a substantial portion of Midas franchise properties as primary lessee or guarantor (note 2(t)), the Company believes that it will ultimately be responsible for incurring costs for environmental remediation at many locations. In applying acquisition accounting, the Company prepared an estimate of such remediation costs based upon site studies performed at a sample of locations to identify the frequency and severity of contamination. As of the purchase date of Midas by TBC and with the assistance of internal and external subject matter experts, the Company estimated its undiscounted obligation to be approximately $12.5 million, anticipated to be incurred over a period of approximately 10 years. Given this extended period, management applied a discount rate of 7.0% and recorded the $8.8 million present value in the application of purchase accounting, included in other noncurrent liabilities in the accompany consolidated balance sheets. No significant remediation activities had occurred prior to March 31, 2014, the recorded amount remained essentially unchanged. During Fiscal 2013, the Company applied approximately $0.7 million of environmental activities to the recorded reserve.

The Company does not believe that similar obligations exist for its non-Midas locations due to the existence and enforcement of policies and procedures surrounding equipment usage and maintenance, as well disposal of hazardous substances.

(16) Accumulated Other Comprehensive Income (Loss)

The accumulated balances for each classification of other comprehensive income are as follows (in thousands):

	Foreign currency items	Pension plan	Supplemental retirement plan	Accumulated other comprehen-sive (loss) income
Ending balance, March 31, 2012	$ (455)	—	(3,208)	(3,663)
Net current period change	1,872	(1,541)	2,362	2,693
Tax effect of current period change	(336)	560	(869)	(645)
Reclassification adjustments for losses reclassified into income	—	—	572	572
Tax effect of reclassification adjustments	—	—	(211)	(211)
Amount attributable to noncontrolling interest	(817)	—	—	(817)
Ending balance, March 31, 2013	264	(981)	(1,354)	(2,071)
Net current period change	(3,261)	10,906	2,166	9,811
Tax effect of current period change	92	(4,027)	(800)	(4,735)
Reclassification adjustments for losses reclassified into income	—	—	342	342
Tax effect of reclassification adjustments	—	—	(126)	(126)
Amount attributable to noncontrolling interest	616	—	—	616
Ending balance, March 31, 2014	$ (2,289)	5,898	228	3,837

(17) Commitments and Contingencies

The Company is involved in various legal proceedings, which are routine to the conduct of its business. The Company does not believe that any such litigation will have a material adverse effect on its consolidated financial position or results of operations.

The following legal proceedings are considered significant in nature by management:

Dishkin/Soper, et al v. TBC Retail Group and *Abdoney v. TBC Retail Group, Inc. et al* are Florida consumer class actions whereby plaintiffs are alleging the company (1) failed to properly calculate shop fees on the invoice and (2) at times, failed to disclose shop fees on certain advertisements. In the *Dishkin* case, the trial court granted plaintiffs' motions for class certification and summary judgment. Although TBC prevailed in its initial appeal, the Florida Supreme Court reversed and remanded the case for further proceedings. Plaintiffs' counsel filed a similar lawsuit, titled *Abdoney v. TBC Retail Group, Inc. et al.* TBC filed three motions to dismiss, which the court granted, without prejudice. The parties have reached a global settlement, which received preliminary approval by the court on May 7, 2014. The final approval hearing has been scheduled for October 7, 2014. As a result of the settlement, the Company recognized $4.7 million as a component of other current liabilities in the accompanying consolidated balance sheets as of March 31, 2014.

Landsbridge Auto, et al v. Midas International Corporation, two Canadian Midas franchisees filed a class action lawsuit on May 31, 2007. They alleged various violations of the Midas Franchise and Trademark Agreement in connection with Midas's decision to terminate its supply system. Although the Court denied certification of most of the claims, it certified the issue of whether Midas Canada breached its common law and statutory duties of good faith and fair dealing when it implemented its new supply chain program in 2003. On April 3, 2013, the parties reached a settlement of $8.5 million, which the court approved on September 12, 2013. Because this was an existing claim at the time of the Midas acquisition, the settlement amount was recorded as an assumed liability in the application of acquisition accounting.

On January 1, 2011, the Company entered into a contract to purchase a minimum of 12,500,000 gallons of oil products over the next three years, with no price escalation during the first contract year. In October 2012, the Company amended the contract, extending the first threshold period to December 31, 2013 to purchase a minimum amount of oil products over the next four years ranging from 4,000,000 gallons to over 6,000,000 gallons. The price of the products purchased will be based on published market indexes. In the event that the Company does not purchase the required amount of gallons in any given year, the Company would be required to pay an amount based upon certain thresholds. As of March 31, 2013, the Company is compliant with the contract purchase levels based on the Fiscal 2012 amendment. During Fiscal 2013, the contract was amended and there were no longer purchase requirements for the Company.

(18) Subsequent Events

The Company has reviewed and evaluated material subsequent events from the balance sheet date of March 31, 2014 through June 9, 2014.

TBC CORPORATION AND SUBSIDIARIES

(A Majority-owned Subsidiary of Sumitomo Corporation of America)

Consolidated Financial Statements

March 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

TBC CORPORATION AND SUBSIDIARIES
(A Majority-owned Subsidiary of Sumitomo Corporation of America)

Table of Contents

KPMG LLP
Suite 2000
200 South Biscayne Boulevard
Miami, FL 33131

Independent Auditors' Report

The Board of Directors and Stockholders
TBC Corporation:

We have audited the accompanying consolidated financial statements of TBC Corporation and its subsidiaries (the Company), a majority-owned subsidiary of Sumitomo Corporation of America, as of March 31, 2013 and 2012, which comprise the consolidated balance sheets as of March 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of TBC Corporation and its subsidiaries as of March 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Miami, Florida
July 10, 2013
Certified Public Accountants

TBC CORPORATION AND SUBSIDIARIES
(A Majority-owned Subsidiary of Sumitomo Corporation of America)

Consolidated Balance Sheets

March 31, 2013 and 2012

(In thousands, except share data)

Assets	2013	2012
Current assets:		
Cash	$ 18,092	7,935
Accounts and notes receivable	273,121	234,870
Related-party receivables	1,205	858
	274,326	235,728
Less allowance for doubtful accounts	(13,664)	(16,056)
Total accounts and notes receivable, net	260,662	219,672
Inventories	666,318	612,644
Refundable federal and state income taxes	18,373	11,175
Deferred income taxes	61,441	39,352
Other current assets	25,491	31,573
Total current assets	1,050,377	922,351
Property and equipment, net:		
Land	65,806	14,804
Buildings and leasehold improvements	255,403	134,760
Furniture and equipment	393,762	313,479
	714,971	463,043
Less accumulated depreciation and amortization	(273,128)	(213,512)
Total property and equipment, net	441,843	249,531
Trademarks, net	349,702	188,997
Franchise agreements, net	73,863	60,686
Customer lists, net	68,394	70,605
Goodwill	260,425	451,639
Favorable market lease intangibles, net	5,333	4,346
Other assets	19,303	14,526
Total assets	$ 2,269,240	1,962,681

(Continued)

TBC CORPORATION AND SUBSIDIARIES
(A Majority-owned Subsidiary of Sumitomo Corporation of America)

Consolidated Balance Sheets

March 31, 2013 and 2012

(In thousands, except share data)

Liabilities	2013	2012
Current liabilities:		
Book overdrafts	$ 13,041	8,369
Accounts payable and accrued expenses	214,015	198,970
Accrued payroll and related costs	69,964	41,466
Due to affiliates	66,810	110,030
Revolving credit facility, Parent	314,242	231,919
Current portion of long-term debt, Parent	525,000	—
Current portion of other long-term debt, capital lease, and financing obligations	25,163	16,597
Deferred revenue	21,644	28,490
Warranty allowance	8,513	5,265
Other current liabilities	67,866	40,558
Total current liabilities	1,326,258	681,664
Long-term debt, Parent	250,000	425,000
Other long-term debt, capital lease, and financing obligations, less current portion	47,139	5,675
Other noncurrent liabilities	115,048	73,728
Deferred income taxes	168,953	152,977
Total liabilities	1,907,398	1,339,044
Commitments and contingencies (notes 8 and 17)		
Stockholders' equity:		
TBC Corporation's stockholders' equity:		
Common stock, $0.01 par value. Authorized, 60,000 shares; issued and outstanding, 50,000 shares	1	1
Additional paid-in capital	421,123	421,123
Accumulated other comprehensive loss	(2,071)	(3,663)
(Accumulated deficit) retained earnings	(76,242)	189,131
Total TBC Corporation's common stockholders' equity	342,811	606,592
Noncontrolling interest	19,031	17,045
Total stockholders' equity	361,842	623,637
Total liabilities and stockholders' equity	$ 2,269,240	1,962,681

See accompanying notes to consolidated financial statements.

TBC CORPORATION AND SUBSIDIARIES
(A Majority-owned Subsidiary of Sumitomo Corporation of America)

Consolidated Statements of Operations

Years ended March 31, 2013 and 2012

(In thousands)

	2013	2012
Net sales	$ 3,214,669	3,191,467
Cost of sales	2,057,773	2,038,515
Gross profit	1,156,896	1,152,952
Expenses:		
Distribution expenses	116,343	118,667
Selling, administrative, and retail store expenses	1,001,455	913,980
Goodwill impairment	274,191	—
Total expenses	1,391,989	1,032,647
(Loss) income from operations	(235,093)	120,305
Other income (expense):		
Interest expense, net	(32,857)	(18,053)
Other income (expense), net	3,707	(2,596)
Total other expense	(29,150)	(20,649)
(Loss) income before income tax expense	(264,243)	99,656
Income tax (benefit) expense	(29,964)	38,047
Net (loss) income	(234,279)	61,609
Less net income attributable to noncontrolling interest	(1,427)	(2,275)
Net (loss) income attributable to TBC Corporation's common stockholders	$ (235,706)	59,334

See accompanying notes to consolidated financial statements.

TBC CORPORATION AND SUBSIDIARIES
(A Majority-owned Subsidiary of Sumitomo Corporation of America)

Consolidated Statements of Comprehensive Income

Years ended March 31, 2013 and 2012

(In thousands)

	2013	2012
Net (loss) income	$ (234,279)	61,609
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	1,536	(2,335)
Pension and other postretirement benefit plans:		
Net actuarial gain	1,086	662
Prior service cost	(213)	(570)
Pension and other postretirement benefit plans	873	92
Less comprehensive income attributable to noncontrolling interest	(2,244)	(1,776)
Net comprehensive (loss) income attributable to TBC Corporation	$ (234,114)	57,590

See accompanying notes to consolidated financial statements.

TBC CORPORATION AND SUBSIDIARIES
(A Majority-owned Subsidiary of Sumitomo Corporation of America)
Consolidated Statements of Stockholders' Equity
Years ended March 31, 2013 and 2012
(In thousands, except share data)

	Common stock		Additional paid-in capital	Accumulated other comprehensive (loss) income	Retained earnings (Accumulated deficit)	Stockholders' equity, TBC corporation	Noncontrolling interest	Total stockholders' equity
	Number of shares	Amount						
Balance, March 31, 2011	50,000	$ 1	421,123	(1,919)	158,637	577,842	15,740	593,582
Comprehensive income								
Net income	—	—	—	—	59,334	59,334	2,275	61,609
Other comprehensive loss	—	—	—	(1,744)	—	(1,744)	(499)	(2,243)
Dividends paid	—	—	—	—	(28,840)	(28,840)	(471)	(29,311)
Balance, March 31, 2012	50,000	1	421,123	(3,663)	189,131	606,592	17,045	623,637
Comprehensive income								
Net (loss) income	—	—	—	—	(235,706)	(235,706)	1,427	(234,279)
Other comprehensive income	—	—	—	1,592	—	1,592	817	2,409
Dividends paid	—	—	—	—	(29,667)	(29,667)	(258)	(29,925)
Balance, March 31, 2013	50,000	$ 1	421,123	(2,071)	(76,242)	342,811	19,031	361,842

See accompanying notes to consolidated financial statements

TBC CORPORATION AND SUBSIDIARIES
(A Majority-owned Subsidiary of Sumitomo Corporation of America)

Consolidated Statements of Cash Flows

Years ended March 31, 2013 and 2012

(In thousands)

	2013	2012
Cash flows from operating activities:		
Net (loss) income	$ (234,279)	61,609
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	67,963	52,995
Amortization of intangible assets	27,091	20,868
Valuation of mandatorily redeemable preferred stock	(4,455)	204
Provision for doubtful accounts and notes	180	688
Loss on disposal of property and equipment	479	8
Bargain purchase gain on acquisition of 2 warehouse locations (see note 4(c))	(351)	—
Deferred income taxes	(32,361)	2,829
Equity in net income from investees	(149)	(181)
Impairment loss from joint venture	—	5,000
Goodwill impairment	274,191	—
Changes in operating assets and liabilities, net of acquisitions:		
Accounts and notes receivable	(27,089)	5,046
Inventories	(47,007)	(13,338)
Other current assets	5,206	1,262
Other assets	1,086	(2,482)
Accounts payable, accrued expenses, and due to affiliates	(56,179)	(3,311)
Accrued payroll and related costs	24,438	(10,754)
Deferred revenue and warranty allowance	(7,495)	4,119
Federal and state income taxes refundable or payable	(9,913)	405
Other current liabilities	4,272	(1,216)
Noncurrent liabilities	(49,251)	6,935
Net cash (used in) provided by operating activities	(63,623)	130,686
Cash flows from investing activities:		
Purchases of property and equipment	(86,362)	(86,388)
Proceeds from sale of equity investment	—	750
Acquisitions of retail stores, net of cash acquired	(4,895)	(6,689)
Acquisition of Midas (see note 4(a)), net of cash acquired	(172,265)	—
Proceeds from dispositions of property and equipment	4,200	525
Net cash used in investing activities	(259,322)	(91,802)
Cash flows from financing activities:		
Increase in book overdrafts	4,672	662
Net borrowings under TBC de Mexico bank loans	3,711	(3,148)
Net proceeds (repayments) under revolving facility, Parent	82,323	(2,774)
Proceeds from issuance of long-term debt, Parent	350,000	—
Payment of acquired Midas debt	(75,397)	—
Payment of dividend to noncontrolling interest	(258)	(471)
Net payments of other long-term debt, capital lease, and financing obligations	(3,057)	(1,312)
(Redemption) issuance of mandatorily redeemable preferred stock	27	130
Payment of dividend to common shareholders	(29,667)	(28,840)
Net cash provided by (used in) financing activities	332,354	(35,753)
Effect of exchange rate on cash	748	(1,766)
Net increase in cash	10,157	1,365
Cash:		
Balance – beginning of year	7,935	6,570
Balance – end of year	$ 18,092	7,935
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 36,977	18,765
Cash paid for income taxes, net of refunds	8,141	34,399

See accompanying notes to consolidated financial statements.

(1) Nature of Business and Basis of Presentation

(a) Operations

TBC Corporation and subsidiaries (TBC or the Company) is one of the United States' largest independent marketers of tires for the automotive replacement market. The Company has determined that its operating activities consist of Retail, Franchise, and Wholesale divisions. The Company operates or acts as a franchisor of retail tire and automotive service centers throughout the United States of America, Canada, Europe, and other countries under the following trade names: Tire Kingdom, Merchant's Tire & Auto Centers, National Tire & Battery, Big O Tires (Big O) and, recently acquired, Midas and SpeeDee. The Company operates as a wholesaler of tire and automotive parts primarily in the United States of America, Canada, and Mexico under the following trade names: TBC Brands, Carroll's Tire, Treadways Corporation, and TBC de Mexico. As of March 31, 2013, the Company had a total of 2,660 retail locations consisting of 903 Company-operated and 1,757 franchised stores. As of March 31, 2012, the Company had a total of 1,204 retail locations consisting of 832 Company-operated and 372 franchised stores. The Company operated 90 and 82 warehouse locations, for Fiscal 2012 and Fiscal 2011 (see note 1(c)), respectively.

(b) Ownership Structure

On November 17, 2005, 100% of the Company's common stock was acquired and its debt was assumed (the Acquisition) by Sumitomo Corporation of America (SCOA) together with its parent, Sumitomo Corporation, Japan (SC), for a total consideration of $1.1 billion, including debt. SCOA elected to apply push-down accounting with respect to its acquisition of the Company. Accordingly, its aggregate $1.1 billion purchase price, which included costs directly related to the acquisition, was "pushed down" to the consolidated financial statements of the Company. As a result, the assets acquired and liabilities assumed as of November 17, 2005 were adjusted to their respective fair values on that date, pursuant to the purchase method of accounting for business combinations.

Effective March 31, 2009, SCOA sold 40% of its interest in the Company to Summit Global Management of America, Inc. (SGMA), which is owned 100% by SC. Additionally, SGMA owns 100% of SCOA.

SCOA is headquartered in New York City and is an integrated global trading company with diversified investments in businesses involved in manufacturing and marketing of consumer products, providing financing for customers and suppliers, coordination and operation of urban and industrial infrastructure products, providing transportation and logistics services, developing natural resources, distribution of steel and other products, and developing and managing real estate. TBC is a subsidiary within SCOA's living-related business segment. SGMA owns certain of SC's investments in the United States.

(c) Definition of Fiscal Year

As used in these consolidated financial statements and related notes to consolidated financial statements, "Fiscal 2011," "Fiscal 2012," "Fiscal 2013," "Fiscal 2014," "Fiscal 2015,", "Fiscal

2016," and "Fiscal 2017" refer to the years ending March 31, 2012, 2013, 2014, 2015, 2016, 2017, and 2018, respectively.

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of TBC Corporation and its wholly and majority owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

(b) Use of Estimates

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of such consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as certain consolidated financial statement disclosures. Actual results could differ from those estimates.

(c) Cash Management

The Company's cash management process generally utilizes zero balance accounts, which provide for the settlement of the related disbursement accounts on a daily basis. This process resulted in book overdrafts of approximately $13.0 million and $8.4 million, respectively, as of March 31, 2013 and 2012.

(d) Investments – Noncontrolling Interest and Equity, Cost Method

The Company has invested in certain tire distributors and independent tire dealers. The investments in these 50% or less-owned entities are accounted for using the cost and equity methods and are included in other assets on the accompanying consolidated balance sheets. The Company does have the ability to influence, but not control, certain of its investments. The cost of each equity investment is adjusted for the Company's share of equity in earnings or losses of the respective investment and reduced by any distributions received. The carrying value of such equity investments totaled $2.9 million and $2.7 million as of March 31, 2013 and 2012, respectively. For its share of earnings and losses from such equity investments, the Company recorded net gains in other income (expense), net on the accompanying consolidated statements of operations of $0.1 million and $0.2 million for the years ended March 31, 2013 and 2012, respectively. During Fiscal 2011, the Company determined based on certain facts and indicators to impair one of its cost method investments in the amount of $5.0 million, which was the total amount of the held investment. The impairment charge was recorded in the accompanying consolidated financial statements within other income (expense), net for the year ended March 31, 2012.

As of March 31, 2013, the Company holds 75.17% of its former joint venture, TBC de Mexico, which occurred via a step acquisition in September 2010.

(e) Accounts and Notes Receivables and Allowance for Doubtful Accounts

As of March 31, 2013 and 2012, the Company's accounts and notes receivable included approximately 77% and 78% of domestic, respectively, and 23% and 22% of international, respectively, customer accounts and notes receivable balances. The Company's notes receivable balance was $8.4 million and $4.9 million as of March 31, 2013 and 2012, respectively. Notes receivable vary in terms and become due periodically until Fiscal 2017. The long-term portion of notes receivable is included in other assets within the accompanying consolidated balance sheets.

The Company maintains an allowance for doubtful accounts and notes for estimated losses resulting from the inability of its customers to make required payments. The allowance is based upon review of the overall condition of receivable balances, both trade accounts and notes receivable, and review of significant past-due accounts. Receivables determined to be uncollectible are charged against the established allowance. The Company evaluated its allowance for doubtful accounts as of March 31, 2013 and 2012 and determined that the amounts were adequate, based on facts and conditions known at that time and evaluation of current economic conditions domestically and internationally. If the financial condition of the Company's customers were to deteriorate in such a way as to impair their ability to make payments, additional allowances may be required.

(f) Inventories

Inventories, consisting of tires and other automotive products held for resale, are valued at the lower of cost or market, primarily under the weighted average cost method. Also, certain vendor allowances that are related to inventory purchases are considered to reduce the product cost. The Company adjusts its inventory for slow-moving and discontinued products and the nature of the Company's inventory is such that the risk of obsolescence is not significant. Any adjustments are evaluated and determined based upon current market conditions, aging of inventories, and product offering changes.

(g) Concentrations of Credit Risk

The Company performs ongoing credit evaluations of its customers, primarily wholesale and retail-franchisees, and typically requires some form of security, including collateral, guarantees, or other documentation. The Company maintains allowances for potential credit losses.

The Company maintains cash balances with financial institutions with high credit ratings. The Company has not experienced any losses with respect to bank balances in excess of government-provided insurance.

(h) Property and Equipment

Property and equipment are recorded at historical cost. Depreciation and amortization are computed principally using the straight-line method, over the lesser of the useful life or lease term of the asset. The useful life for buildings and leasehold improvements range from 20 to 39 years or coincide with the respective lease terms. Furniture and equipment, which include computer hardware and software, typically have useful lives of 3 to 10 years. Amounts expended for repairs and maintenance are charged to operations, and expenditures for major renewals and betterments are capitalized.

The Company applied Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 350-40, *Internal-Use Software*, to certain software development costs and capitalized approximately $20.9 million and $12.9 million in Fiscal 2012 and 2011, respectively, which has been placed in service and included in the accompanying consolidated balance sheets in furniture and equipment. The useful life of capitalized software varies between three and seven years. The Company capitalized certain software not yet placed in service of approximately $41.7 million and $25.2 million, respectively, as of March 31, 2013 and 2012, which is included in the accompanying consolidated balance sheets in furniture and equipment; however, not being depreciated. The Company capitalized approximately $1.2 million and $0.5 million of interest related to a certain software project as of March 31, 2013 and 2012, respectively.

With the acquisition of Midas (see note 4), the Company acquired R.O. Writer, an internally developed software for use and for resale, which has continued to be developed. This software is sold to third parties and is utilized by Midas franchisees and Midas operated stores. During the year, the Company capitalized approximately $0.5 million in costs related to development of future versions and recorded revenue of approximately $6.9 million related to its sales. Depreciation related to these capitalized costs is recorded in cost of goods sold in the accompanying consolidated statements of operations.

(i) Goodwill, Trademarks, Customer Lists, Franchise Agreements, and Other Intangible Assets

Goodwill represents the excess of cost over the fair value of identifiable net assets acquired. Under FASB ASC Topic 350, *Intangibles – Goodwill and Other* (ASC 350), goodwill and other indefinite-lived intangible assets are not amortized but are tested for impairment annually or more frequently, if events or circumstances indicate that the asset might be impaired with charges being recorded only if impairment is found to exist. The Company performs its annual impairment assessment as of the second quarter of each Fiscal year unless circumstances dictate more frequent assessments. If the carrying value of such assets exceeds its fair value, an impairment loss is required to be evaluated. Fair value is estimated primarily using the discounted cash flow method. When available and as appropriate, the Company uses comparative market multiples to corroborate discounted cash flow results. In applying this methodology, the Company relies on a number of factors, including actual operating results, future business plans, economic prospects, and market data. No impairment to the recorded value of Company's goodwill was found to exist as a result of the required testing for the year ended March 31, 2012. However, for the year ended March 31, 2013, management determined there was an impairment to its retail reporting unit after conducting step two calculations in accordance with ASC 350 (see note 6).

(j) Long-Lived Assets

The Company periodically reviews the recoverability of intangible and other long-lived assets. If facts or circumstances support the possibility of impairment, the Company will prepare a projection of the undiscounted future cash flows of the specific assets and determine if the assigned value is recoverable or if an adjustment to the carrying value of the assets is necessary. The Company does not believe that there were any facts or circumstances that indicated an impairment of recorded intangible and long-lived assets as of March 31, 2013 and 2012.

(k) Facility Closure Costs

The Company regularly reviews location performance against expectations and closes locations determined not to meet established performance requirements. Costs associated with location closures are recognized when the location is no longer used in an operating capacity or when a liability has been incurred. Location assets are also reviewed for possible impairment, or reduction of estimated useful lives. Accruals for location closure costs are based on the future commitments, primarily operating lease obligations, adjusted for anticipated sublease and termination benefits, and are discounted, depending upon the length of obligation remaining. The accrued balance related to future commitments under operating leases for closed stores was $2.9 million and $1.4 million, respectively, as of March 31, 2013 and 2012 and is included in other noncurrent liabilities within the accompanying consolidated balance sheets.

(l) Phantom Stock Compensation

The Company maintains an incentive compensation plan that provides for the grant of phantom stock options to officers, directors, and key employees. Phantom stock options granted under the plan have a four-year vesting schedule. For the years ended March 31, 2013 and 2012, there were $4.4 million and $4.6 million, respectively, of phantom stock based compensation costs related to the stock options granted under the Company's phantom stock option plan (see note 12). Such costs are included in selling, administrative, and retail store expenses within the accompanying consolidated statements of operations.

In addition, certain personnel within management hold mandatorily redeemable preferred stock (see note 12).

(m) Net Sales

Net sales include revenues from sales of products and services, plus franchise and royalty fees charged to Big O, Midas, and SpeeDee franchisees, less returns, and customer rebates. Sales are either recognized at the time products are shipped, title transfers, or services are rendered. Concurrently, the costs of allowances and rebates are accrued. Monthly royalty fees are recognized when gross sales are recorded by the franchise, and royalties have been earned.

During Fiscal 2012 and 2011, Big O franchise and royalty fees typically ranged between 2% and 5% of franchisees' adjusted gross sales. Concurrently, there are franchisees still participating under a previous program, which have monthly royalty fees of 2.0% of gross sales. Initial franchise fees are deferred and recognized when all material services and/or conditions relating to the sale or transfer of the franchise have been substantially completed.

Midas royalty fees ranged between 1% and 6% of gross sales. Product royalties are recognized as earned based on the volume of franchisee purchases of products from certain vendors. Real estate revenues are recognized as earned on a monthly basis in accordance with underlying property lease terms using the straight-line method. The majority of real estate revenues are derived from Midas shop locations. Nearly all of these locations are subject to an annual percentage rent based upon the location's retail sales volume for the calendar year. Replacement part sales are recognized at the time

products are shipped. Warranty fee revenue is recorded at the same time warranty expense is recognized, which is at the time a lifetime warranted product claim is submitted to the Company (see note 9).

The Company expenses costs related to securing initial franchise agreements and performing the required services under such agreements as incurred.

(n) Sales Taxes

The Company presents sales net of sales taxes, and value-added tax (VAT).

(o) Warranty Allowances

The Company or the vendors supplying its products provide its customers limited warranties on certain products. Warranty costs relating to merchandise sold or services provided not covered by vendors are estimated and recorded as warranty obligations at the time of sale. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the amount as necessary depending upon the program (see note 9).

(p) Deferred Revenue

Certain of the Company's services (alignments, tire balancing and rotating, and road hazard) are sold through annual or multiyear contracts for a one-time upfront payment. Direct costs of these contracts are expensed as incurred. The Company recognizes revenue over the life of these contracts in proportion to the expected incremental costs, such as parts, labor, and other overhead-related expenses. Expected incremental costs are based on historical evidence gathered by the Company through annual studies. The Company had $32.2 million and $38.4 million of deferred revenue with respect to these contracts as of March 31, 2013 and 2012, respectively, which is included in deferred revenue and other noncurrent liabilities within the accompanying consolidated balance sheets.

(q) Vendor Funds

The Company receives vendor funds in its normal course of operations from volume-based rebate agreements, early payment discounts, and cash incentives to promote vendor products. The Company accounts for these vendor funds in accordance with the FASB ASC Subtopic 605-50, *Customer Payments and Incentives*, which states that cash consideration received from a vendor is presumed to be a reduction of the price of the vendor's products or services and should, therefore, be characterized as a reduction of cost of goods sold and a portion of these amounts be capitalized into ending inventory. Vendor funds are treated as a reduction of inventory costs, unless they represent a reimbursement of specific, incremental, and identifiable costs incurred by the customer to sell the vendor's product. The Company accrues for these vendor funds based upon the vendor agreements in place and the projected amount of vendor purchases. Accrued vendor funds are recorded as a reduction to inventory. During the year, the Company monitors and adjusts the amount accrued by comparing actual purchases to projected purchases. Vendor funds are earned when the Company either sells the vendor's product or completes performance of certain provisions of the vendor agreement. Earned vendor funds are recorded as a reduction in costs of sales.

(r) Self-Insured Reserves

The Company is self-insured for general and automobile liability, workers' compensation, and healthcare claims and maintains stop-loss coverage with third-party insurers to limit its total liability exposure. A reserve for liabilities associated with these losses is established for claims filed and claims incurred but not yet reported (IBNR) based upon the Company's estimate of ultimate cost, which is calculated using analyses of historical data, severity factors, and valuations provided by third-party actuaries. The Company monitors new claims and claim development as well as negative trends related to the IBNR in order to assess the adequacy of its insurance reserves. The Company also reviews its assumptions with its third-party actuaries, which occurs once a year. While the Company does not expect the amounts ultimately paid to differ significantly from its estimates, the Company's self-insurance reserves and corresponding selling, administrative, and retail store expenses could be affected if future claim experience differs significantly from historical trends and actuarial assumptions. Due to the length of timing of claim payments for the various lines of insurance, the Company discounts certain of its liabilities.

(s) Retirement Plans' Assets and Obligations

The values of certain assets and liabilities associated with the Company's various retirement plans are determined on an actuarial basis and include estimates and assumptions such as timing of retirement, compensation, mortality, and discount rates (see note 11).

(t) Operating Leases

The Company has various operating leases that contain predetermined fixed escalations of the minimum rentals during the term of the lease. For these leases, the Company recognizes the related rental expense on a straight-line basis over the life of the lease, beginning with the point at which the Company obtains control and possession of the leased properties, and records the difference between the amounts charged to operations and amounts paid as deferred rent, which is recorded within noncurrent liabilities within the consolidated balance sheets. The Company's policy is to amortize deferred rent as a component of rent expense, which is classified as distribution expenses and selling, administrative, and retail store expenses on the accompanying consolidated statements of operations, over the lease term. In addition, the Company has certain contingent leases, which contain a base rate amount as well as contingent payments, which are based upon monthly sales volume.

Midas leases real estate that is subleased to franchisees and owns real estate in the U.S. and Canada that is leased to franchisees. Midas has also entered into contingent operating lease agreements (see note 8).

(u) Interest Income from Customers

The Company charges interest for late payments on trade and note receivables that arise in the normal course of business. Interest income is recognized when collected and is recorded in the consolidated statements of operations within other income, net. During the years ended March 31, 2013 and 2012, the Company recognized interest income relating to these charges of $0.6 million and $0.7 million, respectively.

(v) Comprehensive Income (Loss)

Comprehensive income (loss) represents the change in stockholders' equity from transactions and other events and circumstances arising from nonstockholder sources. Comprehensive income (loss) consists of net income, retirement plan obligations, and foreign currency translation adjustments all of which are net of applicable taxes.

(w) Foreign Currency Translation

Under FASB ASC Topic 830, *Foreign Currency Matters*, the financial statements of foreign subsidiaries are translated into U.S. dollars at current exchange rates, except for revenues, costs, and expenses, which are translated at average current exchange rates during each reporting period. Gains and losses resulting from the translation of financial statements are excluded from the consolidated statements of operations and are credited or charged to a separate component of other comprehensive income (loss) within the consolidated statements of stockholders' equity.

For the years ended March 31, 2013 and 2012, the amount of foreign currency transactional gain was $2.4 million and $0.2 million, respectively, which was recorded in other income, net in the consolidated statements of operations.

(x) Shipping and Handling Costs

Freight costs incurred to deliver merchandise to retail stores and warehouses are included as a component of inventory and reflected in costs of goods sold as product is sold. Warehouse and distribution expenses for items such as payroll, rent, and insurance expenses are classified as distribution expenses. Freight costs incurred to ship merchandise to customers are recorded as a component of distribution expenses. Freight costs incurred to ship merchandise to customers totaled $30.9 million and $31.9 million for the years ended March 31, 2013 and 2012, respectively.

(y) Fair Value of Financial Instruments – Short-Term Assets and Liabilities

The fair values of cash, accounts and notes receivable, accounts and notes payable, due to affiliates, accrued expenses, and other current liabilities approximate their carrying values because of their short-term nature.

(z) Income Tax Accounting

The Company determines its income tax provision using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company also recognizes future tax benefits associated with tax loss and credit carryforwards as deferred tax assets. The Company's deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company measures deferred tax assets and liabilities using enacted tax rates in effect for the year in which it expects to recover or settle the temporary differences. The effect of a change in tax rates on deferred taxes is recognized in the period that the change is enacted. For the years ended March 31, 2013 and 2012, under the tax

allocation agreement with SGMA, the Company files its federal tax return with SGMA as it is a participating member in the affiliated group as defined under such agreement. The Company will file and has filed independently all nonunitary state returns for the years ended March 31, 2013 and 2012, respectively.

(aa) Advertising

Advertising costs are charged to expense when incurred. Advertising expense totaled $83.5 million and $74.0 million for the years ended March 31, 2013 and 2012, respectively.

(bb) Pre-Store Opening Expenses

Pre-store opening expenses, which consist primarily of payroll and occupancy-related costs, are expensed as incurred.

(cc) Reclassifications

The accompanying consolidated balance sheet as of March 31, 2012 reflects the reclassification of certain balances from accounts payable and accrued expenses to other current liabilities for comparability purposes. The aforementioned line items are both included within total current liabilities, and thus have no impact on current versus noncurrent classification.

(3) Recent Accounting Pronouncements

In February 2013, the FASB issued an accounting standards update to ASC Topic 220, *Comprehensive Income*, to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments seek to attain that objective by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles (GAAP) to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. The amendments are effective prospectively for reporting periods beginning after December 15, 2013, with early adoption permitted. The Company will implement the provisions of the update as of April 1, 2013.

In December 2011, the FASB issued an accounting standards update to ASC Topic 210, *Balance Sheet: Disclosures about Offsetting Assets and Liabilities*. The update requires an entity to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on its financial position, and to allow investors to better compare financial statements prepared under U.S. GAAP with financial statements prepared under International Financial Reporting Standards (IFRS). The new standards are effective for annual periods beginning January 1, 2013, and interim periods within those annual periods. Retrospective application is required. The Company will implement the provisions of the update as of April 1, 2013.

(4) Acquisitions

During Fiscal 2012, the Company completed the following acquisitions: a stock purchase of Midas, Inc. (see table *a* below), a total of eight retail store locations were acquired through asset purchase agreements (see table *b* below), two wholesale warehouse locations (see table *c* below) and four retail stores acquired through the Company's Retail Franchisee Workout Program. During Fiscal 2011, the Company completed the following acquisitions: a total of four retail store locations were acquired through two separate asset purchase agreements (see table *d* below), and one wholesale warehouse location (see table *e* below). These acquisitions were accounted for using the acquisition method of accounting in accordance with FASB ASC Topic 805, *Business Combinations*. The purchase price was allocated to the assets acquired and liabilities assumed based on the estimated fair values at the date of inception.

(a) Midas, Inc. – A Stock Purchase

On March 28, 2012, the Company commenced a cash tender offer (the Offer) to acquire all of the outstanding shares of common stock of Midas, Inc. (Midas), par value $0.001 per share (together with the associated preferred share purchase rights, the Shares), at a price of $11.50 per share in cash (the Offer Price), without interest and less any required withholding taxes. Following the completion of the Offer and subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement dated March 12, 2012 (the Merger Agreement), including receipt of approval by the stockholders of Midas, the Company merged with Midas, with Midas surviving as a wholly owned subsidiary of the Company.

On April 30, 2012, the Company funded the acquisition of Midas for cash consideration of approximately $172.3 million. To fund this transaction, the Company obtained additional financing from its parent (see note 7). The allocation of the purchase price of Midas to the assets acquired and liabilities assumed is presented in the table below (in thousands). Assets acquired and liabilities assumed reflect fair value estimates and analyses, including work performed by third-party valuation specialists for tangible and intangible assets as well as pension and environmental obligations. The fair value of receivables acquired includes management's estimate of the cash flows not expected to be collected. Contingent liabilities recognized as of acquisition date primarily represent potential losses arising from ongoing litigation matters (see note 17), and asset retirement and environmental obligations (see note 15). The transaction resulted in goodwill of $79.0 million, which reflects the value of the Company's expectations for continued future growth in the business, and synergies created for the franchise and company-owned operations to most effectively meet the needs of consumers. Of the total goodwill, $36.9 million is deductible for tax purposes.

		Allocation
Assets acquired:		
Accounts receivable	$	13,905
Inventories		5,404
Other current assets		2,946
Total current assets		22,255
Property and equipment		156,386
Tradename		174,000
Franchise agreements		19,100
Intangible assets – other		6,159
Goodwill		78,959
Other assets		3,031
Total assets		459,890
Liabilities assumed:		
Notes payable to banks		75,397
Accounts payable		21,756
Change of control liabilities		15,723
Other current liabilities		22,336
Total current liabilities		135,212
Contingent liabilities		26,136
Pension liabilities		53,246
Finance obligation		27,578
Deferred taxes		29,056
Other noncurrent liabilities		16,397
Total liabilities		287,625
Cash purchase price	$	172,265

(Continued)

(b) TBC Retail Group, Inc. – 8 Retail Store Locations

In April 2012, the Company purchased eight retail store locations. The operations were included from the acquisition date to March 31, 2013. The entire amount of goodwill recorded through these acquisitions is expected to be deductible for tax purposes. The following is a summary of the amounts assigned to assets acquired and liabilities assumed by the Company in connection with this acquisition (in thousands):

		Allocation
Assets acquired:		
Inventory	$	600
Property and equipment		184
Goodwill and other intangible assets		4,216
Total assets		5,000
Liabilities assumed:		
Current liabilities		141
Total liabilities		141
Cash purchase price	$	4,859

(Continued)

(c) Carroll Tires, LLC – 2 Warehouse Locations

In April 2012, the Company purchased two warehouse locations. The operations were included from the acquisition date to March 31, 2013. This transaction resulted in a bargain purchase gain of approximately $0.4 million, based upon the allocation of purchase price, and was immediately recognized in other income (expense), net within the accompanying consolidated statements of operations. The following is a summary of the amounts assigned to assets acquired and liabilities assumed by the Company in connection with this acquisition (in thousands):

		Allocation
Assets acquired:		
Accounts receivable	$	1,078
Inventory		1,765
Property and equipment		22
Intangible asset		618
Total assets		3,483
Liabilities assumed:		
Current liabilities		259
Total liabilities		259
Net assets acquired		3,224
Bargain purchase gain		(351)
Cash purchase price	$	2,873

During fiscal year 2011, the Company completed the following acquisitions:

(d) TBC Retail Group, Inc. – 4 Retail Store Locations

On October 1, 2011, the Company purchased four retail store locations. The operations were included from the acquisition date to March 31, 2012. The entire amount of goodwill recorded through these acquisitions is expected to be deductible for tax purposes. The following is a summary of the amounts assigned to assets acquired and liabilities assumed by the Company in connection with this acquisition (in thousands):

		Allocation
Assets acquired:		
Accounts receivable	$	47
Inventory		258
Property and equipment		212
Goodwill and other intangible assets		2,403
Total assets		2,920
Liabilities assumed:		
Current liabilities		210
Total liabilities		210
Cash purchase price	$	2,710

(e) Carroll Tires, LLC – 1 Warehouse Location

On April 1, 2011, the Company purchased one warehouse location. The operations were included from the acquisition date to March 31, 2012. The entire amount of goodwill recorded through these acquisitions is expected to be deductible for tax purposes. The following is a summary of the amounts assigned to assets acquired and liabilities assumed by the Company in connection with this acquisition (in thousands):

		Allocation
Assets acquired:		
Accounts receivable	$	351
Inventory		486
Property and equipment		76
Goodwill and other intangible assets		3
Total assets		916
Cash purchase price	$	916

(5) Related Parties and Major Suppliers

Related Parties

The Company's operations are managed through its executive officers, Board of Directors, and SCOA. Substantially all of the Company's debt is owed to SCOA, as discussed in note 7.

Sales to entities in which the Company has an ownership interest accounted for approximately $21.0 million for each of the years ended March 31, 2013 and 2012, or 0.6% and 0.7% of the Company's net sales in each respective year. Accounts receivable resulting from transactions with these related parties are presented separately in the accompanying consolidated balance sheets. The terms and conditions negotiated with related parties are based on similar terms of the Company's trade accounts receivable.

During the years ended March 31, 2013 and 2012, the Company purchased approximately $217.2 million and $253.7 million, respectively, of its total inventory purchases from SC and approximately $12.9 million and $14.7 million, respectively, of customs brokerage services from Sumisho Global Logistics, an affiliated company.

Additionally, during each of the years ended March 31, 2013 and 2012, the Company incurred administrative service fees of approximately $1.3 million and interest expense of approximately $31.8 million and $16.9 million, respectively, from SCOA.

The Company has payables with related parties, which are included in due to affiliates in the consolidated balance sheets, as follows (in millions):

	Related party		Fiscal year 2013	2012
Inventory purchases	Sumitomo Corporation	$	62.8	109.2
Customs brokerage services	Sumisho Global Logistics		0.3	0.7
Income taxes or other taxes payable	SCOA		3.7	0.1
		$	66.8	110.0

The Company also had accrued interest due to SCOA as of March 31, 2013 and 2012 of approximately $5.7 million and $5.4 million, respectively, which is included in other current liabilities in the accompanying consolidated balance sheets.

Effective April 2010, SC implemented a new dividend payout system for its overseas affiliated companies. Certain subsidiaries within the SC consolidated group are required to pay a dividend at least 50% of the equity income of the respective year during the following fiscal year. During Fiscal 2012 and 2011, the Company was required to pay dividends of approximately $29.7 million and $28.8 million, respectively, for Fiscal 2011 and 2010 net income. SC will notify the Company once it has determined if it plans to require the payment for Fiscal 2012 and will provide the amount and payment date accordingly.

Major Suppliers

During the years ended March 31, 2013 and 2012, approximately 58.9% and 59.6%, respectively, of the Company's inventory purchases were from four vendors, as follows:

	2013	2012
Vendor A	25.4%	24.8%
Vendor B	12.4	11.7
Vendor C	10.6	12.4
Vendor D	10.5	10.7

(6) Goodwill and Intangible Assets

Acquired Intangible Assets

	March 31, 2013			
	Weighted average amortization period	Gross carrying amounts	Accumulated amortization	Net carrying amount
Amortizing intangible assets:				
Trademarks	26-years	$ 414,022	(64,320)	349,702
Franchise agreements	13-years	113,100	(39,237)	73,863
Customer lists	12-years	103,884	(35,490)	68,394
Software intangible	1-year	2,800	(856)	1,944
Favorable market leasehold interest	9-years	46,419	(18,797)	27,622
Unfavorable market leasehold interest	7-years	(37,080)	14,791	(22,289)
Other intangible assets	1-year	1,981	(1,408)	573
Total		$ 645,126	(145,317)	499,809

(Continued)

	March 31, 2012			
	Weighted average amortization period	Gross carrying amounts	Accumulated amortization	Net carrying amount
Amortizing intangible assets:				
Trademarks	24-years	$ 240,000	(51,003)	188,997
Franchise agreements	12-years	94,000	(33,314)	60,686
Customer lists	13-years	100,283	(29,678)	70,605
Favorable market leasehold interest	11-years	38,732	(16,084)	22,648
Unfavorable market leasehold interest	11-years	(30,735)	12,907	(17,828)
Other intangible assets	2-year	2,390	(1,405)	985
Total		$ 444,670	(118,577)	326,093

Aggregate amortization expense for amortizing intangible assets was $27.1 million and $20.9 million for the years ended March 31, 2013 and 2012, respectively. The estimated future annual amortization expense related to amortizing intangible assets as of March 31, 2013 is approximately $27.8 million for each of the following five Fiscal years: 2013, 2014, 2015, 2016, and 2017.

The Company records its favorable leasehold interest, net of unfavorable, in short-term and long-term assets. As of March 31, 2013 and 2012, $2.5 thousand and $0.5 million, respectively, of favorable leasehold interest, net of unfavorable, was included as a portion of other current assets and $5.3 million and $4.3 million, respectively, of favorable leasehold interest, net of unfavorable, was included as favorable market lease intangibles in the consolidated balance sheets. The Company's other intangible assets, net, are included in other assets in the consolidated balance sheets.

Goodwill

The Company performed its annual goodwill impairment test and determined that there was no impairment of goodwill for the wholesale and franchise reporting units. However, management observed deterioration in demand across the automotive aftermarket retail marketplace, causing a decline in tire unit sales and lower car count in the Company's retail stores. Additionally, the Company experienced lower margins on products and services due to competitive forces. Based on this trend, the Company revised the projected outlook for the remainder of Fiscal 2012 and beyond, which also anticipated increases in certain operating expenses necessary to support the retail reporting unit on a go-forward basis. As a result, management determined that goodwill for the retail reporting unit was impaired.

In measuring the impairment loss under the two-step test the fair values of individual assets and liabilities of the retail reporting unit were estimated, along with the fair value of the retail reporting unit as a whole. These valuations were determined primarily based on discounted cash flow and replacement cost analyses. The impairment loss was then measured by the amount by which the carrying value of goodwill exceeded

the implied fair value of goodwill. Based on this assessment, the Company recorded an impairment charge of $247.2 million, which had an associated tax benefit of $34.2 million for the year ended March 31, 2013.

The changes in the carrying amount of goodwill for the year ended March 31, 2013 and 2012 are as follows:

	2013	2012
Balance as of April 1:		
Gross goodwill	$ 451,639	449,746
Accumulated impairment losses	—	—
Net goodwill as of April 1	451,639	449,746
Activity during the year:		
Goodwill acquired during the year	82,926	2,605
Effect of foreign currency translation	51	(712)
Impairment loss	(274,191)	—
Subtotal	(191,214)	1,893
Balance as of March 31:		
Gross goodwill	534,616	451,639
Accumulated impairment losses	(274,191)	—
Net goodwill as of March 31	$ 260,425	451,639

(7) Debt

The Company has a revolving credit facility with SCOA with a balance of $314.2 million and $231.9 million, and term loans with a balance of $775.0 million and $425 million, as of March 31, 2013 and 2012, respectively.

Revolving Credit Facility

The Company's revolving credit facility matured on May 31, 2013, and was renewed effective starting April 1, 2013; under this renewal, the credit facility will expire on March 31, 2014. The current capacity of the credit facility is $360.0 million with varying interest rates applied, depending on whether the borrowed amount at the end of any month exceeds certain borrowing levels within the agreement amendment. The rates vary from 1.61% to 1.67% per annum, based on borrowing level. As of March 31, 2013, the effective rate was 1.62%.

As of March 31, 2013 and 2012, the Company had approximately $45.8 million and $128.1 million, respectively, available to borrow the credit facility. In addition, the Company had $46.8 million and $41.5 million representing outstanding standby letters of credit as of March 31, 2013 and 2012, respectively. These letters of credit relate to performance and payment guarantees with certain vendors. Based upon the Company's experience with these arrangements, the Company does not believe that any obligations that may arise will be significant.

(Continued)

Term Loans

The Company has a term loan with SCOA with repayment terms for the remaining $425.0 million to be paid in three principal payments on November 18, 2013, November 17, 2014, and November 17, 2015 in the amounts of $175.0 million, $100.0 million, and $150.0 million, respectively. Each of the three principal amounts will include fixed interest rates of 2.95%, 3.40%, and 3.70%, respectively. Interest is paid semiannually in arrears on May 17 and November 17 of each year commencing on May 17, 2011.

The Company entered into a term loan agreement (Acquisition Loan) with SCOA on the closing date of the Midas acquisition in the amount of $350 million with quarterly interest payments required and principal repayment due March 29, 2013. The Acquisition Loan carried an interest rate of 3.65% per annum above the London Inter Bank Offered Rate (LIBOR) for a three month term quoted by The Bank of Tokyo Mitsubishi UFJ, Ltd. with quarterly interest payments due and matured on March 29, 2013. As of March 31, 2013, the Company renewed the Acquisition Loan with quarterly interest payments required and Acquisition Loan due date of March 31, 2014. The interest rate is LIBOR plus 4% per annum for a three month term quoted by The Bank of Tokyo Mitsubishi UFJ Ltd. The interest rate as of March 31, 2013 was 4.28%.

The Company's subsidiary, TBC Mexico, has several bank loans with various lenders, all of which are included within the current portion of other long-term debt, capital lease, and financing obligations in the accompanying consolidated balance sheets. The following summarizes the terms and the interest rates for these loans:

		March 31, 2013
Working capital revolver with a bank in the amount of approximately $25 million, maturity date of March, 2014 with interest rates varying between 5.54% and 6.27% monthly	$	18,371
Mexican governmental finance program; maturity dates vary depending upon payment plans with local farmers; interest rates to TBC de Mexico fixed at 13% annually, monthly at 1.083%		170
	$	18,541

In a prior year, the Company entered into a financing arrangement with a third party to finance certain software licenses. The agreement is for a 48-month term with an interest rate of 3.1% and the balance as of March 31, 2013 and 2012 of approximately $1.3 million and $2.1 million, respectively.

Long-term debt, capital lease obligations, and finance lease obligations are summarized as follows (in thousands):

		2013	2012
Term loan facility	$	775,000	425,000
Capital lease obligations		24,158	5,318
Finance lease obligations		28,258	—
Notes payable		19,886	16,954
Total debt, capital lease, and financing obligations		847,302	447,272
Less current portion		550,163	16,597
Total long-term debt, capital lease, and financing obligations	$	297,139	430,675

Maturities of long-term debt, capital lease obligations, and finance lease obligations are as follows (in thousands):

Fiscal year:		
2013	$	550,163
2014		106,549
2015		154,996
2016		3,173
2017		3,336
Thereafter		29,085
Total	$	847,302

The Company has received a written commitment from SCOA to extend the due dates, as necessary, for loans scheduled to mature during Fiscal 2013.

In order to estimate the fair value of its term loan facility due to SCOA, the Company would evaluate interest rates that are currently available for issuance of debt with similar terms and remaining maturities. It is the Company's position that the term loan facility with SCOA does not represent the manner in which the Company could otherwise finance its operation as a stand-alone entity. Furthermore, given the effect SCOA's acquisition push-down accounting (see note 1) has on the Company's balance sheet structure, management does not believe it is practicable to estimate fair value of the term loan facility.

(8) Capital and Operating Lease Commitments

Assets acquired under capital leases are included in property and equipment and total $23.5 million and $9.9 million as of March 31, 2013 and 2012, respectively. The accumulated depreciation relating to these capital lease assets is $9.2 million and $7.4 million as of March 31, 2013 and 2012, respectively. Assets acquired under finance leases are included in property and equipment and total approximately $36.7 million as of March 31, 2013. The accumulated depreciation relating to these finance leases assets is

$3.4 million as of March 31, 2013. Other facilities and equipment are leased under arrangements that are accounted for as operating leases. The Company's commitments under operating leases relate primarily to retail store locations, distribution facilities, and vehicles and equipment. In addition to rental payments, the Company is obligated in some instances to pay real estate taxes, insurance, and certain maintenance costs. Rental expense of $145.5 million and $146.7 million was charged to operations during the years ended March 31, 2013 and 2012, respectively, after reducing such expense by rental income of $34.9 million and $4.0 million, respectively. Minimum base rent is expensed on a straight-line basis over the terms of the operating leases. Sublease income pertains to certain lease agreements ranging from 10 to 15 years and contain renewal options ranging from 5 to 15 years with terms similar to the original lease agreements.

The Company had a number of leases as of March 31, 2013 and 2012, respectively, for which the additional lease payment is contingent upon certain conditions. The majority of these conditions are based upon a percentage of monthly sales compared to a predetermined threshold amount. The Company incurred additional rental expense of $0.9 million and $0.2 million for contingent rentals for the years ended March 31, 2013 and 2012, respectively.

Future minimum operating and capital lease payments and the related present value of finance and capital lease payments as of March 31, 2013 were as follows (in thousands):

Fiscal year	Operating leases	Finance leases	Capital leases	Sublease income
2013	$ 170,730	4,928	5,480	(23,197)
2014	158,149	4,930	5,311	(18,762)
2015	146,406	4,877	3,993	(15,396)
2016	131,263	4,766	1,958	(12,615)
2017	119,222	4,725	1,832	(9,967)
Thereafter	834,613	19,294	27,455	(25,495)
Total minimum lease payments	1,560,383	43,520	46,029	$ (105,432)
Less – sublease income associated with operating leases	(105,432)			
Net minimum lease payments	$ 1,454,951			
Less – interest expense associated with finance and capital leases		(15,262)	(21,871)	
Present value of net minimum lease payments		$ 28,258	24,158	

(Continued)

Real Estate Sale and Leaseback Transaction

During fiscal 2002, Midas sold 77 of its owned real estate properties to Realty Income Corporation, a publicly traded real estate investment trust, and realized approximately $39.6 million in net proceeds. Simultaneous with that sale, Midas leased these properties from Realty Income Corporation and the sites continue to be leased to Midas franchisees under existing leases. Because these properties continued to generate rents to Midas, the Company recorded a $27.7 million finance lease obligation as part of the Midas acquisition pursuant to ASC Subtopic 840-40, *Sale-Leaseback Transactions*. As of March 31, 2013, the properties are recorded on the balance sheet within buildings and leasehold improvements and will continue to be depreciated over the remaining useful lives. Annual lease payments will be made through the expiration of the lease in 2022.

(9) Warranty Allowances

For non-Midas programs, the Company or the vendors supplying its products provide its customers limited warranties on certain products. In most cases, the Company's vendors are primarily responsible for warranty claims. Warranty costs relating to merchandise sold or services provided not covered by vendors are estimated and recorded as warranty obligations at the time of sale. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the amount as necessary.

The following table is a reconciliation of the changes in the Company's non-Midas warranty liability for the years ended March 31, 2013 and 2012 (in thousands):

		2013	2012
Warranty allowance, beginning of year	$	5,265	4,682
Allowances established		6,558	6,526
Allowances utilized		(6,604)	(5,943)
Warranty allowance, end of year	$	5,219	5,265

For certain Midas products, customers are provided a written warranty from Midas for products purchased from Midas shops in North America, namely brake friction, mufflers, shocks, and struts. The warranty will be honored at any Midas shop in North America and is valid for the lifetime of the vehicle, but is voided if the vehicle is sold. The Company maintains a warranty accrual to cover the estimated future liability associated with outstanding warranties. The Company determines the estimated value of outstanding warranty claims based on 1) an estimate of the percentage of all warranted products sold and registered in prior periods at retail that are likely to be redeemed, and 2) an estimate of the future cost of redemption of each future warranty. Management develops these estimates based on actual historical registration and redemption data as well as actual cost information on current redemptions.

As discussed further below, prior to 2008 in the United States and 2009 in Canada, Midas was responsible for fulfillment of all warranty obligations rather than the franchisees. Accordingly, when the Company determines there are to be charges in estimated future warranty redemptions and/or the estimated cost of these redemptions, the warranty charges or benefits are included in the consolidated statements of operations as an adjustment to warranty expense (reflected as a component of cost of sales). In addition,

there are no new allowances established for this pre 2008/2009 population because there are no new registrations under these programs.

The following table is a reconciliation of the changes in the Company's warranty liability under this Midas program for the year ended March 31, 2013 (in thousands):

		2013
Fiscal year:		
Accrued warranty, as of acquisition date (see note 4(a))	$	3,611
Warranty credits issued to franchisees and company operated shops		(481)
Change in liability for accruals related to pre-existing warranties		27
Warranty allowance, end of year	$	3,157

As of January 1, 2008, the Company changed how the Midas warranty obligations are funded in the United States (July 1, 2009 for Canada). Beginning in fiscal 2008, the Midas warranty program in the United States was funded directly by Midas franchisees. The franchisees are charged a fee for each warranted product sold to customers. The fee billed to franchisees is deferred and is recognized as revenue when the actual warranty is redeemed and included in warranty expense. This fee is intended to cover the Company's cost of the new warranty program, thus revenues under this program will match expenses and this new warranty program will have no net impact on the results of operations.

The following table is a reconciliation of the changes in the Company's warranty liability under this Midas program for the year ended March 31, 2013 (in thousands):

Deferred warranty obligation, as of acquisition date (see note 4(a))	$	7,217
Warranty fees charged to franchisees and company-operated shops		2,146
Warranty credits issued to franchisees and company-operated shops		(1,980)
Changes in liability for accruals related to pre-existing warranties		73
Deferred warranty obligation, end of year	$	7,456

(Continued)

(10) Income Taxes

Income tax expense (benefit) for the years ended March 31, 2013 and 2012 was as follows (in thousands):

		2013	2012
Current:			
Federal	$	(789)	28,174
State		(675)	3,106
Foreign		3,861	3,938
Total current income taxes		2,397	35,218
Deferred		(32,361)	2,829
Income tax (benefit) expense	$	(29,964)	38,047

The provision for income taxes differs from the statutory federal rate of 35% mainly due to state taxes, permanent items, valuation allowance, foreign income inclusion, and foreign tax credits received. The provision for deferred income taxes represents the change in the Company's net deferred income tax asset or liability during the year, excluding deferred taxes related to other comprehensive income or loss and acquisitions impacting deferred tax assets or liabilities, and includes the effect of any tax rate changes. Deferred income taxes arise from temporary differences between the tax basis of the Company's assets and liabilities and their reported amounts in the accompanying consolidated financial statements.

(Continued)

The major components of deferred income tax assets and liabilities in the accompanying consolidated balance sheets are summarized as follows (in thousands):

	2013	2012
Deferred income tax assets:		
Allowance for doubtful accounts	$ 8,332	5,017
Warranty-related reserves	5,643	1,966
Insurance-related accruals	10,964	8,874
Compensation and retirement-related accruals	34,128	14,548
Lease accruals and related arrangements	12,439	11,200
Deferred revenues	4,907	5,450
Inventories	9,891	8,680
Loss carryforwards and tax credits	42,247	1,431
Legal reserves	6,983	1,002
Closed store accrual	940	464
Environmental accrual	3,355	8
Other	7,223	1,239
Gross deferred income tax assets	147,052	59,879
Less valuation allowance	(5,359)	—
Net deferred income tax assets	141,693	59,879
Deferred income tax liabilities:		
Trademarks and intangible assets	(183,181)	(140,231)
Property and equipment	(58,523)	(29,174)
Foreign partnership investment basis difference	(6,304)	(4,099)
Total deferred income tax liabilities	(248,008)	(173,504)
Net deferred income tax liabilities	$ (106,315)	(113,625)
Consolidated balance sheet presentation:		
Current deferred income tax asset, net	$ 61,441	39,352
Noncurrent deferred income tax asset, net	1,197	—
Noncurrent deferred income tax liabilities, net	(168,953)	(152,977)
Net deferred income tax liabilities	$ (106,315)	(113,625)

The changes in the valuation allowance account for the current year relates predominately to purchase accounting. A valuation allowance of $5.4 million was established to offset those portions of the Midas state net operating losses and foreign tax credits expected to expire unutilized. There was no change in valuation allowance during Fiscal 2011.

In assessing the realization of the Company's deferred income tax assets, the Company considers whether it is more likely than not that the deferred income tax assets will be realized. The ultimate realization of the Company's deferred income tax assets depends upon generating future taxable income during the periods in which the temporary differences become deductible and before the net operating loss carryforwards

expire. The Company evaluates the recoverability of the deferred income tax assets by assessing the need for a valuation allowance. After consideration of all of the evidence, the Company has determined that a valuation allowance of $5.4 million is necessary as of March 31, 2013.

The Company had various state net operating loss carryforwards giving rise to deferred tax assets with carrying values of $4.0 million and $1.4 million as of March 31, 2013 and 2012, respectively. The $4.0 million of state net operating loss carryforwards as of March 31, 2013 are subject to a valuation allowance of $2.1 million. The remaining losses are expected to be utilized prior to expiration in 2018 through 2031. Tax years 2007 to 2011 remain subject to future examination by major tax jurisdictions in which the Company is subject to tax.

The Company also had $31.1 million in federal net operating loss carryforwards as of March 31, 2013 due to the acquisition of Midas, Inc. The net operating loss carryforwards are subject to Section 382 limitations. The remaining losses are expected to be utilized prior to expiration in 2023.

The Company also had $0.8 million as a Florida research and development credit as of March 31, 2013. Any unutilized credits expire in 2018.

As of March 31, 2013, U.S. taxes were not provided on income of the Company's foreign subsidiaries, as the Company has invested or expects to invest the undistributed earnings indefinitely. If in the future this income is repatriated to the United States, or if the Company determines that the earnings will be remitted in the foreseeable future, additional tax provisions may be required. It is not practical to determine the amount of unrecognized deferred income tax liabilities on the undistributed earnings.

FASB ASC Topic 740-10, *Income Taxes* (ASC 740), provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company recognizes interest and penalties accrued related to unrecognized tax benefits as components of the income tax provision and recognized expense of $0.01 million and $0.02 million for the years ended March 31, 2013 and 2012. As of March 31, 2013 and 2012, the liability for uncertain tax positions, including interest and penalties, is recorded in the accompanying consolidated balance sheets within other current liabilities.

The following table summarizes the activity related to the Company's unrecognized tax benefits:

Balance at March 31, 2011	$	539
Additions based on tax positions related to the current year		118
Additions for tax positions of prior years		150
Reductions for tax positions of prior years		(534)
Statute expirations		(5)
Settlements		—
Balance at March 31, 2012		268
Additions based on tax positions related to the current year		464
Additions for tax positions of prior years		57
Additions for acquired tax positions		1,395
Reductions for tax positions of prior years		—
Statute expirations		—
Settlements		(59)
Balance at March 31, 2013	$	2,125

(11) Retirement Plans

(a) 401(k) Plans

The Company maintains employee savings plans under Section 401(k) of the Internal Revenue Code. Eligible employees are permitted to make tax deferred contributions from 1% to 50% of their eligible pay, subject to certain Internal Revenue Service limitations. Contributions are typically made by the Company to the 401(k) plans based on specified percentages of eligible employee contributions, but may also include discretionary contributions. TBC contributions are fully and immediately vested. Expenses recorded for the Company's contributions totaled $4.3 million and $3.8 million during the years ended March 31, 2013 and 2012, respectively.

*(b) **Supplemental Retirement and Pension Plans***

TBC Corporation

The Company also provides supplemental retirement plans for certain of its key executives, to provide benefits in excess of amounts permitted to be paid by its other retirement plans under current tax law. Expense recorded for supplemental retirement benefits totaled $3.4 million and $3.2 million for the years ended March 31, 2013 and 2012, respectively. As of March 31, 2013 and 2012, the Company had recorded an unfunded projected benefit obligation of $18.1 million and $17.6 million, respectively, based upon a measurement date of March 31, 2013 and March 31, 2012, respectively, computed using a 0.57% and 1.3% discount rate, respectively, depending upon the plan, and 3.0% expected increase in future compensation for both years. Plan balances are included within accrued payroll and other noncurrent liabilities.

Under FASB ASC Topic 715, *Compensation – Retirement Benefits*, the following tables set forth the obligations and balance sheets for the executive supplemental retirement plan along with the income statement and other items as of March 31 (in thousands):

		2013	2012
Benefit obligations:			
Change in projected benefit obligation (PBO):			
PBO, beginning of year	$	17,616	14,562
Service cost		1,597	1,418
Interest cost		229	299
Actuarial loss		(1,353)	1,337
PBO, end of year	$	18,089	17,616
Accumulated benefit obligation (ABO), end of year	$	17,253	14,625
Funded status as of year-end:			
Funded status	$	(18,089)	(17,616)
Amount recognized end of year	$	(18,089)	(17,616)
Assumptions used for year-end obligation:			
Discount rate/lump-sum rate		0.57%/Segment rates	1.30%/Segment rates
Compensation increase rate		3.0%	3.0%
Measurement date		March 31, 2013	March 31, 2012

(Continued)

		2013	2012
Amounts recognized in other comprehensive income:			
Transition obligation (assets)	$	—	—
Prior service cost		(342)	(914)
Net loss		(1,800)	(4,162)
Total	$	(2,142)	(5,076)
Amounts recognized in the statement of financial position:			
Noncurrent assets	$	—	—
Current liabilities		(4,955)	—
Noncurrent liabilities		(13,134)	(17,616)
Prepaid benefit cost		—	—
Accrued benefit cost		—	—
Intangible asset		—	—
Accumulated other comprehensive income (pretax)		—	—
Total	$	(18,089)	(17,616)

(Continued)

		2013	2012
Net periodic pension cost:			
Service cost	$	1,597	1,418
Interest cost		229	299
Amortizations:			
Net gain		—	—
Prior service cost		572	572
Settlement charge		1,009	912
Net periodic pension cost	$	3,407	3,201
Assumptions used to determine net periodic pension cost:			
Discount rate/lump-sum rate		1.30%/Segment rates	2.05%/5.50%
Compensation increase rate		3.0%	5.0%
Measurement date		March 31, 2013	March 31, 2012
Estimated amounts to be amortized from accumulated other comprehensive income into net periodic pension cost in next fiscal year:			
Prior service cost	$	342	572
Net loss		—	1,009
Total	$	342	1,581
Expected benefit payments during fiscal year(s) ending:			
March 31, 2014	$	4,997	—
March 31, 2015		—	—
March 31, 2016		14,848	6,256
March 31, 2017		—	15,983
March 31, 2018 through March 31, 2023		—	—

		2013	2012
Employer contributions expected to be paid during fiscal years ending March 31, 2014 and 2013	$	—	—
Information for plans with PBO in excess of assets:			
PBO, end of year	$	18,089	17,616
Fair value of assets, end of year		—	—
Information for plans with ABO in excess of assets:			
ABO, end of year	$	17,253	14,625
PBO, end of year		18,089	17,616
Fair value of assets, end of year		—	—

(Continued)

(c) Defined Benefit Pension Plans and Other Postretirement Plans

Midas, Inc.

Certain employees in the U.S. and Canada are covered under various defined benefit pension plans sponsored and funded by the Company. Plans covering salaried employees provide pension benefits based on years of service, and generally are limited to a maximum of 20% of the employees' average annual compensation during the five years preceding retirement or curtailment of the plan. Plans covering hourly employees generally provide benefits of stated amounts for each year of service. During the year, the Company opted to freeze the U.S. pension plan effective August 31, 2012. Therefore, following this date no additional employees become eligible for benefits and no further benefits accrue based upon service.

Net periodic pension cost for Fiscal 2012 is presented in the following table (in thousands):

	Year ended March 31, 2013
Service cost	$ 321
Interest cost on projected benefit obligation	2,795
Expected return on assets	(3,619)
Total net periodic cost	$ (503)

The principal economic assumptions used in the determination of net periodic pension cost of the U.S. Defined Benefits Plan included the following:

	Year ended March 31, 2013
Discount rate	3.00%
Expected long-term rate of return on plan assets	7.00
Rate of increase in compensation levels	—

The Company used the Mercer Discount Yield Curve as the basis for determining the 2012 discount rate. The index is long term in nature and reflects the future timing of the expected cash flows for the pension plan. The rate of increase in compensation was reduced to 0% due to freezing of the entire plan by the Company.

The Company believes the assumed long-term rate of return on pension plan assets is appropriate given the Company's target long-term asset allocation. The Company believes its target asset

allocation is appropriate given the expected timing and amount of expenses for the plan. The Company's target asset allocation and actual asset allocation for Fiscal 2012 were as follows for the U.S. Defined Benefit Plan:

	Target	2012
US Large Cap Equity	24.8%	24.8%
US Small/Mid Cap Equity	6.2	6.4
Non-US Developed Equity	25.7	25.6
Emerging Markets Equity	5.3	5.2
US Core Fixed Income	6.1	6.1
US Long Duration Fixed Income	31.9	31.9
Total	100.0%	100.0%

The Canadian Hourly Defined Benefit Plan and the Canadian Salary Defined Benefit Plan assets were diversified in the current year to a mix more appropriate for the on going pension obligations. The fair value of the Canadian plan assets was approximately $4.7 million as of March 31, 2013, essentially all of which were measured using significant other observable inputs.

The fair value of the U.S. pension plans' assets, only, as of March 31, 2013 by asset is as follows (in thousands):

	March 31, 2013	Quoted Prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
US Small/Mid Cap Growth Equity	$ 1,834	—	1,834	—
US Small/Mid Cap Value Equity	1,835	—	1,835	—
Non-US Core Equity	15,048	—	15,048	—
US Core Fixed Income	2,361	—	2,361	—
US Long Duration Fixed Income	2,845	—	2,845	—
US Long Duration Investment Grade Fixed Income	2,535	—	2,535	—
Passive US Large Cap Equity	14,354	—	14,354	—
Passive US Core Fixed Income	1,240	—	1,240	—
Passive US Long Duration	4,109	—	4,109	—
US Long Corporate Fixed Income	9,448	—	9,448	—
Mercer Emerging Markets Equity	3,070	—	3,070	—
Cash reserves	135	135	—	—
Total	$ 58,814	135	58,679	—

(Continued)

US Large Cap Growth Equity invests primarily in common stock of large cap companies in the U.S. with above average earnings growth and revenue expectations. It targets broad diversification across economic sectors and seeks to achieve lower overall portfolio volatility by investing in complementary active managers with varying risk characteristics.

US Large Cap Value Equity invests primarily in large cap companies in the U.S. that appear to be undervalued relative to their intrinsic value. It targets broad diversification across economic sectors and seeks to achieve lower overall portfolio volatility by investing in complementary active managers with varying risk characteristics.

US Small/Mid Cap Growth Equity invests in small to mid-sized companies in the U.S. with above average earnings growth and revenue expectations. It targets broad diversification across economic sectors and seeks to achieve lower overall portfolio volatility by investing in complementary active managers with varying risk characteristics.

US Small/Mid Cap Value Equity invests in small to mid-sized companies in the U.S. that appear to be undervalued relative to their intrinsic value. It targets broad diversification across economic sectors and seeks to achieve lower overall portfolio volatility by investing in complementary active managers with varying risk characteristics.

Non-US Core Equity invests in all cap companies operating in developed and emerging markets outside the U.S. The strategy targets broad diversification across economic sectors and seeks to achieve lower overall portfolio volatility by investing in complementary active managers with varying risk characteristics. Total exposure to emerging markets is typically 10%-15%, inclusive of direct investment in emerging markets and exposure through other non-U.S. equity funds.

US Core Fixed Income invests primarily in U.S. dollar-denominated investment grade and government securities. It may also invest opportunistically in out-of-benchmark positions including U.S. high yield, non-U.S. bonds, and TIPs.

US Long Duration Fixed Income invests primarily in U.S. dollar-denominated investment grade bonds and government securities with 9-11 year durations. It may also invest opportunistically in out-of-benchmark positions including U.S. high yield, non-U.S. bonds, municipal bonds, and TIPs.

US Long Duration Investment Grade Fixed Income invests in a passively managed U.S. long duration investment grade portfolio at a 90% weight and a passively managed U.S. long treasury portfolio at a 10% weight.

Passive US Large Cap Equity seeks to match the performance of the S&P 500 Index and invests in common stock of large cap companies in the U.S.

Passive US Core Fixed Income invests primarily in U.S. dollar-denominated investment grade bonds and government securities.

Passive US Long Duration invests primarily in U.S. dollar-denominated investment grade bonds and government securities with 9-11 year durations.

US Long Corporate Fixed Income focuses on high quality issues within the U.S. corporate bond market and leverages the skill and proprietary research of the sub-advisor managers to potentially minimize exposure to ratings downgrades and defaults.

Mercer Emerging Markets Equity uses fundamental investment strategies and quantitative applications to provide emerging markets equity exposure and targets broad diversification across economic sectors and seeks to achieve lower portfolio volatility by investing in complementary active managers with varying risk characteristics.

The following table presents estimated future benefits payments for both U.S. and Canada over the next 10 years, including expected future service, as appropriate, as of March 31, 2013 (in thousands):

Fiscal year:		
2013	$	4,497
2014		4,071
2015		4,149
2016		4,268
2017		4,536
2018 – 2022		25,481
Total	$	47,002

The changes in the projected benefit obligations for fiscal 2012 for U.S. and Canada obligations were as follows (in thousands):

		March 31, 2013
Benefit obligations as of the beginning of the year	$	107,507
Service cost		325
Interest cost		2,791
Actuarial loss		3,796
Plan curtailments		(2,313)
Benefits paid and plan expenses		(5,417)
Benefit obligations as of the end of the year	$	106,689

(Continued)

The changes in the fair market value of the U.S. and Canada plan assets for Fiscal 2012 were as follows (in thousands):

		March 31, 2013
Fair value of assets as of the beginning of the period	$	54,504
Actual return on plan assets		3,882
Company contributions		8,455
Benefits paid and plan expenses		(3,335)
Fair value of assets as of the end of the year	$	63,506

The Company's policy is to fund the pension plans in accordance with applicable U.S. and Canadian government regulations and to make additional contributions as required. As of March 31, 2013, the Company has met all regulatory minimum funding requirements. The Company made contributions of $8.5 million to the U.S. Defined Benefit Plan in fiscal 2012 and expects to contribute approximately $7.0 million to the U.S. Defined Benefit Plan during fiscal 2013.

The following table reconciles the pension plans' funded status to the amounts recognized on the consolidated balance sheet as of March 31, 2013(in thousands):

		March 31, 2013
Actuarial present value of projected benefit obligation	$	(106,689)
Plan assets at fair market value		63,506
Accrued pension cost recognized on consolidated balance sheets	$	(43,183)

Amounts recognized in accumulated other comprehensive loss as of fiscal 2012 were as follows (in thousands and before tax):

		March 31, 2013
Net actuarial loss	$	(981)

(Continued)

As of March 31, 2013, the Company has recorded accrued pension costs as follows (in thousands):

		March 31, 2013
Accrued Canadian pension liability	$	(331)
Accrued U.S. pension liability		(42,852)
Pension liability	$	(43,183)

(12) Other Benefit Plans

(a) Mandatorily Redeemable Preferred Stock

The Board of Directors of TBC approved the issuance of 10,000 shares of Series A Preferred Stock, par value $0.01 per share. The shares are nonvoting and are not entitled to dividends. The Company issued 408 shares for which cash received by TBC totaled approximately $6.8 million, for a per share value of approximately $17 thousand. The preferred shares are redeemable by the holder at any time after three years from issuance or by TBC upon change of control. Additionally, there is a requirement by the Company to repurchase all shares held by a holder, depending upon the termination circumstances, such as death, retirement, and with or without good cause. During Fiscal 2012 and 2011, zero and three shares, respectively, were redeemed under the provisions of the agreement due to the respective holder's change in employment status. As of March 31, 2013 and 2012, the liability recorded related to the preferred stock equals the amount of cash that would be paid under the conditions specified in the contract if the shares were repurchased or redeemed at that date, subject to certain assumptions regarding redemption conditions. Based upon the Certificate of Designations, Preferences, and Rights of Series A Preferred Stock of TBC Corporation and the knowledge of conditions existing as of March 31, 2013, the holder will be paid the redemption value per share as of the end of the quarter ending or immediately following the date of termination. The redemption value is determined based on a defined formula included in the agreement. As of March 31, 2013 and 2012, the redemption value was determined to be approximately $3.2 million and $7.7 million, respectively, for a per share value of approximately $11 thousand and $24 thousand, respectively. These amounts are included within other noncurrent liabilities in the accompanying consolidated balance sheets. The liability recorded as of March 31, 2013 and 2012 included a $4.5 million decrease and $0.2 million increase in value during Fiscal 2012 and 2011, respectively, which was classified within interest expense, net in the accompanying consolidated statements of operations.

(b) Long-Term Incentive Plans

The Company has long-term incentive plans that it offers to its key employees that are considered nonqualified plans. Prior to April 1, 2009, the plans were governed by the Senior Executive Incentive Plan, and administered by the Executive Committee of the Board of Directors. The plans allowed for grants of Phantom Stock Awards (PSAs), Annual Performance Awards (APAs), and/or Long-Term Performance awards (LTIPs). The APA and LTIP awards require the achievement of specific performance objectives established at the date of grant. If the objectives are met, the award

is payable 30 days after the availability of the audited consolidated financial statements for APAs and the third consecutive fiscal year of the performance period for LTIPs. The Company measures these awards using a defined formula included in the award agreement based upon certain key performance criteria. As of March 31, 2013 and 2012, the Company recorded a liability of $7.4 million and $1.1 million, respectively, in the accompanying consolidated financial statements related to these plans. Bonus expense specific to these plans of $0.8 million and $0.7 million was recorded for Fiscal 2012 and 2011, respectively, which was classified within selling, administrative, and retail store expenses in the accompanying consolidated statements of operations.

As of April 1, 2009, the Company established the Phantom Share Appreciation Plan, which replaced the Senior Executive Incentive Plan prospectively. The plan is administered by the Executive Committee of the Board of Directors and allows for grants of Phantom Share Appreciation Awards (Phantom Shares). The Phantom Shares vest 25% on each one-year anniversary from the date of grant. The award is only exercisable at the end of the four-year period following the date of grant provided that the grantee remains employed through the end of the four-year period (certain exceptions are applicable for death, retirement, or disability). The Company measured awards granted in Fiscal 2012 and 2011 using a defined formula included in the award agreement based upon certain key performance criteria, subject to a floor. As of March 31, 2013 and 2012, the Company recorded a liability of $5.2 million and $8.5 million, respectively, in the accompanying consolidated financial statements related to this plan. Bonus expense of $3.6 million and $3.9 million was recorded for Fiscal 2012 and 2011, respectively, which was classified within selling, administrative, and retail store expenses in the accompanying consolidated statements of operations.

(c) Deferred Compensation Plan

The Company adopted the TBC Corporation Deferred Compensation Plan, which allows certain key employees to defer up to 80% of their base salary and/or 100% of their bonuses on a tax deferred basis. All deferral elections are required to be made prior to the beginning of the respective plan year. Participants receive returns on amounts they deferred based on investment elections they make which are added to their deferrals. Deferrals into the plan and any related earnings are 100% vested. The Company purchased life insurance contracts that may be used to fund the Company's obligation under this plan. As of March 31, 2013 and 2012, the Company had a liability of $5.5 million and $3.9 million, respectively, and an asset of $5.7 million and $3.9 million, respectively, recorded in the accompanying consolidated balance sheets related to this plan. The related asset is included in other assets and the liability is included in other noncurrent liabilities within the accompanying consolidated balance sheets.

(13) Financial Guarantees and Credit Risks

From time to time, certain of the Company's franchise units provide certain financial guarantees associated with real estate leases and financing of its franchisees. Although the guarantees were issued in the normal course of business to meet the financing needs of its franchisees, they may represent credit risk in excess of the amounts reported in the consolidated balance sheets. As of March 31, 2013 and 2012, there were no contractual amounts owed as it related to these guarantees.

(14) Variable Interest Entities

FASB ASC Subtopic 810, *Consolidation*, provides guidance on the consolidation of entities whose equity holders have either not provided sufficient equity at risk to allow the entity to finance its own activities or do not possess certain characteristics of a controlling financial interest.

Effective April 1, 2010, the Company adopted a new standard pertaining to the consolidation of variable interest entities that required it to determine whether a variable interest gives the Company a controlling financial interest in a Variable Interest Entity (VIE). The Company performs ongoing reassessment(s) of the primary beneficiary of the VIE and eliminates the quantitative approach previously required for determining whether an entity is the primary beneficiary. The Company performs ongoing qualitative assessments of its VIEs to determine whether the Company has a controlling financial interest in the VIE and therefore is the primary beneficiary. The Company is deemed to have a controlling financial interest when it has both the ability to direct the activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. Based on the Company's assessment, if it determines it is the primary beneficiary, the Company consolidates the VIE in the Company's consolidated financial statements. As of March 31, 2013 and 2012, the Company has concluded that there are no controlling interests in any VIEs.

(15) Asset Retirement and Environmental Obligations

Asset Retirement Obligations

The Company utilizes the provisions of FASB ASC Topic 410, *Asset Retirement and Environmental Obligations*. FASB ASC 410 requires the capitalization of any retirement obligation costs as part of the carrying amount of the long-lived asset and the subsequent allocation of the total expense to future periods using a systematic and rational method. The Company has determined that certain leases require that the premises be returned to its original condition, reflecting normal wear and tear, upon lease termination. As a result, the Company will incur costs, primarily related to the removal of signage and equipment from its retail stores, at the lease termination and requires that these costs be recorded at their fair value at lease inception.

As of March 31, 2013 and 2012, the Company had a liability pertaining to the asset retirement obligation which is included in noncurrent liabilities in the accompanying consolidated balance sheets. Accretion expense associated with the asset retirement obligations is recorded as selling, administrative, and retail store expense in the consolidated statements of operations. The following is a reconciliation of the beginning and ending carrying amounts of the Company's asset retirement obligation (in thousands):

		2013	2012
Asset retirement obligation, beginning of year	$	3,104	2,608
Asset retirement obligation established during acquisition accounting		4,841	—
Asset retirement obligation incurred during the year		152	360
Accretion expense		434	136
Asset retirement obligation, end of year	$	8,531	3,104

(Continued)

Environmental Obligations

The Company has identified a number of Midas franchise and company-operated shops that contain soil, groundwater, or other types of contamination from improper usage and maintenance of equipment, or disposal of certain hazardous chemicals used in the operation of automotive retail locations. Due to its association with a substantial portion of Midas franchise properties as primary lessee or guarantor (see note 2(t)), the Company believes that it will ultimately be responsible for incurring costs for environmental remediation at many locations. In applying acquisition accounting, the Company prepared an estimate of such remediation costs based upon site studies performed at a sample of locations to identify the frequency and severity of contamination. With the assistance of internal and external subject matter experts, the Company estimated its undiscounted obligation to be approximately $12.5 million, anticipated to be incurred over a period of approximately 10 years. Given this extended period, management applied a discount rate of 7.0% and recorded the $8.8 million present value in the application of purchase accounting, included in other noncurrent liabilities in the accompany consolidated balance sheets. As no significant remediation activities had occurred prior to March 31, 2013, the recorded amount remained essentially unchanged.

The Company does not believe that similar obligations exist for its non-Midas locations due to the existence and enforcement of policies and procedures surrounding equipment usage and maintenance, as well disposal of hazardous substances.

(16) Other Comprehensive Income

The accumulated balances for each classification of other comprehensive income are as follows:

	Foreign currency items	Pension plan	Supplemental retirement plan	Accumulated other comprehensive (loss) income
Beginning balance, April 1, 2011	$ 1,381	—	(3,300)	(1,919)
Net current period change	(2,728)	—	(425)	(3,153)
Tax effect of current period change	393	—	160	553
Reclassification adjustments for losses reclassified into income	—	—	572	572
Tax effect of reclassification adjustments	—	—	(215)	(215)
Amount attributable to noncontrolling interest	499	—	—	499
Ending balance, March 31, 2012	(455)	—	(3,208)	(3,663)

(Continued)

	Foreign currency items	Pension plan	Supplemental retirement plan	Accumulated other comprehensive income (loss)
Net current period change	$ 1,872	(1,541)	2,362	2,693
Tax effect of current period change	(336)	560	(869)	(645)
Reclassification adjustments for losses reclassified into income	—	—	572	572
Tax effect of reclassification adjustments	—	—	(211)	(211)
Amount attributable to noncontrolling interest	(817)	—	—	(817)
Ending balance, March 31, 2013	$ 264	(981)	(1,354)	(2,071)

(17) Commitments and Contingencies

The Company is involved in various legal proceedings, which are routine to the conduct of its business. The Company does not believe that any such litigation will have a material adverse effect on its consolidated financial position or results of operations.

The following legal proceedings are considered significant in nature by management:

Bryan Goegan (Goegan) v. TBC Retail Group, et al is a purported class action lawsuit consisting of all hourly, nonexempt associates nationwide from September 28, 2008 to the present. The Company recently filed an Answer to the Complaint, and the parties have begun discovery. The matter, along with the Paul Quintana matter, has been assigned to a coordination judge. Management believes any outcomes of this litigation are not anticipated to be material to the financial statements of TBC.

Paul Quintana, et al v Big O Tires, LLC is a purported class action lawsuit consisting of all hourly, nonexempt associates in California from December 15, 2006 to the present. Big O recently filed an Answer to the Complaint, and the parties have begun discovery. The matter, along with the Goegan matter, has been assigned to a coordination judge. Management believes any outcomes of this litigation are not anticipated to be material to the financial statements of TBC.

Hutchins, et al v. Midas International Corporation, et al is a purported class action lawsuit filed on behalf of store managers in California since October 2008. The crux of the claim is for alleged unpaid overtime and waiting time penalties. The parties have just begun the written discovery process. Midas continues to believe that this lawsuit is without merit and that plaintiffs have a limited chance of certifying it as a class action. As such, Midas is pursuing a vigorous defense, and management believes any outcomes of this litigation are not anticipated to be material to the financial statements of TBC.

DishkinM/Soper, et al v. TBC Retail Group involves a Florida consumer class action whereby plaintiffs are alleging the company (1) failed to properly calculate shop fees on the invoice and (2) at times, failed to list fees on certain the advertisement. The trial court granted plaintiffs' motions for class certification and

summary judgment, TBC prevailed on appeal. The Florida Supreme Court reversed and sided with the trial court. Although the parties agree that some of the advertisements do not mention shop fees, the parties disagree on the calculation of damages. The parties are currently discussing the possibility of setting up a second mediation to see whether the case can be resolved amicably.

Landsbridge Auto, et al v. Midas International Corporation, two Canadian Midas franchisees filed a class action lawsuit on May 31, 2007. They alleged various violations of the Midas Franchise and Trademark Agreement in connection with Midas's decision to terminate its supply system. Although the Court denied certification of most of the claims, it certified the issue of whether Midas Canada breached its common law and statutory duties of good faith and fair dealing when it implemented its new supply chain program in 2003. On April 3, 2013 the parties reached a settlement of $8.5 million. The Court must still approve the settlement, and this hearing is set for September 12, 2013. Because this was an existing claim at the time of the Midas acquisition, the settlement amount was recorded as an assumed liability in the application of purchase accounting.

MESA S.p.A. v. Midas International Corporation, et al., an Italian company that operates the Midas system in Europe and South America filed suit in Italy claiming Midas breached the License Agreement and the separate Agreement for Strategic Alliance (ASA). Specifically, the complaint claims that Midas "failed to cooperate" with MESA to improve the Midas System in Europe. Accordingly, MESA is seeking a portion of the license fees they paid to the Company from June 2009 through October 2011. MESA also seeks a declaratory judgment suspending MESA's obligation to pay 80% of its future license fees owed to Midas under the License Agreement. Since January 2012, MESA has been unilaterally withholding 80% of its license fees. As a result, Midas had filed a complaint in the Circuit Court of Cook County (Chicago), Illinois, against MESA, but the Court dismissed the case without prejudice under the belief that remedy could be obtained remedy in the Italian case. The court of appeals agreed. The Company continues to believe that this lawsuit by MESA is without merit and is pursuing a vigorous defense, as well as payment of the unpaid portion of the license fees.

On January 1, 2011, the Company entered into a contract to purchase a minimum of 12,500,000 gallons of oil products over the next three years, with no price escalation during the first contract year. In October 2012, the Company amended the contract, extending the first threshold period to December 31, 2013 to purchase a minimum amount of oil products over the next four years ranging from 4,000,000 gallons to over 6,000,000 gallons. The price of the products purchased will be based on published market indexes. In the event that the Company does not purchase the required amount of gallons in any given year, the Company would be required to pay an amount based upon certain thresholds. As of March 31, 2013, the Company is compliant with the contract purchase levels based on the Fiscal 2012 amendment.

(18) Subsequent Events

The Company has reviewed and evaluated material subsequent events from the balance sheet date of March 31, 2013 through the financial statement issue date.

On April 1, 2013, the Company legally dissolved its Treadways Corporation operating unit into TBC Corporation for operational and tax purposes.

On April 4, 2013, the Company entered in to a term loan agreement to borrow an additional $50 million, which is due July 31, 2013 and carries an effective interest rate of 5.34% per annum, which is the four month LIBOR rate (as quoted by The Bank of Tokyo Mitsubishi UFJ Ltd.) plus 5%.

EXHIBIT O

CLOSING ACKNOWLEDGMENT

In order to ensure that your decision to purchase a Big O Tires, LLC ("Big O") franchise is based upon your own independent investigation and judgment, please complete and sign this Acknowledgement.

1. I have not received any oral, written or visual representation from any officer, employee, agent or area sales representative of Big O from which a specific level or range of actual or potential sales, income, gross profits or net profits of a Big O store or franchise may be ascertained, except as set forth in Item 19 of the franchise disclosure document provided to me.

2. I have not received any assurances, promises or predictions of how well my Big O franchise will perform financially from any officer, employee, agent or area sales representative of Big O Tires, LLC.

3. I have made my own independent determination that I have adequate working capital to develop, open and operate my Big O Store.

4. I acknowledge that Big O will use reasonable efforts to assist me in locating a site for my Big O Store, but I also understand that I am responsible for the final decision regarding the selection of a suitable site.

5. I am not relying on any promises of Big O which are not contained in the Big O franchise agreement.

6. I understand that my investment in a Big O franchise contains substantial business risks and that there is no guarantee that it will be profitable.

7. I have been advised by Big O and its representatives to seek professional legal and financial advice in all matters concerning the purchase of my Big O franchise.

8. I acknowledge that the success of my Big O franchise depends in large part upon my ability as an independent business person and my active participation in the day to day operation of the business.

9. The name(s) of the person(s) with whom I dealt in the purchase of my Big O franchise is:_____.

Dated:_____

PROSPECTIVE FRANCHISEE

_____

(Insert Name)

By:_____

EXHIBIT P

LEASE AGREEMENT

LEASE SUMMARY

LEASE DATE: _____

LANDLORD:

NAME:	Big O Development, LLC, a Colorado limited liability company
ADDRESS:	4280 Professional Center Drive Suite 400 Palm Beach Gardens, Florida 33410
TELEPHONE:	(561) 383-3000
FAX NO.:	(561) 803-7019

TENANT:

NAME:	_____
ADDRESS:	_____ _____
TELEPHONE:	_____
FAX NO.:	_____

PREMISES:

ADDRESS:	_____
Tax or Parcel No.:	_____

APPROXIMATE SQUARE FEET BUILDING: _____

INITIAL TERM: Ten (10) years

OPTION: Two (2) options of five (5) years each

INITIAL MONTHLY BASE RENT: $_____

PERMITTED USE: 1. Tires and Related Accessories Sales
2. Tire and Related Automotive Services Work

SECURITY DEPOSIT: An amount equal to the initial monthly Base Rent.

LEASE AGREEMENT

THIS LEASE AGREEMENT, is made this _____ day of _____, 20___ by and between Big O Development, LLC, a Colorado limited liability company, having an address at 4280 Professional Center Drive, Suite 400, Palm Beach Gardens, Florida 33410 , hereinafter referred to as "Landlord," and _____, having an address at _____, and _____, an individual, having an address at _____, collectively referred to as "Tenant," without regard to number or gender.

WITNESSETH

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises (the "Leased Premises") situated on the real property located at:_____, _____ which real property is more particularly described on **Exhibit "A"** entitled "Legal Description", and which Leased Premises consists of approximately _____ square feet of shop and office space to be used by Tenant in accordance with Tenant's Use as defined in Section 4 below. The Leased Premises are more particularly shown by the cross hatched marks on the drawing of said Leased Premises, a copy of which is attached hereto as **Exhibit "B"**, entitled "Building Improvements - Location of Leased Premises" together with all other improvements therein and thereon belonging or pertaining to said Leased Premises, including all rights, privileges, easements and appurtenances belonging or pertaining thereto.

1. Term, Commencement of First Year and Renewal Option.

1.1. Term. The initial term of this Lease shall be for ten (10) years (the "Term") commencing on the "Commencement Date," as defined in Subsection 1.4 below, and ending ten (10) years from the Commencement Date, subject to such options to extend as defined in Subsection 1.3 below.

1.2. Commencement of First Year. For the purposes of this Section 1, the first "Lease Year" shall commence on the first day of the calendar month on or after which the term of this Lease commences and shall run for twelve (12) full calendar months thereafter, and each succeeding twelve (12) month period thereafter shall be deemed a Lease Year. The period between the Commencement Date, if other than the first day of a month, and the first day of the next calendar month shall be included as part of the first month of the first Lease Year and Tenant shall pay the pro-rata portion of rent for that additional period on the Commencement Date.

1.3. Renewal Option. Provided that at the time of the giving of Tenant's renewal notice and at the end of the term hereof Tenant is not in default of any of the terms, conditions or covenants contained herein and *provided, further*, that the Franchise Agreement (as defined in Section 4) has been renewed by Franchisee (as defined in Section 4) and Big O Tires, LLC, a Nevada limited liability company ("Big O"), Tenant (including any approved assignee or subtenant) is hereby granted the option to extend this Lease for two (2) successive additional terms of five (5) years each (the "Extended Terms") upon Tenant's notifying Landlord in writing of its election to extend at least one hundred eighty (180) days prior to expiration of this Lease. During such Extended Terms, if exercised, this Lease shall be on the same terms and conditions contained herein except: (a) the Extended Terms shall contain no further extension options unless expressly granted by Landlord in writing; and (b) Tenant agrees to pay to

Landlord during said Extended Term annual Base Rent, which shall be set and subject to adjustment in accordance with the provisions of Subsection 2.2 hereof.

1.4. Commencement Date. This Lease shall commence on _____, 20__ (the "Commencement Date").

1.5. Early Access. If Tenant is permitted access to the Leased Premises prior to the Commencement Date for the purpose of installing fixtures or any other purpose permitted by Landlord, such early entry will be at Tenant's sole risk and subject to all the terms and provisions of this Lease as though the Commencement Date had occurred, except for the payment of Base Rent which will commence on the Commencement Date and except that the Term of this Lease shall not commence until the Commencement Date. Landlord has the right to impose such additional conditions on Tenant's early entry as Landlord deems reasonably appropriate.

2. Rent.

2.1. Base Rent. Commencing as of the Commencement Date, Tenant, in consideration of the Lease, covenants and agrees to pay to Landlord, without deduction or offset, as annual rent for the Leased Premises ("Base Rent") the sum of $_____ in lawful money of the United States in twelve (12) equal monthly installments of $_____ ("Base Rent") payable in advance, without set off or reduction, on the first day of each month by Automatic Clearing House debits to Tenant's checking account number, _____ at:

_____,
(Name of Bank and ABA Number)

_____,
(Address of Bank)

or at the election of Landlord, at the offices of Big O Tires, LLC, 4280 Professional Center Drive, Suite 400, Palm Beach Gardens, Florida 33410, or at such other place as the Landlord hereof may designate from time to time in writing. Such Base Rent shall be subject to increase in accordance with all rent adjustment and escalation provisions set forth in this Lease. If any month during the term of this Lease shall be less than a complete month, such Base Rent shall be prorated on a thirty (30) day month basis. Contemporaneously with Tenant's execution and delivery to Landlord of this Lease, Tenant shall execute and deliver to Landlord the Authorization Agreement for Preauthorized Payment Service in the form attached hereto as **Exhibit "E"**.

2.2. Base Rent Adjustment. Beginning on the first day of the first month of the fourth (4th) Lease year of the term of this Lease, and for each three (3) year period of the Term thereafter including any Extended Terms if exercised, the Base Rent shall be subject to an annual increase by the greater of nine percent (9%) or the amount of the increase in the Consumer Price Index ("Index") during the preceding three year period's Base Rent. The Index which is published most immediately preceding the date of the adjustment period in question commences (the "Extension Index") shall be compared with the Index published most immediately preceding the date the previous three-year period commenced (the "Beginning Index"). If the Extension Index has increased over the Beginning Index, the Base Rent shall be set by multiplying the then-current Base Rent by a fraction, the numerator of which is the Extension Index and the denominator of which is the Beginning Index. This adjustment process shall be continued for each three (3) year period of the Term, including any Extended Terms if exercised; provided however, in no event shall such increase in the Base Rent be less than nine percent (9%) nor more than eighteen percent (18%) as calculated over the prior three-year adjustment period.

a. For purposes of this Subsection 2.2, "Index" means the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, All Urban Consumers (CPI-U) for the U.S. City Average for all items (1982 - 84 = 100); and the Index for a Lease Year shall refer to the average of the Indexes for the months of such year during which the Index is published.

b. If a substantial change is made in the measure of computing the Index, then the Index will be adjusted to the figure that would have been used had the measure of computing the Index in affect at the date of this Lease not been altered. If the Index (or a successor or substitute index) is not available, a reliable governmental or non-participant publication evaluating the information used in determining the Index will be used.

c. As soon as the new Base Rent is set, Landlord shall provide Tenant written notice of the Base Rent for the three (3) year period in question.

d. In no event will the monthly Base Rent for the then-current three (3) year adjustment period be reduced. Landlord's delay in computing or billing for these adjustments will not impair the continuing obligation of Tenant to pay these rental adjustments.

2.3. Payment of Rent and Operating Expenses. All rents and additional rent, including without limitation, Real Estate Taxes (defined in Subsection 8.2) and Operating Expenses (defined in Section 10) and other amounts due under this Lease to be paid to Landlord shall be payable by Tenant to Landlord by Automatic Clearing House debits to Tenant's checking account as set forth in Subsection 2.1 above, or at the election of Landlord, at its address shown on the Lease Summary Sheet attached to this Lease, or to such other place as Landlord shall from time to time designate. Rent and all other amounts due hereunder which are mailed to Landlord shall be deemed paid on the date payment is received by Landlord.

2.4. Credits. In the event that Landlord gives Tenant a credit against rent, such credit shall only apply to such rent as Landlord specifically describes in Landlord's notice to Tenant. No such credit shall be deemed a waiver by Landlord of any other rents or other amounts due hereunder.

2.5. Initial Rent Payment. Concurrently with the execution of this Lease, Tenant shall pay to Landlord _____ ($_____) to be applied against the first installment of Base Rent as provided in Subsection 2.1 above.

2.6. Late Charges; Interest.

a. Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, personnel costs and late charges which may be imposed on Landlord by the terms of any agreement, mortgage or trust deed covering the Leased Premises. Accordingly, if any installment of monthly base rent or any other rent or sum due from Tenant shall not be received by Landlord within five (5) days of the date due, Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

b. Interest. In addition to the late charge provided for above, any rental due hereunder not paid when due as provided in this Lease shall bear interest from the date due at the lesser of 18% per annum or the maximum rate of interest allowed by law from time to time until paid.

c. Applicable. The provisions of this Subsection 2.6(c) are also applicable to Automatic Clearing House debits that are not made on the due date as a result of insufficient funds.

2.7. "Rent", "Rental" and "Base Rent" Defined. The terms "rent", "rental" and "Base Rent" used herein and elsewhere in this Lease shall be deemed to be and mean the monthly base rent, all additional rents, including without limitation, Operating Expenses, rental adjustments and any and all other sums or charges, however designated, required to be paid by Tenant hereunder, whether payable to Landlord or to third parties.

3. Security Deposit. Also concurrently with the execution of this Lease, Tenant will deposit with Landlord the sum of _____ ($_____) to be held as security for the full and faithful performance and observance by Tenant of the terms, provisions, and conditions of this Lease (the "Security Deposit"). It is agreed that in the event Tenant defaults in respect of any of the terms, provisions, and conditions of this Lease, including, but not limited to, the payment of rent and additional rent, Landlord shall have the right, but not the obligation, to use, apply, or retain the whole or any part of the Security Deposit to the extent required for the payment of any rent and additional rent or any other sum as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants, and conditions of this Lease. If any portion of the Security Deposit is so used, applied or returned, Tenant will, within ten (10) business days after written demand, Deposit with Landlord funds sufficient to restore the Security Deposit to its original amount. No such application shall be construed as an agreement to limit the amount of Landlord's claim or as a waiver of any damage or release of any indebtedness, and a claim of Landlord under this Lease not recovered in full from the Security Deposit shall remain in full force and effect. Landlord will not be required to keep the Security Deposit segregated from its general accounts or funds and Tenant will not be entitled to any interest on the Security Deposit. Tenant further agrees that Landlord and all of Landlord's successors or assigns may deliver the funds deposited pursuant hereto by Tenant to any purchaser or successor of Landlord's interest in the Leased Premises, and, thereafter, Landlord shall be discharged from any further liability with respect to the Security Deposit. In the event of such transfer of the Security Deposit, Landlord shall give written notice to Tenant of any existing claims against the Security Deposit, the balance of the Security Deposit transferred, and the name and address of Landlord's successor. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants, and conditions of this Lease, the Security Deposit shall be returned to Tenant within fifteen (15) days after the date fixed at the end of the Lease and after delivery of possession of the entire Leased Premises to Landlord under the terms, conditions and covenants of the Lease.

4. Use.

4.1. Use of Leased Premises. Tenant shall use the Leased Premises only as a Big O Tires retail store pursuant to that certain Franchise Agreement dated _____, 20 _____, between Big O and _____ ("Franchisee"), engaging in the sale of tires, undercar parts and other automotive accessories and all related automotive service work and for no other purpose without the prior written consent of Landlord. Tenant will not allow its employees, customers, visitors, licensees, agents or invitees to: (i) do or permit to be done in or about the Leased Premises, nor bring to, keep or permit to be brought or kept in or on the Leased Premises, anything that is prohibited by

or will in any way conflict with any law, statute, ordinance or governmental rule or regulation which is now in force or which may be enacted or promulgated after the Commencement Date; (ii) do or permit anything to be done in or about the Leased Premises which will in any way obstruct or interfere with the rights of others or inconvenience, injure, damage or annoy any of them, including, but not limited to, excess noise, vibration or odors or any other acts which may disturb adjoining landowners; (iii) use or allow the Leased Premises to be used for any immoral, improper or objectionable purpose; (iv) cause, maintain or permit any nuisance in, on or about the Leased `Premises; or (v) permit any act or thing to occur which may cause damage or waste to the Leased Premises. Tenant shall, at its own risk and expense, obtain and keep in force all governmental licenses and permits necessary for such use.

5. Business Operation.

5.1. Tenant's Operating Covenants. Tenant agrees that from and after its initial opening for business it shall operate and conduct its business in the Leased Premises during such business hours as hereinafter defined and in accordance with the provisions of this Lease. Tenant shall at all times keep and maintain in the Leased Premises an adequate stock of merchandise and trade fixtures to satisfy the usual and ordinary demands and requirements of its customers and shall keep the Leased Premises in a neat, clean and orderly condition.

5.2. Hours and Days of Operation. Tenant recognizes that it is in the interests of both Tenant and Landlord to regulate the minimum hours of business and Tenant agrees that commencing with its initial opening for business in the Leased Premises and for the remainder of the Term, it shall be continuously open for business during all hours as is customary and usual for Tenant's use of the Leased Premises ("Business Hours"). Tenant further agrees to continuously illuminate its window displays, exterior signs and exterior advertising displays during Business Hours. Notwithstanding anything to the contrary contained herein, Tenant shall not be required to remain open on Sundays nor on national holidays.

6. Quiet Enjoyment. Landlord represents that it has full right and power to execute this Lease and to grant the estate demised herein and subject to other provisions of this Lease, Landlord covenants with Tenant that so long as Tenant pays all rent herein reserved, and performs and observes all of the terms, conditions and covenants herein contained, Tenant shall peaceably and quietly enjoy the Leased Premises during the Term of this Lease, and any Extended Terms thereof, subject and subordinate to all of the terms, covenants and conditions of this Lease.

7. Utilities. Tenant shall pay when due directly to the provider the cost of all utilities and utility services to the Leased Premises, including, but not limited to, all charges for water, sewer, gas, heat, air conditioning, power and other services to the Leased Premises, and telephone service on the Leased Premises.

8. Taxes.

8.1. Payment of Personal Property, Franchise, Business and Similar Taxes. Tenant shall pay before delinquency any and all taxes, assessments, license fees and public charges levied, assessed or imposed and which become payable during the Term, including the Extended Terms, if exercised, upon the Tenant's fixtures, furniture, appliances and personal property installed or located in or on the Leased Premises. Tenant shall also pay all franchise taxes, business taxes or other similar taxes which may be levied or imposed upon the Leased Premises or the business carried on therein and all other taxes and assessments thereon.

8.2. Real Estate Taxes. Tenant will concurrently with Base Rent pay to Landlord as additional rent on an annual basis in twelve (12) equal monthly installments all Real Estate Taxes (as estimated by Landlord based upon the most recent assessment) assessed against the Leased Premises during the Term of this Lease or any extensions thereof. "Real Estate Taxes" will include: (i) any form of tax or assessment (including any so called special assessment), license fee, license tax, business license fee, business license tax, commercial rental tax, levy, charge, penalty or tax imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, water, drainage, sanitation or other improvement or special district against the Leased Premises or any legal or equitable interest of Landlord in any of them; (ii) any tax on Landlord's right to rent the Leased Premises or against Landlord's business of leasing the Leased Premises; and (iii) any assessment, tax, fee, levy or charge of substitution, partially or totally, of or in addition to any assessment, tax, fee, levy or charge previously included within the definition of Real Estate Taxes which may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal, and for other governmental services formally provided without charge to property owners or occupant. All such new and increased assessments, taxes, fees, levies and charges will be included within the definition of Real Estate Taxes for the purposes of this Lease. Tenant will pay Landlord the entire amount of any tax allocable to or measured by the area of the Leased Premises or the rental payable under this Lease, including, without limitation, any gross income, privilege, sales or excise tax levied by the state, any political subdivision of the city, municipality or federal government with respect to the rental, possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Leased Premises or any portion of the Leased Premises; and any tax upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Leased Premises. Each year, upon receipt of the tax bill in question, Landlord shall notify Tenant of the Real Estate Taxes and together with such notice shall furnish Tenant with a copy of the tax bill. Tenant shall pay to Landlord any additional amounts required for the complete payment of the Real Estate Taxes not later than ten (10) days before the taxing authorities delinquency date.

Notwithstanding the foregoing, if Landlord elects to transfer and convey its interest in the real property upon which the Leased Premises is located or any part thereof (the "Initial Transfer") which transfer and conveyance shall cause a reassessment of the Real Estate Taxes, such reassessments shall be included in the additional rent.

8.3. Rent Tax. Should any governmental taxing authority levy, assess or impose a tax and/or assessment (other than a net income tax) upon or against the rents payable by Tenant to Landlord and/or against the gross receipts received by Landlord from Tenant, either by way of substitution for or in addition to any existing tax on land or building or otherwise, Tenant shall be responsible for and pay such tax or assessment, or shall reimburse Landlord for the amount thereof, as the case may be, as additional rent, within thirty (30) days of receipt of a bill therefore from Landlord.

8.4. As regards the foregoing taxes, no such taxes shall include Landlord's general income, inheritance, estate or gift taxes.

8.5. Tenant's obligation to pay taxes under this Section 8 shall be subject to further proration for any such period in question which does not constitute a full calendar year.

9. Insurance.

9.1. Tenant Insurance. Tenant covenants and agrees that it will, at all times during the Term of this Lease, including any Extended Terms, if exercised, keep in full force and effect:

a. a policy of broad form comprehensive general public liability insurance, including premises and products liability and property damage insurance, to the Leased Premises and the business conducted by Tenant thereon providing coverage of not less than Two Million Dollars ($2,000,000) against liability for bodily injury including death and personal injury for any one (1) occurrence and One Million Dollars ($1,000,000) property damage insurance, or a combined single limited liability in the amount of Two Million Dollars ($2,000,000). These policies shall name, as additional insureds, Landlord and Landlord's lender as their interests may appear. This policy must contain, but not be limited to, coverage for the Leased Premises and operations, products and completed operations, personal injury, and ownership, maintenance and care of owned and non-owned automobiles and property damage. It shall also contain a contractual endorsement specifically insuring performance by Tenant of its indemnification obligations under this Lease. If Landlord shall determine during the Term of this Lease, including any Extended Terms, if exercised, that based upon commercially reasonable industry standards the amounts of coverage as provided for herein are no longer adequate, Tenant shall at Landlord's request obtain such additional amounts of insurance coverage;

b. a policy of standard fire insurance with standard and extended coverage or all risk endorsement, including without limitation, vandalism and malicious mischief, to the extent of one hundred percent (100%) of the full replacement value of the Leased Premises and all tenant finish and leasehold improvements, fixtures, trade fixtures, equipment, inventory, merchandise and other personal property, which is from time to time situated in or upon the Leased Premises. The proceeds from any such policy shall be used for the replacement of the personal property of Tenant and the restoration of improvements and alterations to the Leased Premises, it being understood between the parties that the insurance required by this Subsection 9.1 (b) shall not in any way limit Tenant's obligations under Section 15 of this Lease;

c. a policy of rental loss insurance covering rentals for a period of up to one (1) year;

d. a policy of glass breakage insurance with coverage in a sum equal to the replacement value of any and all glass windows on the premises;

e. a policy of earthquake and flood insurance to the extent of full replacement value covering the Leased Premises and leasehold improvements thereon; and

f. in addition to the foregoing insurance obligations, Tenant shall during the performance of any alterations, maintain such insurance coverage as Landlord shall reasonably require.

9.2. Company and Policy Requirements. All policies of insurance described in this Section 9 which Tenant is required to procure and maintain will be issued by responsible insurance companies, having not less than Best's A VIII rating or better, or an equivalent rating, reasonably acceptable to Landlord and qualified and licensed to do business in the state in which the Leased Premises is situated. Certificates of such insurance will be delivered to each party and any additional insureds prior to Tenant's taking possession of the Leased Premises and any renewals or extensions of said policies or certificates of insurance shall be delivered to Landlord at least thirty (30) days prior to the expiration or termination of such policies. All public liability and property damage policies will contain the following provisions:

a. if this Lease is canceled by reason of damage or destruction and Tenant is relieved of its obligation to restore or rebuild the improvements on the Leased Premises, any insurance proceeds for damage to the Leased Premises, including all tenant finish and leasehold improvements, which Landlord has the right to retain upon expiration of the Term of this Lease including any Extended Terms, if

exercised, but not including any fixtures, trade fixtures, equipment, inventory, merchandise and other personal property of Tenant, shall belong to Landlord, free and clear of any claims by Tenant;

b. the company writing such policy will agree to give the insured and additional insureds not less than thirty (30) days notice in writing prior to any cancellation, reduction or modification of such insurance; and

c. at the election of Landlord's mortgagee, the proceeds of any insurance will be paid to a trustee or Depository designated by Landlord's mortgagee; otherwise such proceeds shall be paid to the Landlord.

9.3. Blanket Policy. Any insurance required by this Lease may be brought within the coverage of a so-called blanket policy or policies of insurance carried by and maintained by the insuring party, so long as the insured party and such other persons will be named as additional insureds under such policies as their interests may appear; the coverage afforded to the insured party and such other persons named as additional insureds will not be reduced or diminished by reason of the use of such blanket policy of insurance; and all other requirements set forth in this Section 9 are otherwise satisfied.

9.4. Tenant's Failure to Obtain. If Tenant fails either to acquire the insurance required pursuant to this Section 9 or to pay the premiums for such insurance or deliver the required policies or certificates, Landlord may, in addition to other rights and remedies available to Landlord, acquire such insurance and pay the requisite premiums therefor. Such premiums will be reimbursable and payable by Tenant to Landlord, as additional rent, immediately upon written demand therefor made to Tenant by Landlord, plus 12% interest or maximum award allowed by law, whichever is lower, if not paid within 10 days after notice.

9.5. Payment of Premiums. Tenant shall pay, as additional rent, the fire and extended coverage insurance premiums acquired by Landlord, if any, pursuant to this Lease. Landlord's records pertaining to insurance shall be made available for Tenant's inspection at Landlord's office during normal business hours. In the event this Lease commences or terminates other than at the time the insurance premiums are due and payable, the additional rent payable hereunder shall be prorated to the date of commencement or termination of this Lease, and Landlord reserves the right to estimate the additional rental due and said rental shall be paid to and held by Landlord as provided above, until such time as a proper accounting can be completed.

9.6. Waiver of Subrogation. The parties hereto release each other, and their respective authorized representatives, from any claims for damage to any person or to the Leased Premises and other improvements located in the Leased Premises, and to the fixtures, personal property, improvements and alterations of either Landlord or Tenant in or upon the Leased Premises, that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of any such damage. Each party shall cause each insurance policy obtained by it to provide that the insurance company waives in writing all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Neither party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this Lease. If any insurance policy cannot be obtained with such a waiver of subrogation, the party undertaking to obtain the insurance shall notify the other party of this fact. The other party shall have a period of ten (10) days after receiving the notice either to place the insurance with a company that is reasonably satisfactory to the other party and that will carry the insurance with a waiver of subrogation, or agree to pay the additional premium if such a policy is obtainable at additional cost. If the insurance cannot be obtained or the party in whose favor a waiver of subrogation is desired refuses to pay the additional premium charged, the other

party is relieved of the obligation to obtain a waiver of subrogation rights with respect to the particular insurance involved.

10. Common Area Costs. If the Leased Premises are a part of a retail center ("Center"), Tenant will pay as additional rent, the Leased Premises Proportional Share (defined in Subsection 10.3) of the "Operating Expenses" paid, payable or incurred by Landlord according to an accrual method of accounting in each calendar year or partial calendar year during the Term, and each Extended Term, if exercised, on the "Common Areas." The term "Common Area" means all areas and facilities outside the Leased Premises at the Center within the Center's exterior boundaries that are provided and designated from time to time for the general use and convenience of Tenant and other tenants of the Center and their respective authorized representatives and invitees. Common Areas may include, without limitation, pedestrian walkways and patios, landscaped area, sidewalks, service corridors, restrooms (other than those located in the Leased Premises and the leased premises of other tenants at the Center), stairways, decorative walls, plazas, malls, throughways, loading and unloading areas, parking areas, and roads as outlined in red in **Exhibit "B"**.

As used in this Lease, the term "Operating Expenses" can mean:

10.1. All costs of management, operation and maintenance of the Center, including without limitation: cleaning, window washing, landscaping, lighting, heating, air conditioning, maintaining, painting, repairing, and replacing (except to the extent proceeds of insurance or condemnation awards are available) any Common Areas; maintaining, repairing and replacing, cleaning, lighting, removing snow and ice, painting, and landscaping of all vehicle parking areas and other outdoor Common Areas of the Center, including any Center pylon, and sign; removing trash from the Common Areas; providing public liability, property damage, fire, and extended coverage, liability insurance, rental loss insurance and such other insurance as Landlord deems reasonably appropriate to the Center and the Common Areas and not provided by Tenant; personal property taxes; supplies; fire protection and fire hydrant charges; steam, water and sewer charges; gas, electricity, and telephone utility charges; licenses and permit fees; real property taxes, special assessments and all other governmental charges, assessments, taxes or impositions placed upon the Center or the Common Areas due to any business operated from the Center including, without limitation, by way of air quality or the environmental regulations (and any tax levied in whole or in part in lieu of real property taxes); and any other costs, charges, and expenses which under generally accepted accounting principles would be regarded as reasonable maintenance and operating expenses; provided however that such Operating Expenses shall not include capital improvements made on the Common Areas, nor capital expenditures and costs with respect to the initial acquisition and construction of additions to or expansion of the Center.

10.2. Prior to the beginning of each calendar year, Landlord shall estimate the annual amount of such charges and shall advise Tenant of the Leased Premises Proportionate Share of such charges. Tenant shall pay, as additional rent, an amount equal to one-twelfth (1/12) of such charges on the first day of each month of such calendar year. Within three (3) months of the close of each calendar year, Landlord shall determine the actual costs of the above items. If Tenant's payments hereunder for that year are less than the Leased Premises Proportionate Share of the actual costs for that year, then Tenant shall pay Landlord for such deficiency within fifteen (15) days after notice from Landlord and if Tenant's payments hereunder for that year are greater than Leased Premises Proportionate Share of the actual costs for that year, then Landlord shall credit Tenant for such overpayment on the next installment of payments due hereunder. If Tenant's Commencement Date or termination date falls on any date other than the end of the calendar year then the Leased Premises Proportionate Share shall be prorated for such period in question which does not constitute a full calendar year.

10.3. For purposes of this Lease, the term "Leased Premises Proportionate Share" shall mean and refer to the proportionate share for the Leased Premises, as determined by the Center's management and/or association, pursuant to the covenants, zoning or other agreements that pertain to the Center's operations and cost sharing.

11. Alterations and Fixtures.

11.1. Tenant Alterations. Tenant shall not make or permit any alterations, additions or improvements to the Leased Premises without the prior written consent of the Landlord. Consent for minor and nonstructural alterations, additions or improvements will not be unreasonably withheld by Landlord. After having obtained Landlord's prior written approval, Tenant shall deliver to Landlord, upon completion of any authorized alterations, additions or improvements, "as-built" plans showing all changes in the Leased Premises. Any subsequent changes to the Leased Premises, approved by Landlord, shall also require as-built plans. The cost of making such alterations, improvements or additions and preparing said plans shall be borne by Tenant. All such work shall be done in a good and workmanlike manner and in such a manner as to not inconvenience other occupants of the building of which the Leased Premises is a part. All such work shall comply with all laws, ordinances or regulations of any governmental or administrative agency having jurisdiction over the Leased Premises.

11.2. Tenant Trade Fixtures. Tenant may, upon prior written approval from Landlord, install Tenant's shelves, bins, machinery, and trade fixtures, hereinafter collectively called "Tenant's Trade Fixtures," provided Tenant complies with all applicable governmental laws and further provided installations by Tenant do not overload the floor or otherwise damage or deface the Leased Premises. Tenant shall not place any heavy equipment that would exceed the load per square foot that the floor or ceiling is designed to carry and which may otherwise be allowed by law. Landlord reserves the right to prescribe the positioning of heavy equipment and to prescribe any reinforcing if necessary, in the opinion of Landlord, which may be required under the circumstances; such positioning or repositioning of equipment, and reinforcing, if necessary, shall be at Tenant's sole expense. Tenant shall have no right to go onto the roof or to place on the roof equipment of any nature whatsoever, without the prior written consent of Landlord.

11.3. Removal of Trade Fixtures. Provided Tenant is not in default of any of the terms, conditions or covenants of this Lease, Tenant shall have the right, at the termination or expiration of this Lease, to remove any previously installed Tenant's Trade Fixtures, provided further that Tenant shall immediately repair any damage caused by such removal and Tenant shall leave the Leased Premises in a broom-clean condition and in the same good and sanitary order and condition as existed at the beginning date of this Lease, reasonable wear and tear excepted. All alterations, additions and improvements made by Tenant (other than installation of Tenant's Trade Fixtures) may, at Landlord's discretion, become the property of Landlord upon the termination of this Lease or Landlord may require Tenant to remove such alterations, additions, and improvements and any other property placed in or on the Leased Premises by Tenant and restore the Leased Premises to the same condition as existed at the commencement of this Lease, ordinary wear and tear excepted. Should Landlord make such election, it shall so notify Tenant no later than thirty (30) days prior to the termination or expiration of the Term, including any Extended Terms, if exercised.

11.4. Execution by Landlord of Landlord Waiver. In the event Tenant's lender or lessor with respect to the trade fixtures, equipment, merchandise and other personal property ("Tenant Property") installed or placed upon the Leased Premises (which Tenant Property shall not include such alterations, additions and improvements which Landlord has the right to elect to retain), requests that the Landlord waive any rights to such of Tenant's property, Landlord agrees to provide such waiver so long as such

lender or lessor agrees to provide ten (10) days prior written notice of its intention to remove such of Tenant's Property and exercises reasonable care in effectuating such removal, does not interfere or disturb others in the Leased Premises, and restores the Leased Premises to its condition prior to the installation thereof, ordinary wear and tear excepted.

11.5. Mechanics' and Materialmens' Liens. Tenant shall, at all times, keep the Leased Premises and all improvements in the Leased Premises free from any liens arising out of any work performed, material furnished or obligations incurred by Tenant. If a notice of a lien shall be filed against the Leased Premises, and such lien is for, or purports to be for labor, or material alleged to have been furnished to or delivered at the Leased Premises to or for Tenant, or anyone claiming under Tenant, then Tenant shall cause such lien to be discharged or bonded over within fifteen (15) days after notice from Landlord. If Tenant shall fail to discharge or bond over any such lien, then Landlord shall have the right (but not the obligation) to pay or discharge any such lien or claim of lien or treat such lien or claim of lien as a default under the terms of this Lease. If Landlord elects to pay or discharge any such lien or claim of lien, then Tenant shall pay to Landlord all of Landlord's expenses incurred, including reasonable attorneys' fees, together with interest on the funds so advanced at the highest rate permissible by law, which payment shall be deemed additional rent payable on demand. In addition to the foregoing, Landlord may, at its option, and with full cooperation of Tenant, timely post and record, if permitted by applicable state law, such notices, including notices of non-responsibility for materials and labor delivered to or performed upon the Leased Premises, to protect Landlord, Landlord's interest in the Leased Premises and Landlord's interest in the Lease from Tenant's activity on or about the Leased Premises and from the filing of workman's or materialman's liens.

12. Maintenance by Tenant.

12.1. Tenant's Operation Obligations. Tenant shall, during the term of this Lease and any Extended Terms, if exercised:

a. not store, except in areas designated by Landlord in its sole discretion, any merchandise, crates, pallets or materials of any kind outside the Leased Premises nor shall Tenant burn trash or other substances on or around the Leased Premises;

b. maintain heat in the Leased Premises sufficient to keep the Leased Premises at a minimum temperature of forty-five (45) degrees Fahrenheit, unless otherwise agreed between the parties hereto;

c. at all times keep the loading docks, stoops and stairs adjacent to and serving the Leased Premises free of dirt, grime, snow and ice;

d. not park or allow to be parked vehicles overnight in the parking areas of the Leased Premises, except in areas designated by Landlord in Landlord's sole discretion;

e. except as provided otherwise in **Exhibit "D"**, attached hereto and entitled "Rules and Regulations" not without the prior written consent of Landlord perform any of its business outside of the Leased Premises; and

f. keep all window and exterior lights, displays and signs illuminated at night.

12.2. Tenant Repairs. Tenant will, at all times during the term of this Lease, keep and maintain, at its own cost and expense, in good order, condition, and repair, the Leased Premises

(including, without limitation, all improvements and fixtures on the Leased Premises), and will make all repairs and replacements, interior and exterior, above or below ground, ordinary or extraordinary. Tenant's obligation to keep and maintain the Leased Premises in good order, condition, and repair includes, without limitation, all plumbing and sewage facilities in the Leased Premises, floors (including floor coverings); doors, locks, and closing devices; window casements and frames; glass and plate glass; grilles; all electrical facilities and equipment; HVAC systems and equipment of every kind and nature; and all landscaping upon, within, or attached to the Leased Premises. In addition, Tenant will, at its sole cost and expense, install or construct any improvements, equipment, or fixtures required by any governmental authority or agency as a consequence of Tenant's use and occupancy of the Leased Premises, from and after the Commencement Date. Tenant will replace any damaged plate glass within forty-eight (48) hours of the occurrence of such damage.

12.3. Maintenance of HVAC. Landlord may at Landlord's option employ and pay a maintenance firm satisfactory to Landlord, engaged in the business of maintaining systems, to perform periodic inspections of the HVAC systems serving the Leased Premises, and to perform any necessary work, maintenance, or repair of them. In that event, Tenant will reimburse Landlord for all reasonable amounts paid by Landlord in connection with such engagement.

12.4. Assignment of Warranty. Landlord will, to the extent permitted, assign to Tenant, and Tenant will have the benefit of (to the extent assignable), any guarantee or warranty to which Landlord is entitled under any purchase, construction, or installation contract relating to a component of the Leased Premises which Tenant is obligated to repair and maintain. Tenant will have the right to call upon the contractor(s) to make such adjustments, replacements, or repairs which are required to be made by the contractor(s) under such contract.

12.5. Condition Upon Termination. Upon the expiration or termination of this Lease, Tenant will surrender the Premises to Landlord in good order, condition, and repair, ordinary wear and tear excepted. To the extent allowed by law, and except as otherwise provided hereunder, Tenant waives the right to make repairs at Landlord's expense under the provisions of any laws permitting repairs by a tenant at the expense of a landlord.

13. Signs and Windows. Tenant, at its sole expense, shall prior to initial opening for business in the Leased Premises, erect its storefront sign(s) in accordance with the provisions of **Exhibit "C"**, attached hereto and entitled "Sign Criteria." Except as set forth on the "Sign Criteria," Tenant shall not use and shall not be permitted to use any portable signs at the Leased Premises and no other signs shall be erected, placed or painted on the exterior walls of the building on the Leased Premises or in the windows of the Leased Premises without the prior written consent of Landlord. Tenant shall obtain all requisite governmental approvals and comply with all zoning, use or other ordinances, rule or regulation relating to signage. In the event Landlord gives its approval for any such signs, Tenant shall remove all such signs at the termination of this Lease at its sole risk and expense and shall in a good and workmanlike manner promptly repair any damage and close any holes caused by removal of such signs.

14. Hazardous Material - Compliance with Environmental Laws. Tenant shall not, without the prior written consent of Landlord, cause or permit, knowingly or unknowingly, any Hazardous Material (hereinafter defined) to be brought or remain upon, kept, used, discharged, leaked, or emitted in or about, or treated at the Leased Premises. As used in the Lease, "Hazardous Material(s)" shall mean any hazardous, toxic or radioactive substance material, matter or waste which is or becomes regulated by any federal, state or local law, ordinance, order, rule, regulation, code or any other governmental restriction or requirement, and shall include asbestos, petroleum products and the terms "Hazardous Substance" and "Hazardous Waste" as defined in the Comprehensive Environmental Response, Compensation and

Liability Act ("CERCLA"), as amended, 42 U.S.C. §9601 et seq., and the Resource Conservation and Recovery Act ("RCRA"), as amended, 42 U.S.C. §6901 et seq. To obtain Landlord's consent, Tenant shall prepare an "Environmental Audit" for Landlord's review. Such Environmental Audit shall list: (1) the name(s) of each Hazardous Material and a Material Safety Data Sheet ("MSDS") as required by the Occupational Safety and Health Act; (2) the volume proposed to be used, stored and/or treated at the Leased Premises (monthly); (3) the purpose of such Hazardous Material; (4) the proposed on-premises storage location(s); (5) the name(s) of the proposed off-premises disposal entity; and (6) an emergency preparedness plan in the event of a release. Additionally, the Environmental Audit shall include copies of all required federal, state, and local permits concerning or related to the proposed use, storage, or treatment of any Hazardous Material(s) at the Leased Premises. Tenant shall submit a new Environmental Audit whenever it proposes to use, store or treat a new Hazardous Material at the Leased Premises or when the volume of existing Hazardous Materials to be used, stored or treated at the Leased Premises expands by ten percent (10%) during any thirty (30) day period. If Landlord in its reasonable judgment finds the Environmental Audit acceptable then Landlord shall deliver to Tenant Landlord's written consent. Notwithstanding such consent, Landlord may revoke its consent upon: (1) Tenant's failure to remain in full compliance with applicable environmental permits and/or any other requirements under any federal, state, or local law, ordinance, order, rule, regulation, code or any other governmental restriction or requirement (including but not limited to CERCLA and RCRA) related to environmental safety, human health, or employee safety; (2) the Tenant's business operations pose or potential pose a human health risk to other parties; or (3) the Tenant expands its use, storage, or treatment of any Hazardous Material(s) in a manner inconsistent with the safe operation of the Leased Premises. Should Landlord consent in writing to Tenant bringing, using, storing or treating any hazardous Material(s) in or upon the Leased Premises, Tenant shall strictly obey and adhere to any and all federal, state or local laws, ordinances, orders, rules, regulations, codes or any other governmental restrictions or requirements (including but not limited to CERCLA and RCRA) which in any way regulate, govern or impact Tenant's possession, use, storage, treatment, or disposal of said Hazardous Material(s). In addition, Tenant represents and warrants to Landlord that (1) Tenant shall apply for and remain in compliance with any and all federal, state or local permits in regard to Hazardous Materials (excluding those Hazardous Materials that were present in the Leased Premises prior to Tenant's occupancy and those Hazardous Materials brought upon the Leased Premises by Landlord after Tenant's occupancy); (2) Tenant shall report to Landlord and any and all applicable governmental authorities any release of reportable quantities of any Hazardous Material(s) (excluding those Hazardous Materials that were present in the Leased Premises prior to Tenant's occupancy and those Hazardous Materials brought upon the Leased Premises by Landlord after Tenant's occupancy) as required by any and all federal, state or local laws, ordinances, orders, rules, regulations, codes or any other governmental restrictions or requirements; (3) Tenant, within five (5) days of receipt, shall send to Landlord a copy of any notice, order, inspection report, or other document issued by any governmental authority relevant to the Tenant's compliance status with environmental or health and safety laws; and (4) Tenant shall remove from the Leased Premises all Hazardous Materials (excluding those Hazardous Materials that were present in the Leased Premises prior to Tenant's occupancy and those Hazardous Materials brought upon the Leased Premises by Landlord after Tenant's occupancy) at the termination of this Lease.

In addition to, and in no way limiting, Tenant's duties and obligations as set forth in this Section 14, or if the presence of any Hazardous Material(s) (excluding those Hazardous Materials that were present in the Leased Premises prior to Tenant's occupancy and those Hazardous Materials brought upon the Leased Premises by Landlord after Tenant's occupancy) on the Leased Premises results in contamination of the Leased Premises, any land other than the Leased Premises, the atmosphere, or any water or waterway (including groundwater), or if contamination of the Leased Premises by any Hazardous Material(s) (excluding those Hazardous Materials that were present in the Premises prior to Tenant's occupancy and those Hazardous Materials brought upon the Premises by Landlord after

Tenant's occupancy) otherwise occurs for which Tenant is otherwise legally liable to Landlord for damages resulting therefrom, Tenant shall indemnify, protect, save harmless with attorneys reasonably approved in writing by Landlord, defend Landlord and its contractors, agents, employees, partners, officers, directors, Big O, and mortgagees, if any, from any and all claims, demands, damages, expenses, fees, costs, fines, penalties, suits, proceedings, actions, causes of action, and losses of any and every kind and nature including, without limitation, diminution in value of the Leased Premises, damages for the loss or restriction on use of the rentable or usable space or of any amenity of the Leased Premises, damages arising from any adverse impact on marketing space in the Leased Premises, and sums paid in settlement of claims and for attorneys' fees, consultant fees and expert fees, which may arise during or after the Term of this Lease or any Extended Terms thereof as a result of such contamination. This includes, without limitation, costs and expenses, incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because the presence of Hazardous Material(s) on or about the Leased Premises, or because of the presence of Hazardous Material(s) anywhere else which came or otherwise emanated from Tenant or the Leased Premises. Without limiting the foregoing, if the presence of any Hazardous Material(s) on or about the Leased Premises caused or permitted by Tenant results in any contamination of the Leased Premises caused or permitted by Tenant results in any contamination of the Leased Premises, Tenant shall, at its sole expense, promptly take all actions and expense as are necessary to return the Leased Premises to a condition in compliance with applicable laws, provided, however, that Landlord's approval of such actions shall first be obtained in writing which approval shall not be unreasonably withheld.

Notwithstanding the foregoing, Landlord shall be responsible for the correction, removal, or to otherwise render harmless Hazardous Materials that existed in or on the Leased Premises at the time the same was delivered to Tenant ("Pre-existing Conditions") whether such conditions were discoverable upon a reasonable inspection or latent in nature and discovered only after possession was delivered to Tenant. Landlord shall be responsible for compliance with the governmental laws, orders, rules and directives governing such Pre-existing Conditions. Any provision of this Lease notwithstanding, Landlord shall indemnify, protect, defend and hold Tenant harmless from any claims, liabilities or expenses of any nature (including without limitation reasonable attorneys' fees) arising out of or related to the presence of any hazardous materials which were placed in the Leased Premises by Landlord, its agents, employees and/or contractors, or which existed in or on the Leased Premises at the time the same was delivered to Tenant.

15. <u>Indemnification by Tenant</u>. Tenant will protect, defend, indemnify and save harmless Landlord, its shareholders, directors, officers, agents, employees, representatives, affiliates and any and all persons acting by, through, under or in concert with them, or any of them, from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against Landlord by reason of: (a) any occurrence, injury to or death of persons (including workmen) or loss of or damage to property occurring on or about the Leased Premises or any part thereof; (b) any use, non-use or condition of the Leased Premises or any part thereof; (c) any failure on the part of Tenant to perform or comply with any of the terms of this Lease; or (d) performance of any labor or services or the furnishing of any materials or other property in respect of the Leased Premises or any part thereof. In case any action, suit or proceeding is brought against the Landlord by reason of any such occurrence, Tenant shall defend and hold Landlord, its shareholders, directors, officers, agents, employees, representatives, affiliates and any and all persons acting by, through, under or in concert with them, or any of them, harmless, upon Landlord's request, and will at Tenant's expense resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel (reasonably acceptable to Landlord) designated by the insurer whose policy covers such occurrence or by counsel designated by Landlord.

Nothing herein shall be construed as requiring Tenant to indemnify Landlord against claims arising out of the acts or omissions to act of Landlord. The obligations of Tenant under this Section 15 arising by reason of any such occurrence having taken place during the Term of this Lease, including any Extended Terms, if exercised, shall survive any expiration or termination of this Lease.

16. Assignment and Subleasing.

16.1. Assignment and Sublet. Tenant may not assign this Lease or any interest herein or sublet the whole or any part of the Leased Premises, or permit the same to be occupied by anyone other than Tenant, without in each instance having first obtained Landlord's prior written consent which consent shall not be unreasonably withheld. If Landlord should consent to any such sublease or assignment, Tenant shall nevertheless remain the principal obligor to Landlord under all the terms, conditions, covenants and obligations of this Lease, and the acceptance of any assignment or subletting of the Leased Premises by any assignee or subtenant shall be construed as a promise on the part of such assignee or subtenant to be bound by and to perform all of the terms, conditions and covenants by which Tenant herein is bound. No such assignment or subletting shall be construed to constitute a novation or a release of any claim Landlord may then or thereafter have against Tenant hereunder. Tenant shall furnish Landlord with a fully executed counterpart of any such assignment or sublease at the time such instrument is executed.

16.2. Effective Changes in Business Entity. If Tenant is a corporation, any transfer of this Lease by or from Tenant by merger, consolidation, reorganization or liquidation, or the sale or other transfer of a controlling percentage of the capital stock, or a sale of over fifty percent (50%) of the value of the assets of Tenant, shall for purposes of this Lease, constitute an assignment. The phrase "controlling percentage" means the ownership of, and right to vote, stock possessing over fifty percent (50%) of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors. If Tenant is a partnership, or limited liability company, any sale or other transfer of all or any portion of any general partner or managing partner's or member's interest in Tenant which shall amount to a sale of over fifty percent (50%) of the partnership or limited liability company interest which comprises Tenant shall constitute an assignment.

16.3. Economic Benefit of Sublease or Assignment. Without affecting any of its other obligations under this Lease, Tenant will pay Landlord, as additional rent, one-half (1/2) of any sums or other economic consideration which : (i) are received by Tenant as a result of an assignment or subletting (other than the rental or other payments which are attributable to the amortization over the term of this Lease of the cost of nonbuilding standard leasehold improvements which are part of the assigned or sublet portion of the Leased Premises and have been paid for by Tenant), whether or not denominated rentals under the assignment or sublease; and (ii) exceed in total the sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to that portion of the Leased Premises subject to such assignment or sublease). The failure or inability of the assignee or subtenant to pay Tenant pursuant to the assignment or sublease will not relieve Tenant from its obligations to Landlord under this paragraph. Tenant will not amend the assignment or sublease in such a way as to reduce or delay payments of amounts which are provided in the assignment or sublease approved by Landlord.

17. Damage to Leased Premises.

17.1. Destruction Due to Risk Covered by Insurance. In the event of damage causing a total or partial destruction of the Leased Premises during the Term of this Lease including any Extended Terms, if exercised, and the insurance proceeds pursuant to Section 9, are available, Landlord shall use such proceeds to repair the Leased Premises to substantially the same condition as they were immediately

before destruction. Landlord agrees to make repairs within a reasonable period of time, and with reasonable diligence and this Lease shall continue in full force and effect.

17.2. Destruction Due to Risk Not Covered by Insurance. If, the Leased Premises are totally or partially destroyed from a risk not covered by insurance pursuant to Section 9, or if there is insurance and it is insufficient to cover substantially all of the costs of repair, rendering the Leased Premises totally or partially inaccessible or unusable, then Landlord can elect to terminate this Lease by giving notice to Tenant upon delivering to Tenant a statement showing the restoration costs and replacement value. Landlord shall provide Tenant with said statement within thirty (30) days of the occurrence of said damage. If Landlord elects to make such repairs, Landlord shall restore the Leased Premises to substantially the same condition as they were immediately before destruction and Landlord agrees to make the repairs within a reasonable period of time and with reasonable diligence and this Lease shall continue in full force and effect. If, however, Landlord elects not to make such repairs, and to terminate this Lease, Tenant, within fifteen (15) days after receiving Landlord's notice to terminate, can elect to make such repairs at its sole cost and expense (to the extent, if applicable, that there are insufficient or no insurance proceeds available) and shall make such repairs within a reasonable period of time and restore the Leased Premises to substantially the same condition as they were immediately preceding such damage.

17.3. Extent of Landlord's Obligation to Restore. If Landlord elects to make such repairs as provided in Subsections 17.1 and 17.2 above, Landlord shall not be required to restore any personal property of Tenant or trade fixtures, alterations or additions made by Tenant, such excluded items being the sole responsibility of Tenant to restore.

17.4. Abatement of Rent. There shall be no abatement or reduction in Base Rent or additional rent and the same shall continue to be due and payable between the date of destruction and the date of completion of restoration, regardless of the extent to which the destruction interferes with Tenant's use of the Leased Premises, as defined in Section 4 hereof. Tenant shall look to its rental loss insurance coverage to provide payment of rents during this time period, but is still primarily responsible if such proceeds are insufficient to meet the rental obligations due hereunder.

17.5. Loss During Last Part of Term. If destruction to the Leased Premises occurs during the last six (6) months of the Term, including any Extended Terms, if exercised, Landlord can terminate this Lease by giving notice to Tenant not more than thirty (30) days after the destruction and Tenant shall not have the option to elect to make the repair as provided above. Provided, however, if the destruction occurs during the last six (6) months of the Term and within thirty (30) days after the destruction Tenant exercises the option to extend the Term as provided in Section 1 (if the time within which the option can be exercised has not expired), Landlord shall restore the Leased Premises if required in this Section 17.

18. Condemnation.

18.1. Total or Partial. In the event that the whole of the Leased Premises shall be condemned or taken in any manner for any public or quasi-public use, this Lease and the term and estate hereby granted shall forthwith cease and terminate as of the date of vesting of title in the condemnor. In the event that only a part of the Leased Premises shall be so condemned rendering the Leased Premises unsuitable for Tenant's use thereof as defined in Section 4 hereof, then this Lease shall terminate effective as of the date of such vesting of title in the condemning authority; otherwise the Base Rent (including any additional rents) hereunder for such part shall be equitably abated and this Lease shall continue as to such part not so taken. In the event that only a part of the Leased Premises shall be so condemned or taken, then: (i) if substantial structural alteration or reconstruction of the Leased Premises shall, in the

reasonable opinion of Landlord, be necessary or appropriate as a result of such condemnation or taking (whether or not the Leased Premises be affected), Landlord may, at its option, terminate this Lease and the term and estate hereby granted as of the date of such vesting of title, notifying Tenant in writing of such termination within sixty (60) days following the date on which Landlord shall have received notice of vesting of title; or (ii) if either party does not elect to terminate this Lease as aforesaid, this Lease shall be and remain unaffected by such condemnation or taking, except that the rent shall be abated to the extent, if any, as hereinbefore provided. In the event that only a part of the Leased Premises shall be so condemned or taken and this Lease and the term and estate hereby granted are not terminated as hereinbefore provided, Landlord will, to the extent it receives cash proceeds from such condemnation proceeding, restore with reasonable diligence the remaining structural portions of the Leased Premises, as near as practicable, to the same condition as existed immediately prior to such condemnation or taking.

18.2. Effect of Termination. In the event of termination in any of the cases hereinabove provided, this Lease and the terms and leasehold estate hereby granted shall expire as of the date of such termination with the same effect as if that was the date hereinbefore set for the expiration of the term of this Lease, and the rents hereunder shall be apportioned as of such date.

18.3. Right to Awards. In the event of any condemnation or taking hereinabove mentioned of all or part of the Leased Premises, Landlord shall be entitled to receive the entire award in the condemnation proceeding, including any award made for the value of the estate vested by this Lease in Tenant, and Tenant hereby expressly assigns to Landlord any and all right, title, and interest of Tenant now or hereafter arising in or to any part thereof, and Tenant shall be entitled to receive no part of such award; provided, however, Tenant shall have the right, at its sole cost and expense, to assert a separate claim in any condemnation proceeding for its personal property and trade fixtures, as defined hereunder.

19. Tenant Waiver of Claims Against Landlord. Tenant, as a material part of the consideration to be rendered to Landlord, hereby waives all claims against Landlord for damages to goods, wares and merchandise, in, upon, or about Leased Premises and for injury to Tenant, its agents or third persons in or about Leased Premises from any cause arising at any time, including, without limitation, any damage or injury caused by the discharge, whether accidental or otherwise, of the sprinkler system, if any, installed in the Leased Premises. Nothing herein shall be construed as requiring Tenant to waive its rights against Landlord if such damage arose out of the acts or omission to act of Landlord for which Tenant was in no way responsible.

20. Landlord's Right of Entry. Landlord and its authorized agents or designees shall have the right to enter the Leased Premises at any reasonable time during normal business hours and in the case of an emergency at any time for the following purposes: (a) inspecting the general condition and state of repair of the Leased Premises; (b) the making of repairs; (c) showing of the Leased Premises to any prospective purchaser; (d) the showing of the Leased Premises for lease; or (e) the showing of the building for any other legal or reasonable purpose. Landlord and its authorized agents shall have the right to erect on or about the Leased Premises, or on the building of which the Leased Premises are a part, a sign advertising the Leased Premises for lease during the last one hundred eighty (180) days of the Term and any Extended Terms, if exercised, or, the Leased Premises or any part thereof for sale. The foregoing notwithstanding, Landlord and its agents and representatives shall also have the right to enter the Leased Premises at any time there is an emergency in the Leased Premises or in the building of which the Leased Premises are a part. Tenant shall prior to taking possession of the Leased Premises deliver a complete set of keys to the Leased Premises to the Landlord for such emergency use only. Tenant covenants that if it shall thereafter change or add additional locks on the doors to its Leased Premises, it will immediately provide new keys to the Landlord.

21. Holding Over. If Tenant, or any of its successors in interest, shall remain in possession of the Leased Premises, or any part thereof, after the expiration of the term of this Lease, including any Extended Terms, if exercised, such holding over shall constitute and be construed as a tenancy from month-to-month at a monthly rent equal to 150% of the Base Rent applicable during the last month of the term of this Lease or the last prior renewal term thereof. Tenant shall also pay additional rent attributable to Tenant's occupation of the Leased Premises and any damages, if any, incurred by Landlord as a result of such holding over. Tenant shall also be subject to all of the conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy. Nothing contained herein shall constitute permission granted or inferred for Tenant to remain in possession beyond the exact termination date of this Lease, as extended by the Extended Term(s) unless specifically granted by Landlord in writing.

22. Default and Remedies.

22.1. Default. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

a. The vacating or abandonment of the Leased Premises by Tenant, which is defined as Tenant's failure to occupy and operate the Leased Premises for five (5) consecutive business days, except such failure to occupy and operate caused by damage or destruction as provided in Section 17; strikes, lockouts, riots, acts of God and governmental preemption in connection with a national or local emergency; and except as otherwise provided herein.

b. The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of five (5) days thereafter. In the event that Landlord serves Tenant with a notice to pay rent or quit pursuant to applicable unlawful detainer statutes under the law of the jurisdiction where the Leased Premises are located, such notice to pay rent or quit shall also constitute the notice required by this Subsection 22.1(b).

c. The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than described in Subsection 22.1(b) above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

d. (i) The making by Tenant of any general arrangement or assignment for the benefit of creditors; (ii) Tenant becomes a "debtor" as defined in 11 U.S.C. Section 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within thirty (30) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days. Provided, however, in the event that any provision of this Subsection 22.1(d) is contrary to any applicable law, such provision shall be of no force or effect.

e. The discovery by Landlord that any financial statement given to Landlord by Tenant, any assignee of Tenant, any subtenant of Tenant, any successor-in-interest of Tenant or any guarantor of Tenant's obligation hereunder, and any of them, was materially false.

f. The termination of Franchisee as a duly authorized franchisee of Big O and/or the termination of the Franchise Agreement (described in Section 4).

g. Franchisee commits any material breach of the Franchise Agreement; Franchise, or any guarantor of Franchisee, commits any material breach of any other instrument or agreement between Big O and Franchise; and/or Franchisee, or any guarantor of Franchisee, commits any other act or omission to act which permits Big O the right to terminate such agreements and/or instruments. As used in this Subsection 22.1(g), the term "Big O" may also include any of Big O's subsidiaries.

h. Default by Tenant, or any guarantor of Tenant, under any agreement or instrument between Landlord and Tenant, or any guarantor of Tenant, which permits Landlord the right to terminate such agreements and/or instruments. Default by Tenant, or any guarantor of Tenant, under any agreement or instrument between Big O and Tenant, or any guarantor of Tenant, which permits Big O the right to terminate such agreements and/or instruments.

22.2. Remedies. Landlord shall have the following remedies if Tenant commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

a. Landlord can continue this Lease in full force and effect, and the Lease will continue in effect as long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to collect rent when due. During the period Tenant is in default, Landlord can enter the Leased Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Leased Premises, including, without limitation, broker's commissions, expenses in remodeling the Leased Premises required by the reletting and other similar and necessary costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Tenant shall pay to Landlord the rent due under this Lease on the dates the rent is due, less the rent Landlord receives from any reletting. No act by Landlord allowed by this Section 22 shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease. From and after a Tenant default, and for as long as Landlord does not terminate Tenant's right to possession of the Leased Premises, if Tenant obtains Landlord's consent, Tenant shall have the right to assign or sublet its interest in this Lease, but Tenant shall not be released from liability. Landlord's consent to a proposed assignment or subletting shall not be unreasonably withheld.

b. If Landlord elects to relet the Leased Premises as provided in this Section 22, rent that Landlord receives from reletting shall be applied towards the payment of the following and in the following order:

(1) First, for any indebtedness from Tenant to Landlord other than rent due from Tenant.

(2) Second, all costs, including costs for maintenance, incurred by Landlord in reletting.

(3) Third, all rent due and unpaid under this Lease.

After deducting the payments referred to in this Section 22, any sum remaining from the rent Landlord receives from reletting shall be held by Landlord and applied in payment of future rent as rent becomes due under this Lease. If on the date rent is due under this Lease, the rent received from the reletting is less than the rent due on that date, Tenant shall pay to Landlord, in addition to the remaining rent due, interest thereon at the maximum interest rate amount allowed by law, all costs, including costs for maintenance, which Landlord incurred in reletting that remain after applying the rent received from the reletting as provided in this Section 22.

c. In the event of any Tenant default under the provisions of this Section 22, Landlord can elect to terminate Tenant's right to possession of the Leased Premises. No act by Landlord other than declaring a forfeiture of the Lease or the taking possession of the Leased Premises for its own account shall terminate this Lease. Acts of maintenance, efforts to relet the Leased Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease, shall not constitute a termination of Tenant's right to possession. On termination, Landlord has the right to recover from Tenant:

(1) The worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this Lease;

(2) The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease, until the time of award, exceeds the amount of the loss of rent which Tenant proves could have been reasonably avoided;

(3) The worth at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and

(4) Any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default.

"The worth, at the time of the award," as used in Subsections 22.2(c)(1) and (2) is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge. "The worth, at the time of award," as referred to in Subsection 22.2(c)(3) is to be computed by discounting such amount at the discount rate of the Federal Reserve Bank of Denver at the time of the award, plus one (1%) percent.

d. Right of Re-Entry. In the event of any Tenant default, Landlord shall have the right, with or without terminating this Lease, to re-enter the Leased Premises and remove all property and persons therefrom, and any such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant. In the event that there is any such re-entry by Landlord, Landlord may make any repairs, additions or improvements in, to or upon the Leased Premises which may be necessary or convenient; provided, however, that Landlord shall be entitled to recover from Tenant the expenses for such repairs, additions or improvements only to the extent necessary to restore the Big O Store on the Leased Premises to the condition it was in on the commencement of the term of this Lease, reasonable wear and tear excepted.

22.3. Landlord's Right to Cure Tenant's Defaults. Upon a Tenant default, Landlord may upon five (5) days notice or a shorter period if additional damage may result, cure such default for the account at the expense of Tenant. If Landlord at any time, by reason of a Tenant default, is compelled to pay, or elects to pay, any sum of money or to do any act that will incur the payment of any sum of money, or is

compelled to incur any expense, including reasonable attorneys' fees in instituting, prosecuting or defending any actions or proceedings to enforce Landlord's rights under this Lease, the sum or sums paid by Landlord, together with interest at the maximum legal rate of interest allowed by the then usury laws from time to time until paid, costs and damages shall be deemed to be additional rental under this Lease and shall be due and payable from Tenant to Landlord immediately upon receipt of written demand.

22.4, Nonwaiver. Nothing contained in this Lease shall constitute a waiver of Landlord's right to recover damages by reason of Landlord's efforts to mitigate damages to it caused by Tenant's default; nor shall anything in this Section 22 adversely affect Landlord's right, as provided in this Lease, to indemnification against liability for damage or injury to persons or property occurring prior to a termination of this Lease.

23. Subordination/Attornment/Estoppel.

23.1 Title of Landlord. Landlord's estate in the Leased Premises and Tenant's leasehold estate in the Leased Premises is now, or in the future may be, subject to the liens or restrictions of:

a. any matters or documents of record including the effect of any covenants, conditions, restrictions, easements, mortgages or deeds of trust, ground leases, rights of way or any construction, operation and reciprocal easement agreements;

b. the effect of any zoning laws of the City, County and State where the Leased Premises is located; and

c. Tenant agrees that:

(1) Tenant and all persons in possession of Tenant's leasehold estate or holding under Tenant will conform to and will not violate the terms of any covenant, condition, restriction, easement, mortgage, deed of trust, ground lease, right of way, or any construction, operation or reciprocal easements or any other matters of record; and

(2) this Lease is, and shall be, subordinate to all covenants, conditions, restrictions, easements, mortgages, deeds of trust, ground leases, rights of way or any and all construction, operation or reciprocal easements, if any, and any amendments or modifications thereto; provided, however, that with respect to any encumbrance of record, now or recorded after the date of this Lease, such subordination by Tenant hereunder shall not be effective until Landlord first obtains from the lender or mortgagee a written agreement which provides substantially the following:

> "As long as Tenant performs its obligations under this Lease, no foreclosure of, deed given in lieu of foreclosure of, or sale under the encumbrance, and no steps or procedures taken under the encumbrance shall effect Tenant's rights under this Lease."

If any matter is not of record as of the date of this Lease, then this Lease shall, subject to the foregoing provision, become subordinate to such matter upon recordation, provided such matter does not prevent Tenant's use of the Leased Premises as defined in Section 4. Tenant agrees to execute and return to Landlord within ten (10) days after written demand therefore by Landlord, an agreement in recordable form satisfactory to Landlord subordinating this Lease to any matter put of record by Landlord.

23.2 Subordination. Except as provided in Subsection 23.1 above and subject thereto, this Lease and Tenant's rights hereunder are subject and subordinate to any ground or underlying lease, or any mortgage, indenture, deed of trust or other lien or encumbrance, together with any renewals, extensions, modifications, consolidations and replacements thereof, now or hereafter existing, affecting or placed, charged or enforced against the Leased Premises or any interest of Landlord, or Landlord's interest in this Lease, except to the extent that any such instrument expressly provides that this Lease shall be superior to such instrument. This provision will be self operative and no further instrument or subordination will be required in order to effect it. Nevertheless, Tenant will execute, acknowledge and deliver to Landlord at any time, or from time to time, upon demand by Landlord, such documents as may be requested by Landlord, or by any ground or underlying lessor or any mortgagee or subsequent mortgagee, to confirm or effect this subordination, subject to the provisions of Subsection 23.1 above. If Tenant is obligated to and fails or refuses to execute, acknowledge and deliver any such document within ten (10) days after written demand, Landlord, its successors and assigns will be entitled to execute, acknowledge and deliver any such documents for and on behalf of Tenant as attorney-in-fact for Tenant. Tenant, by this Subsection 23.1, hereby constitutes and irrevocably appoints Landlord, its successors and assigns, as Tenant's attorney-in-fact to execute, acknowledge and deliver any and all documents described in this Subsection 23.2 for and on behalf of Tenant as provided for herein.

23.3. Attornment. Tenant agrees that in the event that any holder of any ground or underlying lease, mortgage, deed of trust or other lien or encumbrance encumbering any part of the Leased Premises succeeds to Landlord's interest in the Leased Premises, Tenant will pay to such holder all rent and other obligation subsequently payable under this Lease. Further, Tenant agrees that in the event of the enforcement of remedies provided for by law, or by a ground or underlying lease by the trustee or the beneficiary under, or by the holder or owner of any mortgage, deed of trust, ground or underlying lease or other lien or encumbrance or remedies provided for by law to such ground or underlying lease, mortgage, deed of trust or other lien or encumbrance, Tenant will, upon request of any person or party succeeding to the interest of Landlord as a result of such enforcement, automatically become the Tenant of such successor in interest without changing the terms or provisions of this Lease. Such successor in interest will not be bound by any amendment or modification of this Lease made without the written consent of such trustee, beneficiary, holder or owner or successor in interest made subsequent to the date such successors acquire an interest in the Leased Premises. Upon request by such successor in interest and without cost to Landlord or such successor in interest, Tenant will execute, acknowledge or deliver an instrument or instruments confirming this attornment. If Tenant fails or refuses to execute, acknowledge or deliver any such document within ten (10) days after written demand, such successor in interest will be entitled to execute, acknowledge and deliver any and all such documents for and on behalf of Tenant as attorney-in-fact for Tenant. Tenant, by this Subsection 23.3, constitutes and irrevocably appoints Landlord, its successors and assigns as Tenant's attorney-in-fact to execute, acknowledge and deliver any and all documents described in this Subsection 23.3 and on behalf of Tenant as provided for herein.

23.4. Estoppel Certificates. Tenant agrees at any time and from time to time within ten (10) days after Notice (as provided for in this Lease) to execute, acknowledge and deliver to Landlord a statement in writing, in form and substance acceptable to Landlord, verifying that this Lease is unmodified and in full force and effect (or if there have been modifications that the Lease is in full force and effect as modified and stating the modifications), the dates to which the rent and other charges have been paid in advance, if any, and whether or not there exists any default in the performance of any term, condition or covenant of this Lease and, if so, specifying each such default, it being intended that any such statement delivered pursuant to this Subsection 23.4 may be relied upon by Landlord and by any mortgagees, prospective purchasers or prospective mortgagees of Landlord's interest in all or any part of the Leased Premises.

24. **Notices**. All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations under this Lease by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if sent by certified mail, return receipt requested, postage prepaid, or by overnight courier addressed as follows:

IF TO TENANT:

_____

_____

_____

IF TO LANDLORD:

Big O Development, LLC
4280 Professional Center Drive
Suite 400
Palm Beach Gardens, Florida 33410
Attention: Vice President

and to such other place as Landlord may from time to time designate by Notice to Tenant. Notice sent in compliance with this Section 24 shall be deemed given on the third day next succeeding the day on which it is sent, if certified mail, and deemed given one (1) business day after deposit with overnight courier if sent by overnight courier.

25. **No Waiver by Landlord**. The waiver by Landlord of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition for any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

26. **Remedies Cumulative**. All the rights and remedies herein given to the Landlord for the recovery of the Leased Premises because of the default by the Tenant in the payment of any sums which may be payable pursuant to the terms of this Lease, or upon the breach of any of the terms thereof, or the right to re-enter and take possession of the Leased Premises upon the happening of any of the defaults or breaches of any of said covenants, or the right to maintain any action for rent or damages and all other rights and remedies allowed at law or in equity, are hereby reserved and conferred upon the Landlord as distinct, separate and cumulative remedies, and no one of them, whether exercised by the Landlord or not, shall be deemed to be in exclusion of any of the others.

27. **Rules and Regulations**. Tenant covenants and agrees to abide by and observe all reasonable rules and regulations established by Landlord with respect to operations at the Leased Premises contained on **Exhibit "D"** attached hereto and all of which are incorporated by this reference herein. Any breach of such rules and regulations shall be determined a breach of a material provision of this Lease and shall afford Landlord all of its remedies as set forth herein.

28. **Miscellaneous Provisions**.

28.1. No Construction Against Drafting Party. Landlord and Tenant acknowledge that each of them and their counsel have had an opportunity to review this Lease and that this Lease will not be construed against Landlord merely because Landlord's counsel has prepared it.

28.2. No Recordation. This Lease shall not be recorded, except that if either party requests the other party to do so, the parties shall execute any memorandum or short form of this Lease.

28.3. No Merger. The voluntary or other surrender of this Lease by Tenant or the cancellation of this Lease by mutual agreement of Tenant and Landlord or the termination of this Lease on account of Tenant's default will not work a merger, and will, at Landlord's option operate as an assignment to Landlord of all or any subleases or subtenancies. Landlord's option under this Section will be exercised by notice to Tenant and all known sublessees or subtenants in the Leased Premises or any part of the Leased Premises.

28.4. Notice of Landlord's Default. In the event of any alleged default in the obligation of Landlord under this Lease, Tenant will deliver to Landlord written notice and Landlord will have thirty (30) days following receipt of such notice to cure such alleged default or, in the event the alleged default cannot reasonably be cured within a thirty (30) day period, to commence action to cure such alleged default. A copy of such notice will be sent to any holder of a mortgage or other encumbrance on the Leased Premises of which Tenant has been notified in writing, and such holder will also have the same time periods to cure such alleged default.

28.5. No Easements for Air or Light. Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Leased Premises will in no way affect this Lease or impose any liability on Landlord.

28.6. Conditions Imposed by Governmental Entities. Tenant shall comply with any and all requirements and conditions required by various governmental agencies, entities and boards during the term and any extended term of this Lease. Tenant, notwithstanding any covenant or condition to the contrary contained herein, shall comply with all such conditions to the extent applicable, including without limitation, any alterations made by Tenant and the operation of Tenant's business conducted on or from the Leased Premises. Except as otherwise provided herein, Landlord may at any time alter or require to be altered the improvements located on the Leased Premises, Rules and Regulations set forth on **Exhibit "D"**, Sign Criteria set forth on **Exhibit "C"** or any other provision of this Lease or Exhibit or Addendum thereto so as to conform to such conditions as the same may be composed from time to time so long as such alterations do not materially effect the use of the Leased Premises as defined in Section 4 hereof.

28.7. Landlord's Fees. Whenever Tenant requests Landlord to take any action or give any consent required or permitted under this Lease, other than Landlord's obligations hereunder, Tenant will reimburse Landlord for all of Landlord's reasonable costs incurred in reviewing the proposed action or consent, including, without limitation, reasonable attorneys', engineers', architects', accountants' and other professional fees, within ten (10) days after Landlord's delivery to Tenant of a statement of such costs. Tenant will be obligated to make such reimbursement without regard to whether Landlord consents to any such proposed action.

28.8. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of said party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said party to pay such sum or any part thereof, said party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

28.9. Attorneys' Fees. If either party becomes a party to any litigation concerning this Lease or the Leased Premises, by reason of any act or omission of the other party or its authorized representatives, and not by any act or omission of the party that becomes a party to that litigation or any act or omission of its authorized representatives, the party that causes the other party to become involved in the litigation shall be liable to that party for reasonable attorneys' fees and court costs incurred by it in the litigation. Should litigation, arbitration or any other legal proceeding be commenced between the parties to enforce the terms of this Lease, the prevailing party shall be entitled to reasonable sums as attorneys' fees and costs in such proceeding, including, but not limited to, expert witness fees, the attorneys' fees and costs of an appeal, and collection costs, as determined by the court, arbitrator, hearing officer or other applicable tribunal.

28.10. Gender. Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the masculine gender shall include feminine and neuter genders, and the word "person" shall include corporation, firm, partnership or association.

28.11. Titles and Headings. The marginal headings or titles to the Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

28.12. Entire Agreement, Counterparts. This instrument contains all of the agreements and conditions made between the parties to this Lease and may not be modified orally or in any other manner than by an agreement in writing signed by all the parties to this Lease, or their respective successors in interest. This Lease may be executed in counterparts, and all counterparts shall constitute one and the same document.

28.13. Payments by Tenant. Except as otherwise expressly stated, each payment required to be made by Tenant shall be in addition to and not in substitution for other payments to be made by Tenant.

28.14. Binding Effect. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns of Landlord and Tenant.

28.15. Corporate, Partnership, and Limited Liability Company Authority. If Tenant is a corporation, each person signing this Lease on behalf of Tenant represents and warrants that he has full authority to do so and that this Lease binds the corporation. Within thirty (30) days after this Lease is signed, Tenant shall deliver to Landlord a certified copy of a resolution of Tenant's Board of Directors authorizing the execution of this Lease or other evidence of such authority reasonably acceptable to Landlord. If Tenant is a partnership or limited liability company, each person or entity signing this Lease for Tenant represents and warrants that he or it is a general partner of the partnership or a member of the limited liability company that he or it has full authority to sign for the partnership or limited liability company and that this Lease binds the partnership or limited liability company and all general partners of the partnership or members of the limited liability company. Tenant shall give written notice to Landlord of any general partner's withdrawal or addition. Within thirty (30) days after this Lease is signed, Tenant shall deliver to Landlord a copy of Tenant's recorded statement of partnership, certificate of limited partnership, articles of organization of limited liability company or other evidence of partnership satisfactory to Landlord.

28.16. Invalidity of Provisions. If any provision of this Lease shall at any time be deemed to be invalid or illegal by the entry of a final judgment from a court of competent jurisdiction, which judgment

is not subject to appeal, then, in that event, this Lease shall continue in full force and effect with respect to the remaining provisions of the Lease as if the invalidated provision had not been contained herein.

28.17. Governing Law. The Lease shall be construed and governed by the applicable laws of the State where the Leased Premises is located.

28.18. Joint and Several Liability. Each party executing this Lease on behalf of Tenant shall be jointly and severally liable for the performance of all obligations of Tenant required hereunder. A separate action may be brought against either party signing on behalf of Tenant whether such action is brought or prosecuted against the other or any guarantor of Tenant, or all, or whether any other such parties are joined in the action.

28.19. Exhibits. All Exhibits and Addendums attached hereto are incorporated herein by this reference and made a part hereof.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have signed and sealed this Lease effective on the day and year above written.

LANDLORD:

BIG O DEVELOPMENT, LLC,
a Colorado limited liability company

Date: _____ By: _____

Name: _____

Title: _____

TENANT:

Date: _____ _____

a _____

By: _____

Name: _____

Title: _____

_____

_____, individually

_____

_____, individually

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT B

BUILDING IMPROVEMENTS – LOCATION OF LEASED PREMISES

EXHIBIT C

SIGN CRITERIA

This criteria has been established for the purpose of assuring an outstanding appearance of the Leased Premises. Conformance will be strictly enforced and any installed non-conforming or unapproved signs must be brought into conformance at the expense of the Tenant.

1. General Requirements:

(a) Prior written approval of design, content, materials, colors, sizes, details, and location of signs must be obtained from Landlord. Tenant shall submit two blue line prints to Landlord for approval.

(b) Tenant shall pay for all signs and their installation and maintenance. Tenant shall also obtain all necessary governmental and other necessary permits and approvals.

(c) The sign contractor and Tenant shall be responsible for fulfillment of all requirements and specifications and provided to Landlord and compliance with all governmental rules, regulations and codes.

(d) Approval or disapproval of sign submittals based on esthetics of design shall remain the sole right of Landlord.

2. General Specifications:

(e) No animated, flashing or audible signs will be permitted.

(f) No exposed lamps or tubing will be permitted.

(g) All signs shall bear the U.L. label, and their installation shall comply with all local building and electrical codes.

(h) No exposed raceways, crossovers or conduit will be permitted.

(i) All cabinets, conductors, transformers, and other equipment shall be concealed.

(j) Electrical service to all signs shall be on Tenant's meter.

(k) Painted lettering will not be permitted.

3. Fascia Signs. All fascia signs shall be in accordance with the approved sign program by the city where the Leased Premises is located in to be determined prior to start of construction.

4. Window Signs. Each occupant will be permitted to place upon each entrance of its Leased Premises not more than 144 square inches of decal application lettering (see attached exhibit) not to exceed 2 ½ inches in height, indicating hours of business, emergency telephone numbers, and similar information. All "sale" signs, special announcements, etc. shall be permitted on exterior or interior glass on a temporary basis, be approved by Landlord.

5. Temporary Signs. Tenant shall be permitted to temporarily hang on the exterior of the building professionally rendered signs and banners, upon the prior approval of the Landlord and provided the same are maintained in a clean and undamaged condition.

LANDLORD:

Date: _____

BIG O DEVELOPMENT, LLC,
a Colorado limited liability company

By: _____

Name: _____

Title: _____

TENANT:

Date: _____

_____

a _____

By: _____

Name: _____

Title: _____

_____

_____, individually

_____

_____, individually

EXHIBIT D

RULES AND REGULATIONS

1. Commercial Purposes. All suites or units contemplated on the property shall be, and the same hereby are, restricted exclusively to commercial use. No structures of a temporary character, trailer, tent, shack, carport, boat, garage, barn, or other similar vehicle or structure shall be kept on any portion of the Property - outside a unit at anytime.

2. Hours of Operation. Tenant shall not during the term of this Lease, vacate nor abandon the Leased Premises or cease to conduct its business operations as required by this Lease. Tenant shall operate its business from the Leased Premises continuously as provided in Subsection 5.2 of this Lease.

3. Authorized Service Areas. All repair and service work performed by the Tenant shall be performed inside the Tenant's Leased Premises and not on the parking area of the Leased Premises, provided however that initial inspections may be conducted outside the Leased Premises.

4. Containment and Disposal of By-Products of Service/ Repair Work. Every effort shall be made by Tenant to insure that by-products of service and repair work such as, but not limited to, tires, oils, greases, antifreeze, additives, compounds and lubricants are contained in Tenant's Leased Premises and disposed of in an authorized manner as determined by the Landlord, and local laws and ordinances.

5. Storage of Repair Vehicles. All vehicles requiring overnight storage must be housed in the Tenant's Leased Premises or other pre-authorized storage area as determined by Landlord.

6. Clean-Up Responsibility for Spills, Wreckage, Debris, etc. Responsibility for clean-up of spills, wreckage, debris, and other such mishaps occurring during the course of normal operations shall be the Tenant's. The Tenant shall make every effort to clean up and return to normal the areas affected.

7. Wrecker Service. Tenants who require the use of wrecker services or who provide wrecker service shall be required to drop off towed vehicles in designated drop areas as provided for by the Landlord.

8. Construction During Period of Development. Notwithstanding any provisions herein to the contrary, it shall be expressly permissible for the Landlord or the builder of said property to maintain, during the Period of Development, upon such portion of the Leased Premises as the Landlord may deem necessary, such facilities as in the sole opinion of the Landlord may be reasonably required, convenient or incidental to the construction and leasing of said units, including, but without limitation, a business office, storage area, construction yards, sign, model units and leasing office.

9. Sidewalks, Entrances, Courts of the Leased Premises. The sidewalks, entrances, courts of the Leased Premises shall not be obstructed or used for any purpose other than ingress and egress. Nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals only for the purpose of conducting its business on the Leased Premises (such as clients, customers, office suppliers and equipment vendors, and the like) unless such persons are engaged in illegal activities.

10. Awnings or Other Projections. No awnings or other projections shall be attached to the outside walls of the Leased Premises without prior approval of the Landlord. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Leased

Premises without prior approval of Landlord. Neither the interior nor the exterior of any windows shall be coated or otherwise screened.

11. Handbill. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on, about or from any part of the Leased Premises without the prior written consent of Landlord or otherwise granted under this Lease. If Landlord shall have given such consent at the time, whether before or after the execution of the Lease, such consent shall in no way operate as a waiver or release of any of the provision hereof or of the Lease, and shall be deemed to relate only to the particular sign, advertisement or notice so consented to by Landlord and shall not be construed as dispensing with the necessity of obtaining the specific written consent of Landlord with respect to each and every such sign, advertisement or notice other than the particular sign, advertisement or notice, as the case may be, so consented to by Landlord. In the event of the violation of the foregoing by Tenant, Landlord may remove or stop same without any liability, and may charge the expense incurred in such removal or stopping to the Tenant.

12. Defacement of the Leased Premises. Tenant shall not mark, paint, drill into, or in any way deface any part of the Leased Premises. No boring, cutting, stringing of wires shall be permitted, except with the prior written consent of Landlord as Landlord may direct.

13. Cooking on Leased Premises. No cooking shall be permitted by Tenant on the Leased Premises, except that the preparation of coffee, tea, hot chocolate and similar items for the convenience of Tenant's employees and customers shall be permitted on the Leased Premises without Landlord's prior written consent unless in connection with a grand opening and other Leased Premises promotions.

14. Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the Leased Premises.

15. Signs and Business Activities. No advertising signs, (except as is specifically permitted in **Exhibit "C"**), billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the Property, nor shall the Property be used in any way or for any purpose which may endanger the health or unreasonably disturb the lessee of any unit; nor shall any advertising be used which, in the Landlord's opinion tends to impair the reputation of the Leased Premises or its desirability. Upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising. However, the foregoing covenants shall not apply to the business activities, signs and billboards of the Landlord, its agent or assign during the Period of Development.

16. Disturbing Noise. Tenant shall not make, or permit to be made, any unseemly or disturbing noises, or disturb or interfere with neighbors, whether by the use of any musical instrument, radio, phonograph, unusual noise, or in any other way. Tenant shall not throw anything out of doors, windows or skylights.

17. Explosives. Neither Tenant, subtenant or assignee nor any of their servants, employees, agents, visitors or licensees shall at any time bring or keep upon the Leased Premises any inflammable, combustible or explosive fluid, chemical or substance, except for those substances used in the normal course of business.

18. Visitors. Tenant shall be responsible for all visiting persons and shall be liable to the Landlord for all acts of such persons. In case of an invasion, mob riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right without any abatement of rent to require all persons to vacate the Leased Premises and to prevent access to the

Leased Premises during the continuance of the same for the safety of the Tenant and the protection of the Leased Premises.

19. Janitorial Services. Tenant shall be responsible for all persons employed by Tenant to do janitorial services shall, while on the Property and outside of the Leased Premises.

20. Garbage Cans, Storage Piles, Etc. No garbage cans, service yards, woodpiles and storage piles shall be allowed to accumulate on any portion of the Leased Premises, except areas specifically designated as trash enclosures. If no area is designated as a trash enclosure, garbage shall be kept on the Leased Premises.

21. Maintenance of Fixtures and Equipment. All fixtures and equipment installed within a unit, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the exterior walls of a unit, shall be maintained and kept in repair by the Tenant thereof. A Tenant shall do nothing that will impair the structural soundness or integrity of any unit, nor do any act nor allow any condition to exist which will adversely affect any units or their Tenants.

22. Canvassing, Soliciting and Peddling. Canvassing, soliciting, and peddling on the Leased Premises are prohibited and Tenant shall report and otherwise cooperate to prevent the same.

EXHIBIT E

AUTHORIZATION AGREEMENT
FOR PREAUTHORIZED PAYMENT SERVICE

AGREEMENT:

I (or We if there are joint owners of the account referenced later in this agreement) authorize and request the company named below, now referred to as the Company, to obtain payment for amounts I (we) owe to the Company as these amounts become due by initiating a payment entry to my (our) account. The account number, name of financial institution, payment amount, and date on or immediately after which payment should be deducted from the account are identified below. In addition, I (we) authorize and request the financial institution, now referred to as the Bank, to accept the payment entries presented to the Bank and to deduct them from my (our) account without responsibility for the correctness of these payments.

I (we) understand that this agreement can be terminated at any time as long as I (we) have given either the Company or the Bank written notification. This written notification to either the Company or Bank shall be effective for only those payments to be issued by the Company or received by the Bank after they either or both receive notification and have sufficient and reasonable opportunity to act upon it.

I (we) understand that I (we) have all the rights shown below as these rights relate to all payment entries initiated by the Company and to which this agreement pertains.

I (we) understand that all payment entries initiated by the Company and covered under this agreement are subject to the following:

If the amount of the initial payment entry initiated by the Company differs from the amount of the previous entry initiated under this agreement, the Company will send me (us) a written notification of this change in not less than ten (10) calendar days before this payment amount will be deducted from the account. In addition, if the Company makes any change in the date of the billing cycle on which payment is to be deducted from the account, the Company will send me (us) a written verification of the new date on or after which payment entries will be deducted from the account. This provision does not apply if my (our) authorization agreement is in effect for a single payment entry to the account or if I (we) have agreed that payment entries representing my (our) indebtedness may be deducted from the account after such indebtedness has been incurred.

I (we) may, by notice to the Bank, stop payment of any payment entry initiated or to be initiated by the Company to the account under this agreement. Notice of such stop payment must be received by the Bank in such a time and manner that will allow the Bank a reasonable time to act on it and if my (our) notice is oral, it will be binding on the Bank for only fourteen (14) calendar days unless I (we) confirm it in writing within this period.

If a payment entry is erroneously initiated by the Company to the account, I (we) will have the right to have the amount of this entry added back to the account by the Bank if I (we) send or deliver a written notice to the Bank within fifteen (15) calendar days following the date on which the Bank sent or made available to me (us) a statement of account or notification pertaining to the erroneous payment entry. My (our) written notice will identify the payment entry, state that the payment entry was in error and request the Bank to add the amount of the payment entry to the account balance.

COMPANY INFORMATION

Company Name: ***Big O Tires, LLC*** Customer Account No. _____

Payment Date: **1st**
Payment Frequency: Monthly
Payment Amount: $ _____

YOUR BANK ACCOUNT INFORMATION

Bank Name: _____

Bank Address: _____

Please Attach a voided check and we will complete this information for you.

Transit Routing Number: _____ Checking Account Number: _____

Your Name(s)_____ _____
(Please Print) (Please Print)

Signature(s) _____ _____

Date Signed _____

ADDENDUM 1

CONTINUITY OF FRANCHISED BUSINESS
BIG O RIGHTS

Attached to and Forming Part of
Lease to _____
from Big O Development, LLC

Dated:_____

THIS AGREEMENT is made effective the _____ day of _____, 20__ by and between BIG O DEVELOPMENT, LLC, a Colorado limited liability company ("Landlord"), _____ (collectively "Tenant") and BIG O TIRES, LLC, a Nevada limited liability company, its affiliates, successors and assigns ("Big O").

WHEREAS, Landlord leases or will lease certain premises to Tenant at _____ _____ ("Premises") under that certain lease agreement dated _____, _____ between Landlord and Tenant ("Lease"); and

WHEREAS, a Big O Tire Store shall be operated at the Premises under a Franchise Agreement dated _____ 20____, ("Franchise Agreement") between Big O and _____ _____ ("Franchisee"); and

WHEREAS, the parties hereto desire to provide Big O with certain rights in the event of default under the Lease, Franchise Agreement, or other franchise agreements between Big O and Tenant and/or Franchisee, if any;

NOW, THEREFORE, in consideration of the sum of One ($1.00) Dollar, in hand paid by Big O to Landlord and to Tenant, and other good and sufficient consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. No act, failure to act, event, condition, non-payment or other occurrence ("Event") shall constitute a breach or default under the Lease so as to allow to Landlord any right of acceleration of obligations thereunder, termination, cancellation or rescission:

(a) if the Event is the non-payment of rent, unless such Event is not cured within ten (10) days after Notice of Default (as hereinafter defined) has been received by Big O;

(b) if the Event is anything other than the non-payment of rent, unless such Event is not cured within twenty-five (25) days after Notice of Default (as hereinafter defined) has been received by Big O, provided, however, if the Event is of such nature that it cannot reasonably be cured within such twenty-five (25) day period, then, in that case such twenty-five (25) day period shall be extended to a period of such length as is reasonably necessary to cure such Event, provided, however, such period shall be extended only so long as Tenant and/or Big O diligently pursues the cure of such Event.

2. Landlord agrees to accept from Big O any payment or performance required under the Lease. Nothing herein shall be construed as requiring Big O to make any payments or perform any obligation under the Lease.

3. As used herein, Notice of Default means written notice specifying the Event claimed and specifically describing, in each instance of a claimed Event, the particular Event and the cure Landlord requires, such Notice of Default to be mailed to Big O at:

Big O Tires, LLC c/o TBC Retail Group, Inc.
4280 Professional Center Drive
Suite 400
Palm Beach Gardens, Florida 33410
Attention: Senior Vice President of Real Estate and Logistics

4. In the event Landlord claims that an Event has occurred, or in the event Big O notifies Landlord in writing that Big O is exercising a right to take over possession of the Premises, then, at Big O's option, Landlord shall accept Big O as substitute tenant under the Lease and will cooperate with Big O in turning actual, immediate possession of the Premises over to Big O. In such case, the Lease shall remain in full force and effect, but with Big O as the tenant thereunder. Big O's option, hereinabove granted, may be exercised only if Big O agrees to assume the obligations of the Tenant to Landlord under the Lease as of the date Big O or its affiliate or successor is given actual possession of the Premises.

5. Landlord agrees that Big O, or its affiliate or successor may sublet or assign the Premises to a new Big O Franchisee on the same terms and conditions as are contained in the Lease.

6. Tenant agrees that if Landlord claims that an Event has occurred, or if any material breach occurs under any Franchise Agreement between Big O and Tenant or Franchisee (whether for the Premises or not), then, Big O shall have the right to:

(a) immediate and actual possession of the Premises, and all equipment and inventory therein, which such possession Tenant agrees to give peaceably, and which may be otherwise obtained by Big O by warrant, injunction, temporary restraining order, summary process or such other immediate legal, summary or equitable proceeding or action as Big O may choose. Tenant hereby waives any right to a jury in any such proceeding or action.

(b) become the "tenant" under the Lease to the exclusion of the Tenant.

7. Tenant agrees that any default under the Lease shall constitute a material breach under all Franchise Agreements between Tenant and Big O, or Franchisee and Big O or its affiliates or successors.

8. Tenant and Landlord understand that Big O is entering into or has entered into a Franchise Agreement with Franchisee for a Big O Tire Store at the Premises in reliance on the agreements of Tenant and Landlord as herein contained and that Big O, in this instance, would not have otherwise entered into such Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly execute and delivered this agreement as the date first above-listed.

LANDLORD:
BIG O DEVELOPMENT, LLC,
a Colorado limited liability company

By:_____

Name:_____

Title:_____

TENANT:

_____

a _____

By:_____

Name:_____

Title:_____

_____, individually

BIG O:
BIG O TIRES, LLC,
a Nevada limited liability company

By:_____

Name:_____

Title:_____

EXHIBIT Q

Form of Market Reservation Agreement

BIG O TIRES, LLC
4280 Professional Center Drive, Suite 400
Palm Beach Gardens, Florida 33410
Tel: (561) 383-3000
Fax: (561) 803-7019

[Applicant Name and Address] Date:_____

_____

_____

_____

Dear _____,

We acknowledge receipt of $ _____ , which is payment for the option fee for the [name of reserved market] market. The Franchise Review Committee reviewed and approved your request to purchase the franchise option rights for the [name of reserved market] market on _____. The option was approved for you under the following conditions.

- The option period starts the date of this letter.
- The option period is for twelve months.
- The option fee is $_____ .

The option fee is not refundable under any circumstances, nor will it apply toward the Initial Franchise Fee for the [name of reserved market] franchise or toward any other fee or payment due. Furthermore, our acceptance of this option fee does not constitute our automatic approval to develop an additional store in the [name of reserved market] market. You must still qualify for the right to develop the store based upon the performance of the [Franchised Location] store and your business plan at the time you apply for the [name of reserved market] franchise. This option is designed to protect the [name of reserved market] market for your potential expansion while you concentrate your attention on the successful development and operation of the [Franchised Location] store.

I look forward to working on the development of your current [Franchised Location] store. I am glad you are a part of our system. I will talk to you soon.

Sincerely,
Big O Tires, LLC

_____
Vice President of Franchise Development

Acknowledged and agreed:

_____
[Franchisee]

EXHIBIT R
MANAGER EMPLOYMENT AND INCENTIVE CONTRACT

THIS CONTRACT is made and entered into this ___ day of _____, 20___, by and between Big O Tires, LLC, a Nevada limited liability company (the "Owner") and _____ (the "Manager"), and is made with reference to the following facts:

RECITALS

1. Owner is the owner of a "Big O Tires Store" engaged in the business of selling and servicing tires and servicing automobiles (the "Business"), which is located at _____ (the "Location").

2. Owner will engage Manager to operate the Business as a company owned Big O Tires Store.

3. _____ ("Landlord"), currently owns the real estate which houses the Location, and Owner occupies the Location pursuant to the terms of an existing lease with Landlord or will occupy the Location pursuant to the terms of a lease from Landlord to be created.

4. Owner desires to employ Manager as general manager of the Business and, as an incentive to Manager to devote his best efforts, energies and abilities to the management and development of the Business, Owner desires that said employment be coupled with a purchase option pursuant to which Manager can eventually become the owner of the Business, at which time Manager will enter into Owner's then current form of franchise agreement.

AGREEMENT

ARTICLE I
EMPLOYMENT

Owner hereby employs Manager, and Manager hereby accepts employment as general manager of the Business with the express understanding that for the duration of said employment:

A. Manager shall be in charge of the general conduct and operation of the Business which shall include but not be limited to, the management of all employees of the Business, the sales and service operations, the ordering of all required inventory (stock-in-trade and merchandise), and all other responsibilities associated with the business operations of a retail Big O Tires Store. Owner will coordinate the accounting responsibilities of the Business as it sees fit in its sole discretion, but will rely on Manager to work within Owner's procedures in doing so, which Manager hereby agrees to follow.

B. Manager expressly agrees to keep Owner fully informed of all matters and issues relating to the Business and its daily operations.

C. Owner shall counsel, guide, aid and assist Manager in matters of general management and administrative policy governing the operation and conduct of the Business; provided, however, in the event of any disagreement between Owner and Manager concerning the management, operation and conduct of the Business, Owner's decision shall prevail.

D. Manager shall devote his full efforts, energies and abilities to the conduct of said Business during normal business hours as those may be defined from time to time by Owner, and Manager shall so

devote himself in a sober, industrious and efficient manner dedicated to the betterment, development and profitable operation of the Business.

E. Manager shall conduct himself in strict accordance with all requirements of the franchise system developed by Big O and as evidenced in the Big O Manual (as defined in the Franchise Agreement), standards and all applicable laws, rules, or regulations, and shall diligently perform such duties as are set forth herein or as shall from time to time be specified by Owner.

F. Manager will report to and be supervised by Owner's Company Owned Division Operations team.

G. Neither this Contract nor any other agreement between Owner and Manager states how long Owner may employ Manager. Manager's employment with Owner will be indefinite and "at-will"; and thus, either Owner or Manager may terminate his employment at any time, with or without cause, for any reason not illegal under applicable law, and without any advance notice, procedure or formality. Any provision for the payment of salary or other compensation stated on an annual, monthly or other basis does not alter the "at-will" status of Manager's employment. Manager understands that this "at-will" status cannot be changed, except in a written document signed by an officer of Owner.

ARTICLE II
COMPENSATION

A. For the services to be rendered by Manager hereunder, Owner agrees to pay Manager, and Manager agrees to accept as compensation for his services a salary of $____ per year, payable in __ equal ___ installments of $____ each commencing on _____. All required federal and state taxes and any other deductions required by law or authorized by Manager shall be deducted from Manager's salary. This salary may be adjusted as agreed by Owner and Manager.

B. In consideration of the actual and potential benefits that Manager will be entitled to receive under this agreement, Manager shall not be entitled to participate in any incentive compensation or bonus plans that are generally available to other managers of Company Owned Big O Tires Stores.

C. Manager shall be entitled to such other benefits as shall be set forth in a letter from Owner's Human Resources Department. Such benefits may include participation in an incentive compensation or bonus plan designed and agreed upon by Owner and Manager specifically for the Manager’s position.

ARTICLE III
PURCHASE OPTION

Subject to the fulfillment of the satisfactory performance of Manager's duties hereunder and subject to the fulfillment of the conditions set forth in Article IV and the other terms and conditions of this Contract, Manager shall have an option (hereinafter the "Option") to purchase the Business and its assets from Owner on the following terms:

A. Exercise of Option.

Manager may exercise the Option by executing and delivering to Owner a contract of sale, setting forth the terms and conditions of Manager's purchase of the Business, at any time following the date upon which the sum of all accumulated Purchase Credits (as defined below) equals or exceeds _____ percent (__%) of the Business Purchase Price (as defined below), and prior to _____, __, ____ (the “Expiration Date”).

B. Business Purchase Price.

The "Business Purchase Price" for the purchase of 100% of the Store shall be calculated as follows:

1. For Owner's goodwill, franchise rights, equipment, furniture and fixtures, the amount of $_____ (allocation of the purchase price to be agreed to between Owner and Manager prior to closing)

2. For all of the inventory of the Business on hand as of the closing date of the purchase and sale, the lower of Owner's cost or the fair wholesale market value thereof, as determined by Owner or Owner's independent appraiser.

3. For computer hardware and software required under the Owners then current Franchise Agreement, the cost of such hardware and software specified in such Franchise Agreement;

4. For any capital expenditures incurred by Owner during the 18 month period immediately preceding the date of notice of Exercise of Option set forth above, the Owner's net book value of such expenditures for such assets as of the date of closing; and

5. For working capital to be used in the operation of the Business, the amount of $50,000.00.

Manager must purchase the entire interest of the Business.

C. Purchase Credits.

1. An amount equal to fifty percent (50%) of the annual net EBITDA (defined below) of the Business shall be credited, in the manner described below, towards Manager's payment of the Business Purchase Price (less any income tax withholding or other deductions required by local, state, or federal tax laws and which are incurred or payable upon the exercise of the Option) (the "Purchase Credits"). "EBITDA", for the purpose of this Contract, means the net earnings prior to deduction of interest, income tax, depreciation, and amortization expenses of the Business as determined by Owner's accounting department in accordance with generally accepted accounting principles, including deductions for royalty fees, National Marketing Fees, Local Fund contributions, other fees payable related to the Business, and for the Manager's salary, and after adding back any deduction previously made for any fees related to any activity concerning the Business or Location prior to the effective date of this Contract, it being specifically acknowledged that the Purchase Credits shall not be reduced by such costs. Subject to audit adjustments as set forth below, the accounting determination shall be conclusively binding upon the parties hereto. If the store operations result in negative net EBITDA for the first six (6) months after the start of this Contract, then this calculation will start on the first day of the first full month after the end of this initial six month period.

2. Within sixty (60) days following the end of each fiscal year of the Business during which Manager has managed the Business pursuant to this Contract, Owner shall notify Manager of the amount of such Purchase Credits earned for the previous fiscal year, together with a schedule showing the percentage of the Business Purchase Price represented by the earned Purchase Credits, using estimates prepared by Owner for those components of the Business Purchase Price that are to be determined prior to or at the time of closing. Within ninety (90) days following the end of each full fiscal year of the Business during which Manager has managed the Business pursuant the this Contract, Owner shall notify Manager of the amount, if any, of adjustments to purchase credits previously reported, as a result of the audit of the financial statements of the Owner by its independent accountants, and the adjusted total of accumulated

Purchase Credits. Within forty five (45) days following the end of each full fiscal quarter of the Business, during which Manager has managed the Business pursuant to this Contract, Owner shall notify Manager of the amount of such Purchase Credits for the previous fiscal quarter and the total amount of accumulated Purchase Credits, along with a schedule showing the percentage of the Business Purchase Price represented by the earned Purchase Credits, utilizing the estimate of the Business Purchase Price provided as of the end of the preceding fiscal year.

3. The Purchase Credits may only be utilized as a credit toward Manager's payment of the Business Purchase Price as provided by this Article III and for the corresponding payment of the income and social security taxes associated with earned income. The aggregate amount of Purchase Credits that may be applied to the Business Purchase Price (exclusive of the income taxes described above) may not exceed 25% of the Business Purchase Price. If Manager should draw on the Purchase Credits for payment of income tax liabilities associated with the recognition of income to Manager (which shall occur only in conjunction with Manager's exercise of the Option), such draw shall be recorded against Manager's Purchase Credit.

ARTICLE IV
CONDITIONS TO PURCHASE OPTION

Manager's exercise of the option described in Article III is subject to the satisfaction of each and every one of the following conditions, which Manager and Owner shall use their best efforts to fulfill:

A. Payment of Business Purchase Price.

Owner will apply Purchase Credits accumulated to the date thereof (subject to the limitations specified in Article III, and less the amount of Purchase Credits required to satisfy the income tax obligations of the Manager resulting from the Exercise), to the Business Purchase Price, and the balance of the Business Purchase Price shall be made payable pursuant to two Secured Promissory Notes ("Notes") executed in favor of Owner as follows:

1. Amount of this note shall be the balance of the Business Purchase Price represented by those components specified in sections 1 and 4 of Article III.B., payable in equal monthly payments of principal and interest based on an amortization schedule of one hundred twenty (120) months, with a “balloon” payment of all unpaid principal and interest due at the end of thirty six (36) months, commencing thirty (30) days following the purchase and sale date bearing interest calculated on the unpaid principal from the closing date of the purchase and sale at the annual rate equal to the Prime Rate, plus two percent (2%), adjusted quarterly (on the first day of the month following said prime rate change).

2. Amount of this note shall be the balance of the Business Purchase Price represented by those components specified in sections 2, 3, and 5 of Article III.B., payable in thirty six (36) equal monthly payments of principal and interest, commencing thirty (30) days following the purchase and sale date, bearing interest calculated on the unpaid principal from the closing date of the purchase and sale at the annual rate equal to the Prime Rate, adjusted quarterly (on the first day of the month following said prime rate change).

Manager agrees to execute a Security Agreement granting Owner a first priority security interest in the inventory, accounts receivable, equipment, fixtures and other assets and properties of the Business ("Collateral") to secure payment and performance of the Notes. The Notes shall permit prepayment in whole or part without penalty and shall contain a standard acceleration clause which shall require payment of all amounts then due and payable in the event of any default and when Manager sells, assigns or conveys the Business, or any part thereof. Manager agrees to execute

all documents necessary to effectuate the securing of the Notes, including the perfection thereof, by and through the filing of UCC-1 Financing Statements.

B. Owner's Approval.

Owner's consent to enter into a franchise agreement, which it may give or withhold in its sole discretion, is required for Manager's exercise of the Option. Owner will not approve the transfer unless the Business has been consistently operated in compliance with the applicable franchise standards, the Manual, and all applicable laws, rules and regulations. Manager acknowledges that he will be required to satisfy Owner's then current standards for new franchisees, which Owner, in its sole discretion, may modify from time to time. Owner may impose additional conditions or requirements as may be specified by its Franchise Approval and Review Management committee or as may be required for Owner to comply with any legal, financial reporting, or other requirements that may be imposed on Owner as a result of the purchase and sale transaction contemplated by this Contract.

C. Compliance with Law.

Owner and Manager shall have complied with all applicable laws to permit the grant of a franchise to Manager, including all applicable registration and disclosure laws. In the event Owner is unable to register its disclosure document or is otherwise prohibited from granting a franchise related to the Business, Owner shall be relieved of all obligations to sell the Business to Manager until such time as Owner is legally permitted to grant a franchise to Manager.

D. Landlord's Consent.

Landlord must consent to Owner's assignment of the lease (if applicable) to Manager or to Owner's sublease of the premises at the Location (if applicable) to Manager.

ARTICLE V
TERMINATION AND CANCELLATION

A. Either Owner or Manager may terminate this Contract at any time and for any reason prior to Manager's exercising his Option, by giving thirty (30) days prior written notice to the other party. Such termination shall be on the following terms and conditions:

1. Manager shall be paid promptly all compensation payable under Article II hereof that has been fully earned by Manager as of the termination date;

2. Owner shall also pay Manager the following percentages of accumulated Purchase Credits as "deferred compensation":

a) If this Contract is terminated any time between the effective date of this Contract and the end of the first complete fiscal year during which Manager managed the Business pursuant to this Contract, ten percent (10%) of the accumulated Purchase Credits;

b) If this Contract is terminated at any time between the end of the first complete fiscal year during which Manager managed the Business pursuant to this Contract and the end of the second complete fiscal year, twelve and one half percent (12 ½%) of the accumulated Purchase Credits; and

c) If this Contract has been effective for more than two complete fiscal years on its termination date, fifteen percent (15%) of the accumulated Purchase Credits; and

3. The amount payable pursuant to Section A(2) of this Article V shall be payable in twelve (12) equal monthly installments, without interest, the first such payment to commence on the first day of the month following the date such termination shall be effective. Such amount shall be paid less applicable income tax withholding or other deductions required by local, state or federal law. The value of all other purchase credits earned by Manager shall be deemed to expire and be of no further value.

B. This Contract shall automatically terminate upon the death or legal incapacity of Manager, and Owner shall pay the compensation due to Manager pursuant to this Contract to Manager's personal representative or other appropriate legal representative. Owner shall pay the same compensation that would have been due to Manager under Section A of Article V of this Contract.

ARTICLE VI
EFFECT

This Contract and each and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, representatives, and permitted successors and assigns.

ARTICLE VII
ASSIGNMENT

This Contract is personal to Manager and Manager may not sell, assign or otherwise transfer any of his rights and interests hereunder without the prior written consent of Owner. Any attempted assignment hereof without said prior written consent shall be void and of no force or effect.

ARTICLE VIII
ENTIRE AGREEMENT

This Contract contains all of the terms and conditions agreed upon by the parties with reference to the subject matter hereof. No other agreements or understandings between the parties, oral or otherwise, shall be deemed to exist or to bind the parties hereto, and all such prior agreements and understandings are superseded hereby. This Contract cannot be modified or changed except by written instrument signed by all of the parties hereto.

ARTICLE IX
SEVERABILITY

Nothing contained in this Contract shall be construed as requiring the commission of any act contrary to law. If any part, article, paragraph or clause of the Contract shall be held to be indefinite, invalid or otherwise unenforceable by a court of competent jurisdiction, the entire Contract shall not fail on account thereof, and the balance of this Contract shall continue in full force and effect. If any tribunal or court of appropriate jurisdiction deems any provision hereof unenforceable, said tribunal or court may declare a reasonable modification hereof and this Contract shall then be valid and enforceable, and the parties hereto agree to be bound by and perform the same, as thus modified.

ARTICLE X
COUNTERPARTS

This Contract may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

ARTICLE XI
SURVIVAL OF COVENANTS

The covenants contained in this Contract which, by their terms, require their performance by either party hereto after the expiration or other termination of this Contract, shall be enforceable notwithstanding said expiration or other termination of this Contract for any reason whatsoever.

ARTICLE XII
PARAGRAPH HEADINGS; GENDER

The paragraph headings contained herein are for the convenience of the parties only, and shall not for any purpose whatsoever be deemed a part of this Contract. All terms and words used herein shall be construed to include the number and gender as the context of this Contract may require.

ARTICLE XIII
NOTICES

All notices which Owner is required or may desire to give to Manager under or in connection with this Contract, shall be delivered personally to Manager or shall be sent by certified or registered mail, postage prepaid, addressed to Manager at the Location.

All notices which Manager is required or may desire to give to Owner under or in connection with this Contract, shall be delivered personally to Owner or shall be sent by certified or registered mail, postage prepaid, addressed to:

Big O Tires, LLC
Attn: Legal Department
4280 Professional Center Drive
Suite 400
Palm Beach Gardens, FL 33410
Fax: 800-867-0385

The addresses herein given for notices may be changed at any time by any party by written notice given to the other parties as herein provided. Such notices shall be sent by certified mail, postage prepaid, return receipt requested.

Notices shall be deemed given upon personal delivery or three (3) business days after deposit in the United States mail, postage prepaid.

ARTICLE XIV
STATUS OF PARTIES

The relationship between Owner and Manager as created by this Contract is that of employer and employee and nothing herein shall make Manager a franchisee, partner or joint venturer of Owner or Big O.

ARTICLE XV
ACKNOWLEDGMENTS

A. Manager acknowledges that Owner has advised him to consult with his own attorneys, accountants or other advisers, that Manager has had ample opportunity to do so and that the attorneys for Owner have not advised or represented Manager with respect to this Contract or the relationship created thereby.

B. Manager acknowledges that no franchise agreement will exist for the Location for the period of its operation by Manager prior to Manager exercising the Option and that Big O will decide whether to grant a franchise based upon its then existing criteria for granting of franchises.

C. Manager acknowledges that Big O may condition its approval of Manager as a Big O franchisee upon Manager's execution of Big O's then current form of franchise agreement.

D. Manager acknowledges that all accounting for the Business prior to the purchase and sale of the business contemplated hereby, will be undertaken by Owner, and Owner shall charge the Business for its services in accordance with Owner's standard policies.

IN WITNESS WHEREOF, the parties hereto have duly executed this Contract on the date first written above.

"OWNER"
By: _____
Name: _____
Title: _____

"MANAGER"

_____

Name: _____

EXHIBIT S

CITIBANK DEALER AGREEMENT

DEALER AGREEMENT

This Dealer Agreement (this "Agreement") is entered into by and Citibank (South Dakota), N.A. ("Citi"), and "Dealer" (as defined below). Dealer and Citi represent, warrant, covenant and agree as follows:

1. **Definitions and Construction**. As used in this Agreement, the following terms shall have the following meanings, and other capitalized terms shall have the meanings ascribed to them elsewhere in this Agreement:

"Account" – a revolving credit account of Buyer with Citi pursuant to which the purchase or lease of goods and/or services by one or more Buyers from Dealer may be financed from time to time.

"Account Agreement" – a revolving credit agreement between Citi and one or more Buyers pursuant to which an Account is established, as such agreement is amended from time to time.

"Account Documents" – an Application, Account Agreement, initial credit disclosures for an Account if different than the Account Agreement, Credit Slip, Transaction Slip and any other document Dealer is required by this Agreement or by Procedures to provide to Buyer.

"Application" – an application for an Account.

"Authorized User" – a person who is authorized by a Buyer with an Account to use that Buyer's Account to make a Purchase.

"Breach" – an inaccuracy in, or any failure to perform or comply with, any representation, warranty, covenant, agreement or other provision of any kind.

"Buyer" – a person who (i) applies for an Account; (ii) Dealer represents and warrants in this Agreement has signed an Application; or (iii) is an Authorized User.

"Chargeback" – Citi's demand to Dealer pursuant to this Agreement to pay Citi for one or more Accounts and/or Transaction Slips (or an interest in either).

"Citi Site" – Citi's World Wide Web site to which Dealer may be given access to pursuant to Paragraph 24 of this Agreement.

"Credit Plan" – a credit plan under an Account Agreement made available by Citi for a Buyer's use.

"Credit Slip" – a document signed by Dealer (or required by this Agreement to be signed by Dealer) evidencing a Return.

"Data" – data in electronic form representing a Purchase or Return.

"Dealer" – as defined in Paragraph 14.

"Dealer Persons" – Dealer, Dealer's subsidiaries and affiliates, and Dealer's and Dealer's subsidiaries' and affiliates' contractors, vendors, directors, officers, principals, employees and agents.

"Discount" – the product of the dollar amount of a Transaction Slip and the Discount Rate for the Credit Plan applicable to the Purchase giving rise to that Transaction Slip.

"Discount Rate" – a percentage that is used to determine the Discount.

"Effective Date" – the day which this Agreement is accepted by Citi.

"Internet Transactions" – Applications or Account transactions submitted to Citi by Dealer via the Citi Site.

"Laws" – all statutes, rules, regulations, guidances, ordinances, codes, decisional law, orders, judgments, decrees, subpoenas and the like, in effect from time to time and as amended from time to time, including those that become effective after the Effective Date.

"Net Finance Volume" – the dollar amount of Purchases less any Returns, Chargebacks or other credit adjustments.

"Person" – an individual, corporation, limited liability company, partnership of any kind, unincorporated association, joint venture, government, governmental body, regulator, governmental agency, commission, or other entity of any kind.

"Procedures" – all reasonable procedures, rules, regulations, specifications, requirements, instructions, or the like, as amended from time to time, whether or not Citi names them as such, that Citi has communicated or communicates to Dealer from time to time in connection with this Agreement or the Program.

"Program" – the private label credit program contemplated by this Agreement and by Procedures.

"Program Agreement" – An agreement (whether or not titled as such) between Citi on the one hand and any other Person (including a manufacturer, a buying group or cooperative or other organization of which Dealer is a member or a franchisor) on the other hand, pursuant to which such other Person or its affiliates endorse or promote the Program to Dealer.

"Purchase" – a purchase or lease of goods and/or services from Dealer that is charged to an Account.

"Recipient" – with respect to a Purchase, an owner or recipient of any of the goods or a recipient of any of the services, if such owner or recipient is not Buyer.

"Return" - the return or adjustment in whole or in part of a Purchase or the price of a Purchase which is or will be shown as a credit to an Account.

"Transaction Slip" – a sales slip or other document signed by Buyer (or which Dealer represents and warrants in this Agreement was signed by Buyer) evidencing a Purchase.

Unless the context clearly requires otherwise, singular terms in this Agreement include the plural and vice versa. References in this Agreement to "services" shall include warranties, guarantees, insurance, service agreements and the like. Use of the words "include," "including" or variations thereof in this Agreement does not limit the preceding words or terms, and use in this Agreement of the terms "in connection with" and "in connection therewith" mean as a result of, relating to or arising under, out of or in connection with, the matter referred to. References to subsidiaries, affiliates, contractors, vendors, directors, officers, principals, employees, agents and the like include such present and future Persons. This Agreement shall not be construed for or against any party as the non-drafter or drafter of this Agreement. Captions used in this Agreement are for convenience only and are not part of this Agreement.

2. **Program Promotion; Establishing and Ownership of Accounts; Buyer Information and Other Products**.

(a) Program Promotion. Dealer agrees that the date Citi first makes the Program available to Dealer ("Program Availability Date") may be a reasonable period of time after the Effective Date. From and after the Program Availability Date up to and including the date this Agreement is terminated and subject to this Agreement: (i) Dealer shall use commercially reasonable efforts to actively and consistently promote the Program to Dealer's retail customers, (ii) Dealer shall honor credit cards issued by Citi to Buyers ("Cards") and Accounts, in connection with credit transactions with Buyers authorized by Citi and (iii) with the exception of purchases made within the thirty (30) day period beginning with the Program Availability Date, Citi shall have the exclusive right to finance all of Dealer's open-end customer credit purchases (and leases, if any) that are for personal, family or household use other than those made by a Buyer whose Application or potential Purchase was previously submitted to and rejected or not authorized by Citi, and other than those made with Major Credit Cards. "Major Credit Cards" means major credit cards including Visa, MasterCard, Discover and American Express, but "Major Credit Cards" shall not include any major credit card co-branded with Dealer or any of its subsidiaries or affiliates or any major credit card that offers promotional financing for purchases or leases from Dealer. Dealer shall not evade or attempt to evade Citi's exclusive right referred to above via the use of any third Person, including any subsidiary or affiliate, or via any other means. Citi acknowledges and agrees that the exclusive rights detailed in this section do not apply to the fleet customers of Dealer.

(b) Establishing and Ownership of Accounts. Citi, in its sole and absolute discretion, will determine: (i) whether Buyer meets Citi's credit criteria, (ii) whether to establish an Account with Buyer and (iii) the terms of such Account and the Account Agreement, including the credit limit and whether to later delete, amend or add to such credit criteria, credit limit or the other terms of, or to suspend or close, the Account or Account Agreement. Buyers approved by Citi for an Account will be given an account number and may be issued Cards. Citi (not Dealer) will establish and own all Data, Accounts, Account Documents (including the payment obligations evidenced by the same) and any security interest in the goods that are the subject of the Purchase, and Citi (not Dealer) is the party extending the credit on the Accounts, subject to Dealer's obligation to purchase Accounts and Transaction Slips from Citi as provided in this Agreement. Neither Dealer nor any of its subsidiaries or affiliates shall directly or indirectly attempt, through themselves or any other Person, to refinance any Account or Transaction Slip unless such Account or Transaction Slip is purchased from Citi by Dealer. Dealer hereby assigns and transfers to Citi Dealer's entire right, title and interest in and to all bad debt sales or use, gross receipts, transaction privilege or other tax refunds, deductions or credits, with respect to Accounts and Transaction Slips (or the interest in either) that are not purchased by Dealer from Citi and are charged off by Citi during the term of this Agreement or thereafter, and Dealer hereby authorizes Citi to do every act and thing necessary during the term of this Agreement and thereafter to collect tax refunds, deductions or credits with respect to all Accounts and Transaction Slips not purchased by Dealer from Citi.

(c) Buyer Information and Other Products. All Buyer information is owned by Citi and may be used by Citi and any Person selected by Citi for any lawful purpose; provided, however, that: (i) without limiting Citi's ownership of any Buyer information, Citi agrees that Dealer owns Buyer information that Dealer lawfully develops independently of the Program and that Dealer may use such Buyer information for any lawful purpose that is not a Breach of this Agreement or other agreement to which Dealer and Citi are now or hereafter parties; and (ii) for a period beginning with the Effective Date and ending two years after the Program Agreement terminates , Citi will not use such information to specifically target Buyers for the benefit of a Competitor of Dealer, provided, however, that Citi is not prohibited from using any information developed by Citi or its affiliates independent of this Program. For purposes of this Agreement, a competitor

of Dealer is defined as a business entity that is listed on Schedule 2(c) of this Agreement ("Competitor"). Upon the mutual agreement of the parties, Schedule 2(c) may be amended from time to time to include entities that are primarily engaged in the sale of products and/or services that are identical or substantially similar to the primary products and services offered by Dealer. Except as prohibited by the foregoing, during the term of this Agreement and thereafter, Citi and any Person selected by Citi may, in their sole and absolute discretion, at any time and from time to time, solicit and sell any one or more or all Buyers any products, services, devices or features offered by Citi or any other Person, whether or not the same are in connection with Accounts, including debt cancellation, convenience checks, cash advances, ATM cards, credit cards, real estate loans, personal loans, bank accounts, insurance, legal services, home and auto clubs and extended warranties. Dealer shall have no rights to any proceeds of any the foregoing.

3. **Transaction Slips and Data**. Dealer's written submission to Citi of a Transaction Slip or Dealer's transmission to Citi of Data with respect to a Transaction Slip for which Dealer desires payment, in each case, in accordance with Procedures, shall constitute Dealer's request for Citi to pay Dealer for the Transaction Slip as agreed by the parties. Dealer shall be responsible for the loss, damage or destruction of Data until such Data is received by Citi. Notwithstanding any course of dealing that may have then existed, Citi has the right in its sole and absolute discretion at any time and from time to time (including upon either party giving notice of termination of this Agreement), to immediately change the conditions upon which it will pay for Transaction Slips, including verifying to Citi's satisfaction Buyer's receipt of and satisfaction with the goods and services that are the subject of any Purchase, if reasonable cause exists to do so. Such reasonable cause includes: (a) Dealer is in material Breach of this Agreement or (b) Dealer has had an adverse change in financial condition.

4. **Dealer's Risk; Chargeback; Assignment; Payments.**

(a) Dealer's Risk. Any transaction consummated by Dealer which Citi would have the right to make subject to a Chargeback if Citi paid for the Transaction Slip for that transaction, shall be at Dealer's risk even if authorized by Citi. Without limiting the generality of any provision of this Agreement, Citi shall have no obligation to pay for any such Transaction Slip, but Citi shall, in its sole and absolute discretion, have the option of paying for any such Transaction Slip, and no payment for any Transaction Slip shall be deemed a waiver of any of Citi's rights under this Agreement with respect to such or any other or subsequent Transaction Slip or otherwise.

(b) Grounds for Chargeback. In any one or more or all of the following circumstances (none of which is intended to limit the generality of the other or of any other provision of this Agreement) occurring at any time, and whether or not Citi authorized the credit transaction evidenced by the Transaction Slip and whether or not Citi knew at the time Citi paid Dealer for the Transaction Slip that grounds for a Chargeback existed, Citi shall have the right to Chargeback with respect to the applicable Account or Transaction Slip (or the interest in either) for which Citi has paid Dealer, in which case Dealer shall pay Citi the amount required by this Agreement: (i) an infirmity in connection with an Account Document exists or an Account Document is not completed and delivered to Citi's reasonable satisfaction, or Buyer disputes the execution or delivery of any Account Document required by this Agreement or by Procedures; (ii) any information concerning Buyer or any statements of fact made by Buyer in connection with an Application or an Account, are not true and correct in all respects, or omit or fail to disclose any material facts; (iii) Buyer or Recipient disputes the sale, delivery, quality, or performance of the goods or services that are the subject of the Purchase; (iv) Buyer or Recipient alleges the illegality of or exercises or attempts to exercise, any cancellation, rescission, rejection, revocation, avoidance or offset of the Purchase (including the goods or services that are the subject of the Purchase), in whole or in part, whether or not there is a legal right to do so; (v) Buyer or Recipient alleges or Citi reasonably believes there is a Breach of warranty, misrepresentation with respect to the goods or services that are the subject of the Purchase or a failure of Dealer or any third party to provide adequate service; (vi) Buyer or Recipient alleges or Citi reasonably believes that Buyer did not authorize the credit transaction evidenced by the Transaction Slip or by Data or did not authorize such credit transaction in the amount shown on the Transaction Slip or in Data; (vii) Buyer or Recipient alleges or Citi reasonably believes that a credit adjustment was requested and refused, that a credit adjustment was issued by Dealer but not received by Citi or that a credit adjustment was received by Citi in an amount less than the adjustment that was issued; (viii) Buyer or Recipient alleges or Citi reasonably believes that Dealer has committed in connection with any Buyer, Account, Account Document, Purchase, Return or the like, a Breach of this Agreement (including Procedures) or of any other agreement in connection with the Program to which Dealer and Citi are now or hereafter parties or any negligence, fraud or dishonesty; (ix) Buyer or Recipient alleges or Citi reasonably believes that the Purchase, Account, Return or an Account Document may involve fraud by Buyer or any other Person, or that the Purchase is not a bona fide transaction made in Dealer's ordinary course of business; (x) Citi reasonably believes that the Purchase (including any goods or

services that are the subject of the Purchase), is potentially or actually subject to Buyer's or Recipient's allegation of illegality or exercise of cancellation, rejection, revocation, rescission, avoidance or offset, in whole or in part, whether or not Buyer or Recipient has actually alleged or exercised or attempted to exercise the same; (xi) Dealer fails to deliver to Citi within five (5) business days of Citi's request, any Account Document, or any other document reasonably requested by Citi; or (xii) another provision of this Agreement permits a Chargeback.

(b-1) Limitation on Chargebacks. Notwithstanding anything to the contrary in Paragraph 4(b), Citi agrees that unless Citi has reasonable cause to apply more stringent Chargeback procedures, Citi's Chargeback procedures with respect to Dealer shall not be, when taken as a whole, materially less favorable than the Chargeback procedures Citi then generally uses for its other similarly situated private label credit dealers. Such reasonable cause includes: (i) Dealer is in material Breach of this Agreement, (ii) Dealer has had an adverse change in financial condition or (iii) there have been Excess Chargebacks (as defined in Paragraph 4(c)) or will be Excess Chargebacks if Chargebacks permitted by Paragraph 4(b) (without regard to the limitation in this Paragraph 4(b-1)) are made.

(c) Chargeback Procedures. In the event of a Chargeback, Dealer shall pay Citi a sum equal to the then unpaid net balance of the Account or Transaction Slip (or interest in either), as the case may be, that is the subject of the Chargeback (including all accrued finance charges whether or not assessed), plus costs (including reasonable attorney's fees) incurred by Citi in connection with enforcing the related Account Agreement and/or this Agreement, plus any other amount paid by Citi in connection with the Account or Transaction Slip that is the subject of the Chargeback. Dealer shall pay such amount not later than ten (10) days after the Chargeback unless notice of termination of this Agreement has been given by either party before, concurrently with or after the Chargeback and prior to the payment by Dealer, in which case Dealer shall pay the same immediately. If a Chargeback is permitted, whether the Account is charged back instead of the Transaction Slip or whether the Transaction Slip is charged back instead of the Account shall be at Citi's sole and absolute discretion. Citi's right to Chargeback is not waived because of its failure to make prompt Chargeback and shall not be affected by any modification by Citi of any Account or Account Document. With respect to any Account or Transaction Slip (or interest in either) that is the subject of a Chargeback, Dealer waives any right to require Citi to: (i) proceed or attempt to collect against any Person; (ii) perfect any security interest; (iii) obtain any determination, judgment or award by any court, governmental agency or arbitrator or (iv) pursue any other right or remedy. If in any rolling three (3)-month period, the total number of Accounts or Transaction Slips subject to a Chargeback plus the number of Transaction Slips not paid for by Citi which (or which any interest therein) would be subject to Chargeback if paid for, exceeds 1.5% of the total number of Transaction Slips (or Data therefore) submitted by Dealer during such period, Citi shall have the right to: (i) Chargeback any one or more or all Accounts or Transaction Slips opened or created since the Effective Date as selected by Citi in its sole and absolute discretion and/or (ii) terminate this Agreement immediately.

(d) Assignment. If Dealer so requests in writing, Citi shall, after the Chargeback and payment by Dealer to Citi of all amounts due under this Agreement, execute and deliver to Dealer an assignment of the Account or Transaction Slip (or the interest in either), as the case may be, that is the subject of the Chargeback. If Citi refuses to pay Dealer for a Transaction Slip (or a portion thereof) within thirty (30) days of the date that Dealer provides Citi all Account Documents and other documents and information reasonably requested or required by Citi in connection with that Transaction Slip and the Purchase, then within twenty (20) days of Citi's receipt of Dealer's written request to Citi received after the expiration of such thirty (30)-day period, Citi shall execute and deliver to Dealer an assignment for that Transaction Slip (or the appropriate interest therein) for which Citi did not pay Dealer, unless Citi refuses to pay Dealer for such Transaction Slip (or a portion thereof) in whole or in part because Citi: (i) has the right to offset or does offset against Citi's payment for the Transaction Slip pursuant to Paragraph 16, (ii) desires to but has not confirmed Buyer's receipt and acceptance of and satisfaction with the goods and/or services that are the subject of the Purchase (iii) has adjusted the Transaction Slip in favor of Buyer or (iv) has other just cause for not paying for the Transaction Slip (or a portion thereof). All sales of Accounts or Transaction Slips (or the interest in either) by Citi to Dealer (whether or not pursuant to a Chargeback) shall be without recourse against, and **WITHOUT WARRANTIES, EXPRESS OR IMPLIED, BY CITI**.

(e) Payments. Dealer irrevocably authorizes Citi to endorse Dealer's name when any form of payment on an Account requires such endorsement. Except for Accounts and Transaction Slips (or the interest in either) that Citi assigns to Dealer, Dealer shall not accept or receive payments on and agrees that Citi has the sole right to accept and receive payments on all Accounts and Transaction Slips.

5. **Returns; Buyer Complaints**.

(a) Returns. Dealer shall maintain a fair adjustment and return policy and shall make adjustments and accept returns with respect to Purchases where appropriate. Dealer shall apply any policies regarding refunds, adjustments and returns equally to cash and credit retail customers. If for any Purchase, Dealer: (i) accepts any goods for return; (ii) permits the termination or cancellation of any services or (iii) allows any price adjustment, then Dealer shall not make any cash refund, but Dealer shall, subject to Procedures, complete and deliver immediately to Citi a Credit Slip signed by Dealer (or equivalent electronic transmission of Data) evidencing the full amount of the refund or adjustment, and shall deliver to Buyer a true and complete copy of the Credit Slip at the time the refund or adjustment is made. Dealer shall include on any Credit Slip a brief description of the goods returned, services terminated or canceled, or refund or adjustment made, together with the date and amount of the credit, in sufficient detail to identify the transaction. The amount of a Credit Slip shall not exceed the amount of the Purchase as reflected on the Transaction Slip or in Data. The Credit Slip shall reflect the full amount of the refund or adjustment and shall not be reduced by any Discount, surcharge or other charge or fee applicable to the Transaction Slip. Dealer may process a Credit Slip for a Buyer only if Dealer has previously completed the original transaction with the same Buyer. The dollar amount of each Credit Slip previously paid by Citi on that dollar amount shall be immediately due and payable by Dealer to Citi.

(b) Buyer Complaints. Dealer acknowledges that under applicable Laws, Citi may be subject to claims and defenses of Buyers in connection with Purchases. Dealer shall immediately notify Citi of any such claim or defense asserted, or any complaint or dispute which could become such a claim or defense, when Dealer becomes aware thereof, as well as the action taken by Dealer to resolve the same, except where Dealer immediately resolves the same to Buyer's full satisfaction. Dealer shall make a good faith attempt to promptly resolve any complaint, dispute, claim or defense in connection with any Purchase. Dealer shall keep a log of such oral complaints and disputes for twenty-five (25) months from the date thereof unless any other time is required or permitted by Procedures, and Dealer shall immediately send Citi any such written complaints and disputes received by Dealer which are not promptly resolved by Dealer. Dealer shall cooperate and promptly comply with requests from Citi for information or assistance in connection with any complaint, dispute, claim or defense asserted by Buyer or any other Person.

6. **Payment.**

(a) In General. Subject to Citi's rights under any other provisions of this Agreement, Citi shall pay Dealer the dollar amount of each Transaction Slip paid for by Citi for such Transaction Slip less: (i) the Discount (if any) for such Transaction Slip, (ii) the dollar amount Dealer owes under this Agreement in connection with a Chargeback, Credit Slip or otherwise and (iii) the dollar amount of any other sums Citi is otherwise entitled to offset under this Agreement. The Discount Rate for each Transaction Slip is as set forth in a pricing schedule or other document(s) provided by or caused to be provided by Citi to Dealer, and unless otherwise set forth therein, will correspond to the Credit Plan applicable to each Transaction Slip. If Citi has not provided or caused to be provided to Dealer the pricing prior to the time Dealer executes and delivers this Agreement to Citi, Dealer may terminate this Agreement immediately by giving notice to Citi if Dealer has not used the Program and if Dealer does not wish to accept such pricing.

(b) Amendments. From and after the Effective Date, Citi shall have the right in Citi's sole and absolute discretion to unilaterally amend any one or more or all Discount Rates at any time and from time to time; provided, however, that Citi sends Dealer notice of such amendment at least thirty (30) days prior to the amendment taking effect; provided further, however, that Citi need not provide advance notice of any pricing change made pursuant to: (i) law; or (ii) a predetermined index, formula or other method applicable to the pricing or made pursuant to a Program Agreement.

7. **Warranties and Representations.** Dealer makes the following warranties and representations to Citi, each of which shall be deemed repeated each day during the term of this Agreement and thereafter that Dealer submits Transaction Slips or Data to Citi, and neither of which is intended to limit the generality of the other or of any other provision of this Agreement, with the agreement that Citi shall have relied upon such warranties and representations notwithstanding any knowledge by Citi of anything inconsistent therewith:

(a) In General. (i) Dealer is a bona fide business, duly licensed, organized, qualified and validly existing in good standing under all Laws applicable to Dealer, with all requisite power and authority to carry on its business where and as now conducted, to execute and perform this Agreement, and to deliver Applications, Transaction Slips and other Account Documents to Citi hereunder; (ii) the fair value of the assets of Dealer and its subsidiaries (if any) on a consolidated basis, exceeds the debts and liabilities, subordinated,

contingent or otherwise of Dealer and its subsidiaries (if any) on a consolidated basis, and Dealer and its subsidiaries (if any) are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become due; (iii) no application to Citi submitted by Dealer or any of its directors, officers or principals for Dealer's participation in the Program ("Dealer Application") nor any financial statement nor any other document, previously, concurrently herewith or hereafter, submitted to Citi by Dealer or any of Dealer's directors, officers or principals, nor any representation or warranty by Dealer in this Agreement or any other agreement to which Dealer and Citi are now or hereafter parties contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained therein not misleading; and (iv) the execution, delivery and performance of this Agreement and all documents to be delivered by Dealer do not and shall not (with or without the giving of notice and/or passage of time): (A) violate the terms of, (B) conflict with or (C) result in a Breach of or constitute a default under, any agreement or order to which Dealer is a party or by which Dealer is bound.

(b) Accounts, Account Documents and Purchases. (i) Each Application, Transaction Slip, any other appropriate Account Document and any other appropriate document in connection with an Application, Account, Purchase or Return is properly completed, legible, genuine and duly authorized and signed by Buyer, Buyer's signature on each Application, Transaction Slip or other Account Document is genuine and not (to the best of Dealer's knowledge) forged and was made by the Person whose signature it purports to be, and unless permitted otherwise by this Agreement or by Procedures, no Application was taken by Dealer by means other than in person with Buyer; (ii) Dealer has not advised or requested Buyer or any other Person to misstate, conceal or fail to disclose any information or facts in connection with an Application, Account, Purchase or otherwise, and Dealer has not knowingly misstated, concealed or failed to disclose to Citi any information or facts in connection with an Application, Account, Purchase or otherwise; (iii) Dealer has obtained a valid, unexpired government issued photographic identification verifying each Buyer's identity at the time Buyer submitted an Application to Dealer and at any other time Buyer submits a Transaction Slip to Dealer; (iv) unless provided otherwise in Procedures, Dealer has noted each Buyer's driver's license number or other appropriate governmental identification number or source of identification on Buyer's Application submitted to Dealer; (v) Dealer has complied with any additional requirements in Procedures in connection with obtaining additional forms of identification from each Buyer and noting evidence thereof on an Application, Transaction Slip, other Account Document or otherwise; (vi) each Account Agreement is a legally valid, binding and (subject to bankruptcy and insolvency laws) enforceable agreement of Buyer, and Buyer was a natural person who had legal capacity to contract under applicable Laws at the time of executing and delivering each Account Document and making each Purchase, and Buyer is not a director, officer or principal of Dealer or a relative of a director, officer or principal of Dealer; (vii) at the time of the creation of each Account and Transaction Slip, Citi is obtaining clear title to the same free and clear of any lien, security interest, encumbrance, or claim whatsoever, other than those granted by Citi; and (viii) Dealer was and shall be in full compliance with this Agreement, Procedures and all Laws applicable to Dealer or Citi, with respect to Account Documents, Accounts, Purchases, Returns and the Program, including the sale or lease surrounding each Purchase and any disclosures in connection with any of the foregoing, and without limiting the generality of the foregoing, Dealer gave each Buyer all documents required by this Agreement, Procedures or any Laws applicable to Dealer or Citi to be given to each Buyer at the times such documents are required by this Agreement, Procedures or such Laws to be given to each Buyer, including providing each Buyer the Account Agreement (or other initial credit disclosures, if any, provided by Citi to Dealer) before the first transaction is made under an Account and providing each Buyer a copy of the Transaction Slip at the time of each Buyer's execution thereof.

(c) Purchases. (i) Each Purchase is for personal, family or household use and is for only goods or services normally offered by Dealer in its ordinary course of business, and no Purchase is in whole or in part, for a titled vehicle, firearms or used goods; (ii) each Purchase is as represented and warranted to and as agreed with Buyer, each Purchase involved a bona fide sale or lease of goods and/or services to Buyer by Dealer made by Dealer in its ordinary course of business, all goods were delivered and/or services were performed to the acceptance and satisfaction of Buyer and there are no unpaid bills for labor or materials that might give rise to any liens by operation of law or otherwise; (iii) the amounts shown on each Transaction Slip and Credit Slip, the amounts shown in any Data and the identification of each Purchase, are bona fide, true, correct and genuine and have not been altered or misstated, the price for the goods or services shown on each Transaction Slip and in any Data does not differ from the price shown on the receipt or invoice delivered to Buyer at the time of the transaction (except for differences due to Buyer paying for part of such price shown on the receipt or invoice by means other than the Account or Card), the goods delivered and/or services performed are the identical and actual goods and/or services described in each Transaction Slip (or in any other documents provided by Dealer to Buyer that describe the goods and/or services if the same are not described in the Transaction Slip), each Transaction Slip and any Data represent a bona fide obligation as described therein and neither a Transaction Slip nor any Data is a duplicate of an item previously paid by

Citi; (iv) prior to submitting each Transaction Slip or any Data to Citi for payment: (A) neither Buyer nor Recipient has exercised or attempted to exercise, any cancellation, rejection, revocation, rescission, avoidance or offset of the Purchase (including the goods or services that are the subject of the Purchase), in whole or in part, whether or not there is a legal right to do so, unless such Transaction Slip or Data is accompanied by a Credit Slip or other Data as a credit adjustment for the dollar amount disputed by Buyer or such other Person in connection therewith and (B) Dealer obtained authorization from Citi for the credit transaction evidenced by each Transaction Slip and by any Data; and (v) Citi's right to money due and to become due for a Purchase is not subject to any defense (except payment), offset, claim, counterclaim or recoupment whatsoever (including lack or absence of consideration, fraud, misrepresentation, any unfair or deceptive act or practice, or any Breach of warranty or guarantee with respect to the goods and/or services) by Buyer or Recipient, there are no undisclosed agreements, concessions, claims or litigation of any nature whatsoever affecting any Purchase.

8. **Safeguarding Buyer Information and Account Documents; Sending, Retaining and Destroying Buyer Information and Account Documents; Policies and Procedures and Audits and Inspections; Security Breach; Laws**.

(a) Safeguarding Buyer Information and Account Documents. Dealer shall, in a commercially reasonable manner and in accordance with Procedures (if any), safeguard and protect all Buyer information that according to this Agreement is owned by Citi and that comes into or under Dealer's or any other Dealer Person's possession, control or access (including all documents (including Account Documents), databases, computers, software, systems and the like, that comes into or under Dealer's or any other Dealer Person's possession, control or access, containing such Buyer information) (collectively, "Buyer Information"). Dealer shall not disclose to any third party any non-public personal information of any Buyer that is Buyer Information unless permitted by this Agreement or Procedures, consented to by Citi or as required by Laws applicable to Dealer. If such disclosure is required by such Laws, Dealer shall notify Citi in writing as soon as practical after learning such disclosure is required and at least ten (10) days prior to such disclosure, unless doing so would require Dealer to violate such Laws. Dealer shall use Buyer Information only for the purpose for which it is disclosed to Dealer by Buyer, Citi or others. Except as otherwise required by Laws applicable to Dealer or to the other Dealer Persons, Dealer shall cause the other Dealer Persons who come into possession of or have control of or access to Buyer Information to comply with the provisions of this Paragraph 8 to the extent such provisions apply to Dealer.

(b) Sending, Retaining and Destroying Buyer Information and Account Documents. Unless provided otherwise in this Agreement or in Procedures, Dealer shall at Dealer's expense: (i) send Citi at least monthly the originals of all Applications received by Dealer and not retain copies of Applications and (ii) retain all other Account Documents containing any Buyer Information and not send them to Citi. In Citi's sole and absolute discretion, Procedures may require Dealer, at Dealer's expense, to send Citi any one or more or all Account Documents selected by Citi (organized by Buyer's last name unless provided otherwise in Procedures) not previously provided by Dealer to Citi, including requiring Dealer to send any one or more or all such Account Documents to Citi upon termination of this Agreement or any other time even if not previously so required by Citi. Dealer shall not dispose of any Account Document, invoice relating to a Purchase or other document containing any Buyer Information relating to an Application, Account, Purchase, Return or other transaction (collectively, "Retained Documents"), until the time provided in Procedures or if not provided in Procedures, until the latter of: (i) the expiration of the retention period (if any) under Laws applicable to Dealer or Citi (whichever is later) or (ii) such document is at least six (6) years old. Unless provided otherwise by Procedures, all Retained Documents not provided by Dealer to Citi shall be shredded by Dealer at Dealer's expense prior to disposal but not until the expiration of the above retention period. All such shredding and disposal and any deletion or destruction by Dealer of Buyer Information in electronic form shall be performed in a commercially reasonable manner.

(c) Policies and Procedures and Audits and Inspections. Dealer shall adopt and enforce policies and procedures that require Dealer and the other Dealer Persons to comply with and carry out the intent of this Paragraph 8. Dealer shall permit Citi to conduct reasonable audits and inspections of Dealer and Dealer's facilities at Citi's expense in connection with the subject matter of this Paragraph 8 and shall cooperate and assist Citi therewith as reasonably requested.

(d) Security Breach. If Dealer has knowledge that a breach of the security or confidentiality of any Buyer Information has or may have occurred, is reasonably likely to occur or is unavoidable, Dealer shall, at Dealer's expense: (i) notify Citi immediately, (ii) repair the breach and restore the security and confidentiality of the Buyer Information involved to limit unauthorized misuse of such Buyer Information to the extent possible, (iii) restore the integrity of Dealer's security safeguards and make appropriate improvements to

Dealer's security practices and procedures, (iv) fully cooperate with and assist Citi with Citi's investigation of and response to the matter, including (A) conducting a coordinated investigation with Citi to identify the Buyer Information involved and to determine if the potential or actual breach is reasonably likely to result in harm or inconvenience to any Buyer to whom the Buyer Information relates and (B) rendering cooperation and assistance so that Citi can comply with all Laws applicable to Citi, (v) provide any notices required by Laws except to the extent Citi in its sole and absolute discretion provides the same in the manner required by Laws, in which case Dealer shall pay Citi for Citi's expense of providing the same and (vi) make available to Buyers affected by such breach any financial fraud mitigation measures required by Laws applicable to Citi or Dealer to be made available to such Buyers except to the extent Citi in its sole and absolute discretion makes available the same in the time and manner required by Laws, in which case Dealer shall pay Citi for Citi's expense for the same.

(e) Laws. Dealer shall comply with all privacy, information security, data security, safeguarding and protection of information, disposal, destruction, security breach, financial fraud mitigation and similar Laws, in connection with Buyers or Buyer Information, that are applicable to Dealer or Citi. If any Law requires Citi to enter into an agreement with Dealer that contains any provisions in connection with any of the subject matter of this Paragraph 8 (whether or not as a condition to providing Dealer with certain Buyer Information), to the extent those provisions are not otherwise agreed to in writing from time to time between Dealer and Citi, those provisions shall be deemed agreed to by Citi and Dealer and those provisions shall be deemed to be a part of this Paragraph 8. This Paragraph 8 shall be broadly construed to accomplish its intent.

9. **Additional Covenants and Agreements of Dealer**.

(a) Dealer may offer Buyers only the Credit Plans authorized from time to time by Citi in its sole and absolute discretion for Dealer's use. Citi, upon at least 30 days prior notice to Dealer (unless a shorter or no notice period is otherwise required by Law), may change or withdraw the availability of any one or more Credit Plans with or without notice in its sole and absolute discretion. Dealer shall not require any Buyer, through an increase in price or otherwise, to pay any surcharge or other fee for submitting an Application or for using the Account or Card in lieu of paying by other means; provided; however, that this sentence shall not be construed to prohibit Dealer from offering discounts for the purpose of inducing Dealer's customers or prospective customers to pay by cash, check or similar means. Dealer shall immediately notify Citi of any material information of which it becomes aware with respect to any Account or any Buyer with an Account, including the death or change of address or name of such Buyer, Buyer's desire to close an Account or the loss or theft or unauthorized use of any Card or Account. Dealer shall provide Citi with such information and documents as Citi deems necessary or appropriate with respect to the financial condition or otherwise of Dealer, and Dealer shall make available to Citi for examination at all reasonable times, the books of Dealer's business pertaining to financing goods and services. Dealer shall give Citi at least sixty (60) days prior written notice of any sale or lease by Dealer of all or substantially all of Dealer's assets, any merger of Dealer with another entity, any other extraordinary corporate transaction involving Dealer or any changes in Dealer's name or any location of Dealer. Dealer shall notify Citi in writing within five (5) days of any material adverse change in Dealer's financial condition or business prospects or if Dealer has knowledge Dealer is subject to any investigation or action in connection with alleged violations of any Laws.

(b) If requested by Citi due to a reasonable need, Dealer shall provide Citi with true copies of any and all product and warranty information for the goods and/or services that are the subject of a Purchase. Dealer guarantees all performance and warranties and all service or similar agreements made by the manufacturer, Dealer or any other Person relating to goods and/or services that are the subject of any Purchase, even if such performance, warranty, service or similar agreements are not immediately effective, and, unless such agreement provides otherwise, Dealer shall provide repairs and service to Buyer or Recipient at Dealer's usual rates or charges. If an Account or Transaction Slip includes a charge for a warranty, service, or similar agreement, Dealer shall, if Buyer or Recipient moves out of Dealer's service area or Dealer moves from Dealer's normal service area, to either arrange for warranty or service demanded by Buyer or Recipient to be performed by other qualified persons or refund the unearned portion of the charge assessed for such warranty, service, or similar agreement. If Dealer enters into this Agreement in connection with a Program Agreement, Dealer consents to Citi providing the other Person who is a party to the Program Agreement with Citi with information relating to Dealer (other than Dealer's financial statements), including Net Finance Volume from time to time under any Credit Plans. Dealer shall comply with all Laws applicable to Dealer, and Dealer shall not take or fail to take any action that would cause Citi to violate any Laws applicable to Citi. Subject to any rights Dealer may have under the Laws, during the term of this Agreement, and thereafter until Dealer notifies Citi otherwise, Dealer consents to Citi sending Dealer unsolicited advertisements by facsimile that are reasonable in number and content. During the term of this Agreement and for three (3) years thereafter but subject to any Laws applicable to Dealer or the other Dealer Persons,

as the case may be, Dealer shall: (i) keep confidential and not disclose to any Person (other than to other Dealer Persons with a legitimate need to know) any of the Program's payout rates, loss rates, approval rates or Credit Plan mix and (ii) cause the other Dealer Persons to do the same.

10. **Forms.** In connection with the Program, Dealer shall only use the forms, Account Documents and other documents that are approved in writing by Citi or that are provided by Citi to Dealer, as amended from time to time. Dealer shall not, without Citi's written consent, post any form of Account Document or this Agreement on Dealer's or on any other website.

11. **Procedures.** Citi has the right in its sole and absolute discretion, at any time and from time to time, to unilaterally establish and unilaterally amend Procedures, in any respect, whether or not the Procedures, amendment or the subject of the Procedures or amendment was originally contemplated or addressed by this Agreement or by Procedures or is integral to the relationship between the parties. Without limiting the generality of the foregoing, such Procedures and amendments may delete existing Procedures, amend existing Procedures and/or add new Procedures, with respect to matters of any kind whatsoever. All Procedures (including amendments thereto) shall be effective when specified by Citi provided that Citi gives Dealer reasonable advance notice thereof. Amendments to Procedures required by Laws may take effect immediately if necessary to comply with Laws. Dealer shall comply with Procedures. Dealer's Breach of Procedures shall be a Breach by Dealer of this Agreement.

12. **Advertising, Intellectual Property and Marketing.** Prior to use of Citi's or any of its affiliates' name(s) or trademark(s) or reference to the Program or any aspect thereof, in any advertising or otherwise, in any medium, Dealer shall obtain Citi's written approval. Citi has the right to grant or withhold such approval in its sole and absolute discretion. If Dealer requests or authorizes Citi to use any name, logo, trademark, service mark, artwork or other intellectual property not owned by Citi, on any Applications, Cards or other materials, Dealer grants Citi a non-exclusive license to use the same in connection with the Program subject to reasonable quality controls imposed by Dealer. Dealer represents and warrants to Citi that Dealer has the right to grant such license and that any such use by Citi shall not violate the rights of any third Person. Unless expressly agreed to otherwise in this Agreement by Citi, Citi shall not be obligated to expend funds or to incur expenses for marketing the Program.

13. **Indemnification.** Dealer shall indemnify, defend and hold harmless Citi, Citi's subsidiaries and affiliates and Citi's and such subsidiaries' and affiliates' directors, officers, principals, employees and agents (Citi and all of the other foregoing Persons referred to in this sentence other than Dealer will be referred to collectively as the "Citi Persons") from, against and in respect of any and all claims (whether or not involving a third party claim), actions, suits, proceedings, causes of action, liabilities, losses, deficiencies, expenses, costs, fees (including collection agency fees, attorneys fees and expert witness fees) and damages, in connection with: (a) acts or omissions of any third parties (including any bank, other financial institution, clearing house or agent of Dealer) in connection with crediting, debiting or making adjustments to the Settlement Account (as defined in Paragraph 16); (b) any claim by any Person for damages for the alleged injury to or death of any Person or the alleged destruction or damage to or loss of any property, allegedly caused by the goods and/or services that are the subject of any Purchase, including by Dealer's, any manufacturer's or other Person's design defect, manufacturing defect, failure to adequately warn or negligence; (c) any claim by any Person that Dealer or any other Dealer Person has violated any Laws or the intellectual property rights of any Person provided any such violation of Laws or intellectual property rights did not solely result from the acts or omissions of Citi Persons;; (d) any Breach by Dealer of this Agreement or any other agreement to which Dealer and Citi are now or hereafter parties; (e) any acts or omissions of Dealer or the other Dealer Persons; or (f) any of the Citi Persons is the prevailing party in any action, suit or claim brought by Dealer. Dealer shall pay the Citi Persons on demand for any amounts for which any of the Citi Persons is entitled to indemnification by Dealer. Dealer shall promptly notify Citi of the making of any claim or the commencement of any action by a Person other than Citi which may give rise to Dealer's obligation to indemnify under this Paragraph. The Citi Persons shall be subrogated to any causes of action or other rights that Dealer may have against any manufacturer or other Person to the extent necessary to insure that the Citi Persons are fully indemnified.

14. **Parties.** In this Agreement, "Dealer" means all parties to this Agreement other than Citi or Citi's or its successors' or assigns' subsidiaries or affiliates. If more than one Person is included within "Dealer," each such Person is jointly and severally liable and obligated with the other to Citi under this Agreement.

15. **Notices**. Any notice sent by Citi to Dealer to the last known email address, facsimile number or physical or postal address of Dealer shall be deemed delivered and received upon being sent by Citi thereto via such

method, and notices need not be executed by Citi to have the effect of giving notice to Dealer; provided, however, that Citi shall not be bound by any notice not authorized by Citi.

16. **Automated Funding and Offset.**

(a) Automated Funding. Dealer authorizes Citi, by electronic means, to: (i) initiate credit entries to Dealer's bank account or other account described in the Dealer Application or in other documentation between Dealer and Citi (the "Settlement Account") and (ii) initiate debit entries and adjustments to the Settlement Account for any amounts Dealer owes any of the Citi Persons under this Agreement. Dealer authorizes the bank or other financial institution named in the Dealer Application or in other documentation between Dealer and Citi to make such credit or debit entries to the Settlement Account. Dealer may, with ten (10) business days notice to Citi via a form approved by Citi, substitute a different Settlement Account for the Settlement Account then in use. During the term of this Agreement and for one hundred eighty (180) days thereafter: (i) the above authorizations shall remain in effect, (ii) Dealer shall maintain the Settlement Account with sufficient funds so as to permit Citi to debit such Settlement Account for all Chargebacks and other amounts Citi is entitled to debit pursuant to this Agreement and (iii) Dealer shall comply with the rules of the National Automated Clearing House Association as then in effect.

(b) Offset. Citi has the right to offset against any amounts owed to Dealer, any amounts owed to Citi or to the other Citi Persons by Dealer under this Agreement.

(c) Amounts. Without limiting the generality of any other provision of this Agreement, the amounts for which Citi may debit the Settlement Account and/or offset include any Discount Citi is entitled to, the amount owed by Dealer in connection with a Chargeback or Credit Slip, any Buyer payments accepted or received by Dealer in Breach of Paragraph 4(e) and any other amounts Dealer owes under Paragraph 13. In addition, from and after either party giving notice of termination of this Agreement as well as from and after a Breach by Dealer of this Agreement or any other agreement to which Dealer and Citi are now or hereafter parties, Citi shall have the right to estimate any or all amounts Dealer may then or may in the future owe to Citi or any of the other Citi Persons under this Agreement or otherwise, even if not then owed, and Citi shall have the right to offset any or all such amounts against any amounts then or thereafter owed to Dealer by Citi. If Citi offsets pursuant to the preceding sentence, when it has sufficient information to do so, Citi will determine whether the amounts it so offset exceeded the amounts Dealer ultimately owed Citi and the other Citi Persons, and Citi will promptly reimburse Dealer for any such excess.

(d) Exercise of Rights. Citi shall have the right, at its sole option, to determine whether to debit the Settlement Account or to offset or to exercise a combination of such rights, with respect to the amounts Citi is entitled to debit or offset. If Citi elects to debit the Settlement Account, that shall not prejudice Citi's right to offset and vice versa, nor shall a failure to debit the Settlement Account and/or to offset prejudice any of the Citi Persons' rights or remedies under this Agreement. Any amounts that are not satisfied by a debit or offset or combination thereof shall be a debt of Dealer and shall be immediately due and payable by Dealer unless this Agreement expressly provides for a longer time for payment.

17. **Equipment, Software and System.** Citi may supply or may have supplied Dealer with one or more routers, circuits, remote data entry computer terminals, printers, point of sale devices or other devices or equipment (collectively, "Equipment") and/or software ("Software") for contract preparation, credit application and/or transaction processing or other purposes. Dealer acknowledges and agrees it does not own the Equipment or Software and agrees that it shall not reproduce any Software. Upon Citi's request, Dealer shall provide a dedicated telephone line to transmit and receive data to and from Citi and its designees. Citi shall have the right at any time while this Agreement is in effect and thereafter, to enter Dealer's premises after reasonable notice for the purposes of removing or repairing the Equipment and Software or making alterations, additions and enhancements thereto. **The Equipment, any Software and the Citi Site are provided by Citi "AS IS" and without express or implied warranties of any kind by Citi or any other Person, including any implied warranty of merchantability or fitness for a particular purpose. Dealer acknowledges and agrees that the Equipment, Software and the system utilized for the Program (including the Citi Site) will not necessarily be error-free or always functional, and Dealer agrees that Citi is released from and shall not have any liability for the failure of the Equipment, Software or such system (including the Citi Site) to be error-free or functional, even if the same is caused in whole or in part by Citi's negligence.** If the Equipment, Software or such system (including the Citi Site) fails to be error-free or functional for any reason, Dealer shall immediately notify Citi. If such failure is not due to the fault of Dealer, then as Dealer's sole right or remedy under this Agreement or otherwise, Dealer shall be excused from its obligations in Paragraph 2(a) from the time it has notified Citi until such failure terminates if Citi does not provide Dealer with a reasonable alternative means for processing Applications,

Purchases and Returns. Dealer shall pay the cost to repair or replace Equipment or Software if such repairs or replacements are required as a result of the fault of Dealer. Subject to Procedures, upon the first to occur of the termination of this Agreement or the Equipment or Software no longer being necessary for the Program, Dealer shall at Dealer's expense, immediately return the same to Citi in the same condition as received except for reasonable wear; otherwise, Dealer shall pay Citi immediately for the replacement value of said Equipment and Software or the cost to repair the same, as the case may be.

18. **Force Majeure.** None of the Citi Persons shall be liable to Dealer in connection with Citi's failure to perform under this Agreement if such failure arises in connection with events that are in whole or in part beyond the reasonable control of Citi, including, acts of God or of the public enemy, acts of civil or military authority, fires, strikes, unavailability of energy resources, delay in transportation, riots, terrorism or war.

19. **Miscellaneous**. Citi may accept this Agreement: (a) by executing and delivering this Agreement to Dealer or (b) without executing or delivering this Agreement but by both (i) notifying Dealer in writing that Dealer has been approved for the Program and (ii) making the Program operationally available to Dealer for processing Applications, Purchases and Returns. However, Citi shall not be bound by any alterations made to this Agreement by Dealer prior to Citi's acceptance of this Agreement unless an authorized officer or agent of Citi has initialed such alterations and executed and delivered this Agreement to Dealer. This Agreement may be executed in counterparts. This Agreement (and, if applicable, the Dealer Application or any other document evidencing a party's assent to this Agreement) may be delivered via facsimile or other electronic means, and facsimile, photocopied or other reproduced versions of this Agreement (and, if applicable, the Dealer Application or any other document evidencing a party's assent to this Agreement) and any amendments hereto shall be admissible in a court of law without regard to any requirement that an original hereof or thereof be produced. Dealer's liability under this Agreement shall not be subject to any reduction, offset or recoupment, by Dealer, and shall not be limited or avoided on account of any action or inaction of Citi with respect to any Account, Transaction Slip or otherwise. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws and shall be binding on and inure to the benefit of each party and its successors and permitted assigns; however, Dealer may not assign this Agreement or any rights under this Agreement by operation of law or otherwise without the prior written consent of Citi. Citi may, upon notice to Dealer, assign in whole or in part, this Agreement, any or all Accounts, Account Documents, and any rights under this Agreement or thereunder, at any time to any Person provided, however, that no assignment of this Agreement shall relieve the assignor of liability under this Agreement. This Agreement and any document referred to herein as being part of this Agreement represents the entire agreement and understanding of the parties with respect to the subject matter hereof and thereof. Time is of the essence of this Agreement. If any provision or portion of this Agreement is invalid, illegal, void or unenforceable, that shall not affect the validity or enforceability of any other provision of this Agreement. The parties' rights and remedies under this Agreement and otherwise are cumulative. Unless required otherwise by Laws applicable to Citi or to Dealer, nothing in this Agreement creates any third party beneficiary rights except for the Citi Persons who are not parties to this Agreement. Citi and Dealer are in the position of independent contractors as to each other and not partners or joint venturers.

20. **Termination.** Subject to any other provision that permits earlier termination, either party has the right to terminate this Agreement upon thirty (30) days' prior written notice to the other except that Citi also has the right to terminate this Agreement immediately upon an adverse change in Dealer's financial condition or a substantial Breach by Dealer of this Agreement or any other agreement to which Dealer and Citi are now or hereafter parties. At Citi's sole option, no termination of this Agreement initiated by either party will become effective unless Dealer has first paid Citi either all amounts owed by Dealer under this Agreement through the termination date or a reasonable estimate of such amounts to the extent the same cannot be precisely determined by the termination date. Upon termination of this Agreement, Dealer shall not present Applications or Transaction Slips to its customers, and subject to this Agreement (including Paragraph 7(b)-(c)) and Procedures, Dealer shall submit to Citi within thirty (30) days of the termination date all Transaction Slips or Data for which Dealer desires payment. Such termination shall not relieve either party of liability for any Breach of this Agreement. Any provision of this Agreement or Procedures which by its terms, sense, nature or context does or should survive such termination shall so survive. Without limiting the generality of the foregoing, Paragraphs 1, 2(b), 2(c), 3-6, 8, 9(b), 10, 11, 13-20, 21(a), 22 and 23 shall survive such termination.

21. **Amendments and Waiver**.

(a) In General. No amendment to this Agreement will be binding on any party unless specifically permitted by this Agreement or unless set forth in a document executed by the party to be charged with the

amendment. Neither party will be deemed to have waived any of its rights or remedies under this Agreement unless such waiver is approved in writing by that party. Either party's failure to insist, in any one or more instances, on the performance of any terms or conditions of this Agreement shall not be construed as a waiver of any of its rights or remedies under this Agreement or of the future performance of any such term or condition, and the obligations of the non-performing party with respect thereto shall continue in full force and effect.

(b) Amendments By Citi. In addition to any other rights Citi has under this Agreement to make unilateral amendments, Citi has the right in its sole and absolute discretion, at any time and from time to time, to unilaterally amend this Agreement in any respect, whether or not the amendment or the subject of the amendment was originally contemplated or addressed by the parties or is integral to the relationship between the parties. Without limiting the generality of the foregoing, such amendments may delete existing provisions of this Agreement, amend existing provisions of this Agreement and/or add new provisions, with respect to matters of any kind whatsoever. Citi will send Dealer at least forty-five (45) days prior written notice of the amendment. Such amendment shall not be retroactive and shall take effect when stated in the notice of the amendment unless within forty-five (45) days of the date Citi sends such amendment (or any longer time specified in the notice or in the amendment), Citi receives written notice from Dealer that Dealer rejects the amendment. If Citi does not receive such notice within such period of time, or if Citi receives such notice but Dealer uses the Program on or after the date the amendment was to be effective in the absence of such notice, Dealer shall be deemed to have nevertheless accepted such amendment. This subparagraph shall not survive termination of this Agreement, but any such amendment that was effective prior to such termination shall survive if so required by this Agreement or by such amendment.

22. **Limitation of Liability. Subject to all of Dealer's indemnification obligations, in no event shall either party be liable to the other for any indirect, consequential, incidental, special, punitive or exemplary damages, or for any loss of profits or revenue, regardless of whether such party knew or should have known of the possibility of such damages. This paragraph does not limit Dealer's liability for any Breach of this Agreement or any other agreement, to the extent such Breach or any termination of this Agreement by Citi in connection with such Breach, causes a loss of Net Finance Volume or a loss of Citi's profits thereon.**

23. **Waiver of Jury Trial. Citi and Dealer hereby irrevocably waive any right to a trial by jury in any action, suit, proceeding or claim in connection with this Agreement or the Program and agree that the same shall be tried before a court and not before a jury. This waiver applies to all parties to such actions, suits, proceedings or claims, including persons who are not parties to this Agreement.**

24. **Internet Processing**.

(a) Internet Transactions. Subject to the terms and conditions of this Agreement and the requirements of Citi from time to time in Citi's sole and absolute discretion, Citi agrees that Dealer may submit Internet Transactions to Citi via the Citi Site while the same is functional.

(b) Account Documents. Dealer shall utilize the then current Account Documents made available via the Citi Site or as otherwise provided by Citi.

(c) Processing Applications. Prior to submitting an Application or Purchase to Citi via the Citi Site for processing, Dealer shall obtain identification from Buyer as required by this Agreement and any Procedures, provide Buyer with a paper form of then current and applicable Account Documents and obtain a completed and signed Application from Buyer.

(d) Computers and Accessing Citi Site.

(i) Computers. Dealer and its authorized users shall access the Citi Site only from computers located within Dealer's store that have been approved for such use by Citi. The security provided by Dealer for the PIN numbers (or other forms of identification provided to Dealer by Citi), computers, servers, other equipment necessary for Dealer's access to the Citi Site and to process Internet Transactions shall be commercially reasonable and comply with Citi's requirements thereto relating to information security and physical security. Dealer shall place computers in safe locations within its stores that are not accessible to those not employed by Dealer. Computers must be capable of: (A) printing current Account Documents; and (B) connecting to the Citi Site to receive and transmit information from and to Citi. Dealer shall be solely responsible for any costs

associated with the computers, including costs necessary to maintain them in good working order and repair, and accessing the World Wide Web as necessary to connect to the Citi Site.

(ii) Unauthorized Access to and Misuse of Citi Site. Dealer shall be solely responsible for any unauthorized access or misuse of the Citi Site using the PIN numbers or other forms of identification provided to Dealer by Citi. If Dealer becomes aware of any unauthorized access to or misuse of the Citi Site, Dealer shall notify Citi upon discovery of such circumstances.

(e) Suspension and Termination. Citi may in its sole and absolute discretion, at any time and from time to time, suspend and terminate the Citi Site as a means of processing Internet Transactions; provided, however, that if Citi does so without cause, Dealer shall be excused from its obligations under Paragraph 2(a) until the first to occur of: (i) Citi making the Citi Site available as a means of processing Internet Transactions or (ii) Citi providing Dealer other reasonable means for processing under this Agreement.

[END]

SCHEDULE 2(c)

COMPETITOR LIST

Advanced Auto Service and Tire Centers
Allen Tire
America's Tire
American Car Care Center
American Tire Depot
Belle Tire
Ben Tire
Big 10 Tires
Big Brand Tire
Brakes Plus
Bruneel Tire / Bruneel Tire Factory
Carmax Automotive
Carrols Tire
Certified Tire
Costco Automotive
Dealer Tire
Discount Tire Company
Dob's Tire
Evans Tire
Express Tire
Fletcher's Tire & Service
Four Day Tire
General Tire
Good Guys
Goodyear Stores
Hibdon's Tires Plus
Honest 1 Auto Care
Jim Paris Tire
Just Tires
Just Brakes
Kal Tire
Ken Towery Tire
Les Schwab Tire Stores
McLeas Tire and Automotive Service
Meineke
Midas
Monroe Muffler
Mountain View Tire
Mr. Brake
Mr. Tires
Peerless Tyre

Penske Automotive
Pep Boys
Phillips Tire
Purcells Western States Tire
S&S Tire
Sam's Club Automotive
Scher Tire
Tire Barn
Tire Factory (aka Northwest Tire Factory)
Tire Pros
Tire Rack
Tire Rama
Tire Works
Tires Plus
Toscalito Tire & Automotive
Wal-Mart Automotive
Wheel Works

EXHIBIT A

Big O Tire Program
Discount Rates*

CREDIT PLAN	DISCOUNT RATES
1. Regular Revolve	.40%
2. Promotional Plans	
a) 6 Month Same As Cash w/payments **	2.05%
b) 12 Month Same As Cash w/payments **	5.65%

* Payable by Dealer to Citi

** Finance charges accrue from transaction date and all accrued finance charges for the entire promotional period are added to the account balance if the promotional balance is not paid in full by the end of the promotional period.

EXHIBIT T

CITIBANK CARD DEPOSIT AND INDEMNITY AGREEMENT

DEPOSIT AND INDEMNITY AGREEMENT

THIS DEPOSIT AND INDEMNITY AGREEMENT ("Agreement")is entered into by _____ _____ ("Indemnitor"), in favor of Big O Tires, LLC, a Nevada limited liability company ("Big O") and TBC Corporation, a Delaware corporation ("TBC") and shall become effective on the date it has been signed by Big O

WHEREAS, Indemnitor is a franchisee and operator of Big O store number _____, located at _____, _____, __, (the "Store") pursuant to that certain franchise agreement dated _____ ("Franchise Agreement");

WHEREAS, Big O is a wholly owned subsidiary of TBC Shared Services, Inc., a Delaware corporation; and TBC Shared Services, Inc. is a wholly owned subsidiary of TBC;

WHEREAS, CITIBANK (SOUTH DAKOTA), N.A. ("Citi") has a program to provide private label credit cards to Big O stores and other subsidiaries of TBC Shared Services, Inc.(the "Program");

WHEREAS, some Big O stores failed to meet Citi's credit criteria to participate in the Program and were declined by Citi ("Declined Stores");

WHEREAS, to improve participation in the Program, TBC entered into a recourse arrangement with Citi whereby Citi would allow certain Declined Stores to participate in the Program in consideration of TBC's agreement to indemnify Citi against losses resulting from defaults by such Declined Stores (the "Recourse Arrangement");

WHEREAS, Indemnitor is a Declined Store who desires to participate in the Program;

WHEREAS, Big O is requiring Indemnitor to indemnify Big O and TBC from any losses resulting from the Recourse Arrangement should Indemnitor breach its agreement with Citi; and

WHEREAS, Big O, in its sole discretion, may require Indemnitor to place a $1,000 deposit with Big O until Big O and TBC are released from Citi from any liability as to Indemnitor.

NOW THEREFORE, for and in consideration of the mutual covenants and promises herein contained, the parties agree as follows:

Indemnitor hereby certifies to Big O that it will abide by the terms of Indemnitor's agreement with Citi, and indemnify and hold Big O, TBC and their affiliates, directors, officers, shareholders, employees and agents, jointly and severally, harmless from and against any and all claims, costs, liabilities, damages, suits, actions, or causes of action brought or asserted by Citi or any person, firm, or entity arising out of Indemnitor's participation in the Program (the "Claims"), should the Claims be related to any failure by Indemnitor to perform its agreement with Citi, including reasonable attorneys' fees and court costs relating to such Claims.

Until Big O and TBC have been released from any liability to Citi as to Indemnitor, Indemnitor shall:

1. Maintain (a) records of all transactions processed by it pursuant to the Program in accordance with the requirements of the Program, and (b) all statements, reports, communications, and correspondence received by Indemnitor from Citi relating to the Program;
2. Permit Big O, TBC, or any of their agents to inspect any of the records or documents specified above at any time, and provide copies of any of such records or documents promptly upon request;

3. Upon request from Big O, provide to Big O within 30 days of the end of each month, an unaudited statement of profit and loss for the Store for the preceding month, and a balance sheet for the Store as of the end of the preceding month, all in the form prescribed by Big O from time to time. This requirement is in addition to and not in lieu of any similar reporting requirement contained in the Franchise Agreement.

Big O, in its sole discretion, may require Indemnitor to deposit $1,000.00 U.S. with Big O until such time that Big O and TBC are released by Citi from any liability for Indemnitor's participation in the Program. Such deposit shall not accrue interest. In the event that Indemnitor breaches this agreement, Indemnitor shall be liable to Big O and TBC, jointly and severally, for any damages incurred by Big O and TBC as a result of said breach, together with Big O's and TBC's reasonable attorney's fees and costs incurred to enforce or defend the terms of this agreement, and Indemnitor shall forfeit said deposit (if any) to the extent of such damages. Big O and TBC shall be entitled, jointly and severally, to recover the amount of Big O's and TBC's damages from Indemnitor that exceed any forfeited deposit.

Big O and TBC reserve the right to terminate the Recourse Arrangement, the Program, or their indemnification of the Store under the Recourse Arrangement at any time, for any reason. In the event of such termination, Indemnitor will no longer be able to participate in the Program.

Venue and jurisdiction for the resolution of any dispute involving or arising out of this Agreement shall be determined in accordance with the terms of the Franchise Agreement, and the parties hereby consent to such venue and jurisdiction.

_____	Big O Tires, LLC
Company Name	
By: _____	By: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

GUARANTY

In consideration of this Agreement, the individuals below ("Guarantors") personally guaranty the payment and performance of this Agreement.

Guarantor: _____	Guarantor: _____
Signature	Signature
Printed Name: _____	Printed Name: _____
Date: _____	Date: _____

EXHIBIT U

CERTIFICATION PROGRAM AGREEMENT

CERTIFICATION PROGRAM AGREEMENT

THIS CERTIFICATION PROGRAM AGREEMENT ("Agreement") is entered into this __ day of _____, 20__, by and between BIG O TIRES, LLC, a Nevada limited liability company ("Big O"), _____, a _____ ("Trainer"), and _____, an individual ("Trainee").

RECITALS

A. WHEREAS, Big O owns a national franchise system through which individual franchisees operate retail automotive and tire service facilities ("Big O Tires Store" or individually, a "Big O Tires Store").

B. Trainee desires to become a franchisee, or a principal representative of a franchisee, of Big O, and own and/or operate a Big O Tires Store.

C. Big O requires Trainee to complete certain training and certification programs to the satisfaction of Big O prior to operating a Big O Tires Store, including completion of Big O's certification program where Trainee must demonstrate certain skills to an existing franchisee (the "Certification Program").

D. Trainer is an existing franchisee of Big O who has been approved by Big O to conduct Certification Programs for Big O.

E. Trainee has completed the classroom and on-the-job training at a Big O training facility and ready to be certified to operate a Big O Tires franchise business.

F. Big O has selected Trainer to provide the Certification Program to Trainee.

G. Trainee desires to complete the Certification Program to the satisfaction of Big O.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, and with the intent to be legally bound, it is agreed by and between Big O, Trainer and Trainee as follows:

1. Certification Program. Trainer agrees to provide the Certification Program to Trainee. The Certification Program shall consist of Trainee demonstrating to Trainer that s/he has mastered certain skills as are set forth on Exhibit A, attached hereto and incorporated herein by reference. Trainer agrees to provide Trainee the opportunity to demonstrate such skills and shall train Trainee to the extent necessary for Trainee to master such skills.

2. Trainee's Acceptance of Certification Program. Trainee hereby agrees to attend and complete the Certification Program conducted by Trainer to the satisfaction of Big O.

3. Term. The Certification Program shall continue for a four (4) week period (the "Term"). Big O reserves the right to modify the Term of the Certification Program based upon the performance of the Trainee in such Certification Program.

4. **Duties.** Trainee shall not provide any work or other services on any customer vehicles of Trainer. The Certification Program is restricted to Trainee demonstrating front office skills, such as marketing, customer relations, etc., and back room skills, such as inventory controls and service flow.

5. **Trainee Status.** During the Term of the Certification Program, Trainee acknowledges and agrees that he will not be an employee of Big O or of the Trainer, nor will Trainee have any authority to bind or obligate Big O or the Trainer in any manner whatsoever. Trainee shall not receive nor be entitled to receive any compensation whatsoever from either Big O or the Trainer for any services rendered or any work performed during any portion of the Term of the Certification Program. Neither Big O nor the Trainer will be required or obligated to provide any worker's compensation insurance or any other insurance coverage to Trainee during the Term of the Certification Program. Trainee agrees that s/he will be required to provide for his/her own insurance coverage, including worker's compensation coverage, health insurance, and general liability insurance coverage throughout the Term of the Certification Program.

6. **Release.** Trainee for himself/herself, his/her successors, assigns, agents and representatives, hereby unconditionally releases and discharges Big O and its successors, assigns, agents, representatives, employees, officers and directors and Trainer and its successors, assigns, agents, representatives, employees, officers and directors (collectively the "Released Parties") from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever, in law or in equity, whether known or unknown to him/her, which s/he may now have against the Released Parties or which may accrue during or as a result of Trainee attending and being a part of the Certification Program. Trainee hereby knowingly and freely agrees to assume all of the risks involved in his/her participation in the Certification Program.

7. **Indemnification.** Trainee agrees to indemnify and hold harmless Big O, its subsidiaries and affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees and Trainer, its subsidiaries and affiliates and their respective shareholders, directors, officers, employees, agents, successors and assigns (collectively the "Indemnified Parties") against, and to reimburse them for all Claims, defined below, directly or indirectly arising out of the Trainee's participation in the Certification Program. For purposes of this indemnification, "Claims" include all claims, obligations, and liabilities, all actual and consequential damages, and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Big O and Trainer will have the right to defend any such Claim against it. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement or the Certification Program.

8. Governing Law/Dispute Resolution. This Agreement shall be interpreted, construed, and enforced under the laws of the State of Colorado, without regard to the laws of conflict. Any and all controversies, disputes or claims between Big O, its subsidiaries and affiliated companies or their shareholders, officers, directors, agents, employees and attorneys (in their representative capacity); Trainer, its shareholders, officers, directors, agents, employees, successors, assigns, and representatives; and/or Trainee or its shareholders, officers, directors, agents, employees, successors, assigns, and representatives, arising out of or related to this Agreement or the validity hereof shall be submitted for arbitration on the demand of any involved party. If Big O is a party to any controversy, dispute or claim, such arbitration proceedings shall be conducted in Denver, Colorado office of either the Judicial Arbiter Group or the American Arbitration Association ("AAA"), as selected by the party submitting the arbitration demand, will be heard by one arbitrator in accordance with the then current rules of AAA applicable to commercial arbitration, and the arbitrator shall be a resident of the State of Colorado, U.S.A. knowledgeable of Colorado law. If Big O is not a party to such controversy, dispute or claim, such arbitration proceedings shall be conducted within the area in which Trainer's Big O Tires Store is located and will be heard by one arbitrator in accordance with the then current commercial arbitration rules of any arbitration group mutually acceptable to Trainee and Trainer, and if Trainee and Trainer cannot agree on an arbitration group within 30 days after demand for arbitration, then AAA shall conduct such arbitration in accordance with its then current commercial arbitration rules. All jurisdictional issues will be decided by the arbitrator.

9. Modification/Entire Agreement. This Agreement may not be modified or otherwise amended except in a written instrument executed by both parties hereto. This Agreement contains the entire agreement between the parties hereto and supersedes any and all prior agreements concerning the subject matter hereof. Trainer agrees and understands that Big O will not be liable or obligated for any oral representations or commitments made prior to the execution hereof.

10. Attorneys' Fees. The prevailing party, as determined by the adjudicating body, in any action arising out of, or related to this Agreement is entitled to recover from the other party, in addition to the amount awarded thereunder, all costs and expenses of the action, including the prevailing party's reasonable attorneys' fees and costs.

11. Invalidity. If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision will be deemed modified to eliminate the invalid element and, as so modified, such provision will be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement will not be affected by such modification.

12. Counterparts. This Agreement may be executed in two or more counterparts, each of which, when taken together shall constitute a single instrument and agreement. Additionally, facsimile copies of signatures shall constitute original signatures for purposes hereof.

IN WITNESS WHEREOF, Big O, Trainer and Trainee have executed this Agreement on the date first set forth above.

BIG O:

Big O Tires, LLC, a Nevada limited liability company

By:_____
Name:_____
Title:_____

TRAINER:

_____

By:_____
Name:_____
Title:_____

TRAINEE:

_____

Name:_____

EXHIBIT A
(CERTIFICATION PROGRAM SKILLS REPORT)

EXHIBIT V

STATE DISCLOSURE ADDENDA AND AGREEMENT RIDERS

Explanatory Notes.

1. The following state disclosure addenda provide additional information in regard to franchise activities that are subject to the franchise laws of the particular state identified. For instance, if our offer or sale to you of a franchise is subject to the California franchise law, the California state disclosure addendum would be applicable to you, but if our offer or sale to you of a franchise were not subject to the Illinois franchise law, the Illinois state disclosure addendum would not be applicable to you.

2. Each of the following agreement riders is applicable only to franchisees that are covered by the franchise laws of the identified state.

CALIFORNIA STATE DISCLOSURE ADDENDUM

The following information applies to prospective Franchisees to whom the California Franchise Investment Law applies:

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. Neither Big O nor any person in Item 2 of the attached Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

4. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

6. The Franchise Agreement requires application of the laws of the State of Colorado. This provision may not be enforceable under California law, although it is it the intent of Franchisor and Franchisee for Colorado law to apply.

7. The Franchise Agreement requires binding arbitration. The arbitration will occur in Denver, Colorado, with the costs being awarded to the prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (such as Business and Professions Code 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of the Franchise Agreement, restricting venue to a forum outside the State of California.

8. The Uniform Resource Locator ("URL") addresses of Big O's websites are www.bigofranchise.com and www.bigotires.com.

OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

9. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Business Oversight before we ask you to consider a material modification of your franchise agreement.

10. You must sign a general release of claims if you renew your franchise and we may seek to negotiate a general release from you if you transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

11. If we decide to finance a portion of your initial franchise fee or any other amounts, we will comply with all appropriate laws governing any direct financing offered by us to you including, if applicable, the California Finance Lender Law and California usury laws. These laws are complicated, and you should consult your own attorney for guidance on this matter.

12. The following additional risk factors are added to the State Cover Page of the Disclosure Document:

3. AT LEAST 40% OF YOUR TIRE UNIT SALES MUST BE BIG O BRAND TIRES OR OTHER BRAND TIRES DESIGNATED BY US, SUBJECT TO LIMITED EXCEPTIONS FOR SALES OF CERTAIN TYPES OF TIRES.

4. OUR AFFILIATES MIDAS INTERNATIONAL CORPORATION AND SPEEDEE WORLDWIDE CORPORATION OPERATE AND OFFER FRANCHISES FOR AUTOMOTIVE SERVICE, REPAIR, AND PRODUCTS BUSINESSES, WHICH BUSINESSES MAY BE LOCATED IN YOUR DESIGNATED TERRITORY AND MAY COMPETE WITH YOU.

5. A DEFAULT UNDER THE LEASE FOR YOUR STORE LOCATION WILL CONSTITUTE A DEFAULT UNDER THE FRANCHISE AGREEMENT, GIVING US THE RIGHT TO TERMINATE THE FRANCHISE AGREEMENT AND REPLACE YOU AS THE TENANT UNDER YOUR LEASE.

13. The following disclosure is added to the end of Item 10 of the Disclosure Document:

Any interest provisions in any promissory notes or related documents may not be enforceable to the extent that they exceed the maximum interest rates permitted under California law.

14. The following disclosure is added following the first paragraph in Schedule 1 of Item 19 of the Disclosure Document:

BFF Stores, PDF Stores, and Company owned BFF Stores are governed differently internally, in particular BFF Stores and PDF Stores pay different royalties and purchase products from us on different terms. Nonetheless, from a retail perspective, consumers do not see any substantive difference in the experience that they are provided between the three types of Store. Therefore, all three Store types are disclosed together in this Schedule 1.

CALIFORNIA RIDER TO THE
BIG O TIRES, LLC
FRANCHISE AGREEMENT
BETWEEN
BIG O TIRES, LLC
AND
_____
DATED _____

1. Section 29.06 is deleted and the following Section 29.06 is added:

29.06. Governing Law/Consent to Jurisdiction/Waiver of Jury Trial. The United States Federal Arbitration Act shall govern all questions about the enforceability and scope of **Sections 29.02** and **29.03**, and no arbitration issues are to be resolved pursuant to any other statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other United States federal law, this Agreement shall be interpreted under the laws of the State of Colorado U.S.A. and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws, and not the laws of conflict, of the State of Colorado U.S.A., which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Colorado Consumer Protection Act (Colo. Rev. Stat. Ann. Sections 6-1-101, et seq.) shall not apply to this Agreement or any disputes between the parties. If a claim is asserted in any legal proceeding not subject to mandatory arbitration, as specified in **Section 29.02**, involving Franchisee, its employees, officers or directors (collectively, "**Franchisee Affiliates**") and Big O, its employees, officers or directors (collectively, "**Big O Affiliates**"), both parties consent to jurisdiction and venue for disputes between them in the state and federal courts of Denver, Colorado, and each waive any objection either may have to the personal jurisdiction of or venue in the state and federal courts of Colorado. Notwithstanding the foregoing, the decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. **IF A CLAIM MAY BE BROUGHT IN COURT, THEN BIG O, THE BIG O AFFILIATES, FRANCHISEE AND THE FRANCHISEE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.**

BIG O TIRES, LLC

_____
FRANCHISEE (Print Name)

By:_____ By:_____

Title:_____ Title:_____

ILLINOIS STATE DISCLOSURE ADDENDUM

The following information applies to prospective Franchisees to whom the Illinois Franchise Disclosure Act of 1987, ILCS, Chapter 815, Sections 705/1-705/44 applies.

1. The Franchise Agreement and all provisions of such agreement shall be governed by and interpreted in accordance with Colorado law, which law shall prevail in the event of any conflict of laws, provided that such agreements and provisions shall be subject to the provisions of Illinois law to the extent the same are applicable.

2. For any disputes not subject to mandatory arbitration as provided in the Franchise Agreement, any provision which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of Illinois is void.

ILLINOIS RIDER TO THE
BIG O TIRES, LLC
FRANCHISE AGREEMENT
BETWEEN
BIG O TIRES, LLC
AND
_____
DATED _____

1. Section 29.06 is deleted and the following Section 29.06 is added:

29.06. Governing Law. The United States Federal Arbitration Act shall govern all questions about the enforceability and scope of **Sections 29.02** and **29.03**, and no arbitration issues are to be resolved pursuant to any other statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other United States federal law, this Agreement shall be interpreted under the laws of the State of Colorado U.S.A. and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws, and not the laws of conflict, of the State of Colorado U.S.A., which laws shall prevail in the event of any conflict of law, provided that, this Agreement shall be subject to the provisions of the Illinois Franchise Disclosure Act of 1987, which requires that Illinois law govern such agreements, to the extent the same are applicable. Notwithstanding the foregoing, the parties agree that the Colorado Consumer Protection Act (Colo. Rev. Stat. Ann. Sections 6-1-101, et seq.) shall not apply to this Agreement or any disputes between the parties. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court.

BIG O TIRES, LLC

_____
FRANCHISEE (Print Name)

By:_____ By:_____

Title:_____ Title:_____

MINNESOTA STATE DISCLOSURE ADDENDUM

The following information applies to prospective Franchisees to whom the Minnesota Franchise Law, Minnesota Statute Chapter 80C applies:

1. The second cover page of the Franchise Disclosure Document is amended by adding the following risk factors:

a. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

b. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

2. Minnesota Statute §80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. The above language has been included in this Disclosure Document as a condition to registration. We do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. We intend to fully enforce all of the provisions of the Franchise Agreement, and all other documents signed by us, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

3. With respect to franchises governed by the Minnesota Franchise Law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

4. With respect to franchises governed by the Minnesota Franchise Law, we will protect the franchisee's right to use the Licensed Marks and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the licensed use of the name "Big O." Such protection and indemnity are contingent on you using the Licensed Marks in accordance with the Franchise Agreement.

5. We will not require you to assent to a general release that would relieve us from liability imposed by the Minnesota Franchise Law to the extent such a release is prohibited by Minn. Rule 2860.4400D.

6. Minn. Stat. §80C.17, subd. 5 provides that any claims and actions based on a violation of Chapter 80C of the Minnesota statutes or any rule or order thereunder shall be commenced within three years from the occurrence of the facts giving rise to such claim or action.

7. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

MINNESOTA RIDER TO THE
BIG O TIRES LLC
FRANCHISE AGREEMENT
BETWEEN
BIG O TIRES, LLC
AND
_____
DATED: _____

1. Sections 5.02(d), 7.01(c) and 18.04(b)(ii) are amended by adding the following parenthetical clause after the words "general release" in such sections:

> (which release shall not apply to claims under the Minnesota Franchise Law to the extent prohibited by Minn. Rule 2860.4400D)

2. Section 29.06 is amended by adding the following:

> Notwithstanding the foregoing, Minn. Stat. Sec 80C.21 and Minn. Rule 2860.4400J prohibit Big O from requiring litigation to be conducted outside Minnesota or requiring waiver of a jury trial. In addition, nothing in this Agreement shall abrogate or reduce any of Franchisee's rights under Minnesota Statutes, Chapter 80C, or Franchisee's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

The above language has been added to the Franchise Agreement as a condition to registration. Big O and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. Big O and Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, and all other documents signed by Big O and Franchisee, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

3. Section 19.02 is amended by adding the following:

> With respect to Franchises governed by the Minnesota Franchise Law, Big O will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

4. Section 9.03 is amended by adding the following:

> With respect to Franchisees governed by the Minnesota Franchise Law, Big O will protect Franchisee's right to use the Licensed Marks and/or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the licensed use of the name "Big O", provided that such protection and indemnity are contingent on Franchisee using the Licensed Marks in accordance with this Agreement.

5. Section 27.01 and 29.05 are amended by adding the following:

Pursuant to Minnesota Rule 2860.4400(J), a franchisee cannot consent to a franchisor obtaining injunctive relief. A franchisor may seek injunctive relief. Also, a court will determine if a bond is required.

BIG O TIRES, LLC

_____
FRANCHISEE (Print Name)

By:_____ By:_____

Title:_____ Title:_____

NORTH DAKOTA STATE DISCLOSURE ADDENDUM

The following information applies to prospective Franchisees to whom the North Dakota Franchise Investment Law, N.D.C.C. 51-19 ("North Dakota Franchise Investment Law"), applies:

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAWS OF THE STATE OF COLORADO AND REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION, OR IN CERTAIN CASES, LITIGATION, ONLY IN COLORADO. THESE PROVISIONS MAY NOT BE ENFORCEABLE IN THE STATE OF NORTH DAKOTA.

The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees.

1. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

NORTH DAKOTA RIDER TO THE
BIG O TIRES, LLC
FRANCHISE AGREEMENT
BETWEEN
BIG O TIRES, LLC
AND
_____
DATED:_____

1. Section 5.02(d) is deleted in is entirety.

2. Sections 17.01 and 17.04 are hereby amended by adding the following to the beginning of the first sentence in each of Sections 17.01 and 17.04:

   Subject to Section 9-08-06, N.D.C.C.,

3. Section 27.02 is hereby deleted in its entirety and replaced with the following:

   The prevailing party in any action to enforce any provision of this Agreement is entitled to recover all costs and expenses of enforcement, including court costs and reasonable attorneys' fees.

4. Section 29.06 is deleted and the following Section 29.06 is added:

   29.06. Governing Law. The United States Federal Arbitration Act shall govern all questions about the enforceability and scope of **Sections 29.02** and **29.03**, and no arbitration issues are to be resolved pursuant to any other statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other United States federal law, this Agreement shall be interpreted under the laws of the State of Colorado U.S.A. and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws, and not the laws of conflict, of the State of Colorado U.S.A., which laws shall prevail in the event of any conflict of law. The parties agree that the Colorado Consumer Protection Act (Colo. Rev. Stat. Ann. Sections 6-1-101, et seq.) shall not apply to this Agreement or any disputes between the parties. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. Notwithstanding the foregoing, any claims arising under the North Dakota Franchise Investment Law shall be governed by and interpreted in accordance with the laws of North Dakota.

5. Section 29.07(a) is deleted and the following Section 29.07(a) is added:

   (a) No Incidental Damages. Except as specifically permitted elsewhere in this Agreement, neither Big O or any of the Big O Affiliates, on the one side, nor Franchisee or any of the Franchisee Affiliates, on the other side, shall be liable to the other for incidental, consequential, or special damages in any action between the parties, whether of the type subject to mandatory arbitration under **Section 29.02** or otherwise, and whether such action is brought in arbitration, litigation, or any other legal proceeding.

BIG O TIRES, LLC

By:_____

Title:_____

_____

FRANCHISEE (Print Name)

By:_____

Title:_____

WASHINGTON STATE DISCLOSURE ADDENDUM

The following information applies to prospective Franchisees to whom the Washington Franchise Investment Protection Act (the "Act"), RCW 19.100.180 applies:

The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

Arbitration shall take place at a site to be determined, at the time of arbitration, by the arbitrator appointed by the Denver, Colorado office of the Judicial Arbiter Group or the American Arbitration Association, as applicable, but only if there is a valid and legal restriction under the Act to prohibit you and us from agreeing on the site for arbitration in Denver, Colorado. However, we and you do not agree that this is a valid and legal restriction under the Act, and, unless this restriction is found to be valid and legal, the parties agree that arbitration shall take place in Denver, Colorado in accordance with the Franchise Agreement. We and you believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. We and you intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by you and us, including but not limited to, all venue, choice-of-law, arbitration provisions, and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

If any of the provisions in the franchise disclosure document or Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Act, the provisions of the Act will prevail over the inconsistent provisions of the franchise disclosure document and Franchise Agreement with regard to any franchise sold in Washington.

A release or waiver of rights executed by a franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

WASHINGTON RIDER TO THE
BIG O TIRES, LLC
FRANCHISE AGREEMENT
BETWEEN
BIG O TIRES, LLC
AND
_____
DATED:_____

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in Franchisee's relationship with Big O including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in Franchisee's relationship with Big O including the areas of termination and renewal of Franchisee's Franchise.

2. Arbitration shall take place at a site to be determined, at the time of arbitration, by the arbitrator appointed by the Denver, Colorado office of the Judicial Arbiter Group or the American Arbitration Association, as applicable, but only if there is a valid and legal restriction under the Washington Franchise Investment Protection Act (the "Act") to prohibit Franchisee and Big O from agreeing to a site of arbitration in Denver, Colorado. However, Franchisee and Big O do not agree that this is a valid and legal restriction under the Act, and, unless this restriction is found to be valid and legal, the parties agree that arbitration shall take place in Denver, Colorado in accordance with the Franchise Agreement. Franchisee and Big O believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. Franchisee and Big O intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by Franchisee and Big O, including but not limited to, all venue, choice-of-law, arbitration provisions, and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

3. If any of the provisions in the Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Agreement with regard to any Franchise sold in Washington.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the Big O's reasonable estimated or actual costs in effecting a transfer.

BIG O TIRES, LLC

_____
FRANCHISEE (Print Name)

By:_____ By:_____

Title:_____ Title:_____

EXHIBIT W

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, AND SOCIAL MEDIA ACCOUNTS

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, AND SOCIAL MEDIA ACCOUNTS

THIS COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, AND SOCIAL MEDIA ACCOUNTS (the "**Assignment**") is entered into on the day and date set forth on the signature page hereof, by and between Big O Tires, LLC, a Nevada limited liability company ("**Big O**") and the undersigned franchisee ("**Franchisee**").

FOR VALUE RECEIVED, Franchisee assigns to Big O (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Telephone Numbers and Listings**"), (2) those certain Internet Website Addresses ("**URLs**") associated with Big O's trade and service marks or used from time to time in connection with the operation of Franchise Business, and (3) any social media website or accounts associated with Big O's trade and service marks or used from time to time in connection with the operation of Franchise Business ("**Social Media Accounts**"). This Assignment is for collateral purposes only and, except as specified herein, Big O shall have no liability or obligation of any kind whatsoever arising from or in connection with the Telephone Numbers and Listings, URLs, Social Media Accounts, or this Assignment, until such time as Big O shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "**Telephone Company**"), Franchisee's internet service provider ("**ISP**"), and/or any social media website operators ("**SM Operators**"), to effectuate the assignment pursuant to the terms hereof.

Upon a breach of the Franchise Agreement for the location identified below (the "**Agreement"**), or of an uncured default under any other obligation of Franchisee owed to Big O (a "**Franchisee Obligation**"), Big O shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings, the URLs, and the Social Media Accounts for the purpose of consummating the post default options that are described in the Agreement, and, in such event, each Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings, the URLs, and the Social Media Accounts, but shall remain liable to the applicable Telephone Company, ISP, and/or SM Operator for all past due amounts owing to such third party related to the Telephone Numbers and Listings, the URLs, and/or Social Media Accounts on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that upon an uncured default of the Agreement, a Franchisee Obligation, Big O shall have the sole right to and interest in the Telephone Numbers and Listings, the URLs, and the Social Media Accounts of that Franchisee for the purpose of consummating the post default options that are described in the Agreement, and Franchisee appoints Big O as Franchisee's true and lawful attorney-in-fact to direct the applicable Telephone Company, ISP, and/or SM Operators for such Telephone Numbers and Listings, the URLs, and the Social Media Accounts to assign them to Big O, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the applicable Telephone Company, ISP, and/or SM Operator for each

of the Telephone Numbers and Listings, the URLs, and the Social Media Accounts to assign them to Big O. If Franchisee fails to promptly direct the applicable Telephone Company, ISP, and/or SM Operator to so assign the Telephone Numbers and Listings, the URLs, and the Social Media Accounts to Big O, Big O shall direct the Telephone Company, ISP, and/or SM Operator to effectuate the assignment contemplated hereunder to Big O. The parties agree that the Telephone Company, ISP, and SM Operator may accept Big O's written direction, or this Assignment as conclusive proof of Big O's exclusive rights in and to the Telephone Numbers and Listings, the URLs, and the Social Media Accounts upon a breach of the Agreement or an uncured default under any other obligations of Franchisee or any of the Related Franchisees owed to Big O, and that such assignment shall be made automatically and effective immediately upon the third party's receipt of such notice from Big O or Franchisee. The parties further agree that if the third party requires that the parties execute the third party's assignment forms or other documentation at the time of default of the Agreement, Big O's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon an uncured default of the Agreement and/or a Franchisee Obligation.

IN WITNESS WHEREOF, the parties have entered into this Assignment on the ___ day of _____, 20____.

BIG O:

Big O Tires, LLC

By:_____

Print Name:_____

Title: _____

FRANCHISEE:

By:_____

Print Name:_____

Title: _____

Business Location(s): _____

_____

EXHIBIT X

AGREEMENT AND CONSENT TO ASSIGNMENT OF BIG O TIRES STORE

AGREEMENT AND
CONSENT TO ASSIGNMENT
OF
BIG O TIRES STORE

THIS AGREEMENT is made effective as of the date and year set forth below, by and between BIG O TIRES, LLC, a Nevada limited liability company ("BIG O"), and "ASSIGNOR" and "ASSIGNEE," as hereinafter defined.

RECITALS

The parties desire to set forth the terms and conditions under which BIG O will consent to assignment of the franchised Big O Tires Store at_____ ("Big O Tires Store"):

ASSIGNOR: [Type Franchisee Name of Seller]
[Type Guarantor's Name as listed on Schedule 3], as Guarantor
[Type Street Address of Guarantor]
[Type City, State & Zip of Guarantor]

[Type Guarantor's Name as listed on Schedule 3], as Guarantor
[Type Street Address of Guarantor]
[Type City, State & Zip of Guarantor]

collectively and individually, the "ASSIGNOR"

ASSIGNEE: [Type Franchisee Name of Buyer]
[Type Guarantor's Name as listed on Schedule 3], as Guarantor
[Type Street Address of Guarantor]
[Type City, State & Zip of Guarantor]

[Type Guarantor's Name as listed on Schedule 3], as Guarantor
[Type Street Address of Guarantor]
[Type City, State & Zip of Guarantor]

collectively and individually, the "ASSIGNEE"

Effective Date of Assignment/Closing Date: [Type Effective Date of Transfer]

Transfer Fee: $1,500.00 per store

AGREEMENT

The parties agree as follows:

1. Transfer. ASSIGNEE desires to acquire the Big O Tires Store, including, without limitation, the business, the right to possess the premises where the business is located and certain assets, equipment, contract rights, inventory and goodwill related to or used in connection with the Big O Tires Store and the right and license to operate the store in accordance with BIG O's system and trademarks. ASSIGNOR desires to sell to ASSIGNEE the Big O Tires Store in accordance with the terms and conditions of an Asset Purchase Agreement dated [Type Date of Sales Contract] (the "Primary Agreement"). The terms and conditions of this Agreement and Consent to Assignment are in addition to or in explanation of the existing terms and agreements of the Primary Agreement, a copy of which is attached hereto and made a part hereof as Exhibit A, and shall prevail over and supersede any inconsistent terms thereof.

2. Release of BIG O by ASSIGNOR. [Type Franchisee Name of Seller], a [Type State of Organization and Type of Entity, [Type Name of all Guarantors who signed Schedule 3s], as Guarantors, jointly and individually, for themselves, their heirs, successors and assigns, past or present shareholders, predecessors, parents, subsidiaries or related corporations or entities, shall as of the Closing Date release and forever discharge BIG O, and any and all of its past or present directors, shareholders, predecessors, successors, parents, subsidiaries, agents, officers, employees, representatives, related corporations or entities and any and all persons acting by, through, under or in concert with them, or any of them, of and from any and all claims, damages, costs, expenses, liabilities, actions, rights and causes of action of whatsoever kind and nature (collectively "Claims") by reason of any matter or cause whatsoever arising out of or in any way connected to the Franchise Agreements or the franchise relationships created thereby with regard to the Big O Tires Store and/or the operation thereof, whether such Claims exist now or hereafter arise.

3. Release of BIG O by ASSIGNEE. [Type Franchisee Name of Buyer], a [Type State of Organization and Type of Entity, [Type Name of all Guarantors who signed Schedule 3s] ,as Guarantors, jointly and individually, for themselves, their heirs, successors and assigns, shareholders, predecessors, parents, subsidiaries or related corporations or entities, shall as of the Closing Date release and forever discharge BIG O, and any and all of its past or present directors, shareholders, predecessors, successors, parents, subsidiaries, agents, officers, employees, representatives, related corporations or entities and any and all persons acting by, through, under or in concert with them, or any of them, of and from any and all claims, damages, costs, expenses, liabilities, actions, rights and causes of action of whatsoever kind and nature (collectively "Claims") by reason of any matter or cause whatsoever arising out of or in any way connected to the operation of the Big O Tires Store, the actions and transactions contemplated in the Primary Agreement and this Agreement, any other representation and agreements between them and the ASSIGNOR and as to the related asset transfers, whether such Claims exist now or hereafter arise.

4. Indemnification. ASSIGNOR and ASSIGNEE, jointly and severally, for themselves, their heirs, successors and assigns agree to indemnify and hold BIG O, its past or present directors, shareholders, predecessors, successors, parents, subsidiaries, agents, officers, employees, representatives, related corporations or entities and any and all persons acting by, through, under or in concert with them, or any of them, harmless from any and all third party claims, liabilities, demands or actions of any kind or nature arising out of or otherwise connected with their ownership and operation of the Big O Tires Store, the actions and transactions contemplated in the Primary Agreement and this Agreement, any other representations and

agreements between them and as to the related asset transfers. Nothing contained herein shall be construed as indemnifying and holding BIG O harmless against its own negligent or willful acts.

5. Contingent Consent. Provided that all parties thereto comply with and/or agree to the terms and conditions of transfer, as set forth in the Primary Agreement and this Agreement, BIG O hereby consents to the assignment to ASSIGNEE of the Big O Tires Store, including without limitation, the right to operate under BIG O's system and trademarks pursuant to the BIG O Franchise Agreement ("Franchise Agreement");

6. Franchise Agreement. ASSIGNEE, by execution of this Agreement, expressly agrees to execute a new Franchise Agreement with BIG O, and ASSIGNEE represents that they have received a copy of BIG O's Franchise Disclosure Document, together with Exhibits, at least seven (7) business days prior to the execution of this Agreement, and acknowledge that, as of the Closing Date, the Franchise Agreement between ASSIGNOR and BIG O shall terminate and be of no further force or effect.

7. Conditions Precedent. BIG O will consent to the contemplated actions and transactions, subject to fulfillment by ASSIGNOR and/or ASSIGNEE of the following conditions precedent:

a. BIG O shall receive all amounts due and owing to BIG O by reason of the BIG O Store and under the Franchise Agreement and any other agreement which ASSIGNOR or the GUARANTORS may have with BIG O relating to such Store, including payments and obligations as are set forth in Exhibit B, attached hereto and by this reference incorporated herein. If said amount escrowed is insufficient to cover the payments due and owing and Assignor shall fail to pay the shortfall, BIG O hereby expressly withdraws its agreement and consent to this assignment. Notwithstanding the foregoing or any amounts listed on Exhibit B, BIG O reserves the right to collect from ASSIGNOR and/or GUARANTORS any amounts due and owing by ASSIGNOR to BIG O upon BIG O’s final reconciliation of ASSIGNOR’s accounts with BIG O relating to the Big O Tires Store, which may occur after the Effective Date. ASSIGNOR and GUARANTORS hereby acknowledge and agree that it shall pay to BIG O upon demand any such amounts due and owing. ASSIGNOR, ASSIGNEE and GUARANTORS hereby acknowledge and agree that in the event ASSIGNOR and/or GUARANTORS fail to pay upon demand any amounts due and owing BIG O, BIG O hereby expressly withdraws its agreement and consent to this assignment.

b. ASSIGNEE shall complete and submit to BIG O any and all additional applications or other forms customarily utilized by BIG O in qualifying and approving BIG O franchisees, including, without limitation, payment of the transfer fees, sworn financial statements, Certificates of Insurance, Acknowledgements of Receipt of BIG O's Franchise Disclosure Document, an Application for BIG O Franchise and any and all other documents as are listed on Exhibit C. BIG O shall notify ASSIGNEE on or before the Closing Date whether ASSIGNEE are conditionally approved as a franchisee, subject to completing the required training so as to proceed with closing of the proposed transfer.

c. ASSIGNEE shall, in addition to the execution of the Franchise Agreement as required in Paragraph 6 above, enter into security agreements and other financing documents as may be required by BIG O, and any and all agreements as are listed in Exhibit D, attached hereto and incorporated herein by this reference.

d. ASSIGNEE shall also prepare, file and publish a Fictitious Business Name Statement for ASSIGNEE using the business name(s) _____ (see Section 9.04 of Franchise Agreement).

8. Termination of ASSIGNOR'S Franchise Agreement. Upon completion and consummation of all actions and transactions required and contemplated under the Primary Agreement and this Agreement and fulfillment of all other obligations ASSIGNOR has to BIG O under ASSIGNOR'S Franchise Agreement with BIG O and/or accounts and notes payable or other obligations of ASSIGNOR to BIG O with regard to the Big O Tires Store, BIG O shall terminate ASSIGNOR'S Franchise Agreement relating to the Big O Tires Store.

9. Waiver of Option. BIG O acknowledges receipt of information regarding the proposed transfers of the Big O Tires Store and hereby waives its right of first refusal and option to purchase the Big O Tires Store granted pursuant to the applicable provisions regarding transfer contained in the Franchise Agreements with ASSIGNOR.

10. Additional Documents. ASSIGNEE and ASSIGNOR agree to execute such additional documents and accomplish such additional actions as may be necessary to effect the transfer of all assets contemplated by the Primary Agreement.

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute but one and the same instrument. This Agreement will become effective when duly executed by each party hereto. The parties hereto shall be entitled to rely on delivery by facsimile machine of an executed copy of the Agreement and such facsimile copy shall be effective to create a valid and binding agreement among the parties hereto in accordance with the terms hereof.

12. Dispute Resolution. This dispute resolution provisions in the Franchise Agreement are incorporated in and made part of this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement and Consent, to be effective [Type Effective Date of Transfer].

BIG O:

BIG O TIRES, LLC,
a Nevada limited liability company

BY: _____
,

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

[CONTINUED SIGNATURES FOR AGREEMENT AND CONSENT TO ASSIGNMENT OF BIG O TIRES STORE]

ASSIGNOR:

[Type Franchisee Name of Seller],
a [Type State of Organization and Type of Entity

BY: _____

TITLE: _____

_____
[Type Name of Guarantor], as Guarantor

_____
[Type Name of Guarantor], as Guarantor

ASSIGNEE:

[Type Franchisee Name of Buyer],
a [Type State of Organization and Type of Entity

BY: _____

TITLE: _____

_____
[Type Name of Guarantor], as Guarantor

_____
[Type Name of Guarantor], as Guarantor

EXHIBIT A

PRIMARY AGREEMENT

EXHIBIT B

AMOUNT TO BE DETERMINED AND PAID AT CLOSING

EXHIBIT C

EXHIBIT D

1. Executed originals of BIG O Franchise Agreement (upon completion of the requirements of this Agreement and the Primary Agreement, BIG O will sign and return to the ASSIGNEE a duplicate original of the BIG O Franchise Agreement).

2. Executed original of Security Agreement - Inventory, Accounts Receivable, Equipment, Furniture, Fixtures and General Intangibles (2).

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Big O offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

Michigan and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Big O does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Big O Tires, LLC, located at 4280 Professional Center Drive, Suite 400, Palm Beach Gardens, Florida 33410. Its telephone number is (561) 383-3000.

The franchise seller offering this franchise is:

Name: _____; Principal Business Address: _____,
_____ ; Telephone Number: _____

(See attached for additional sellers, if any)

The issuance date of this disclosure document is June 27, 2014.

Big O authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated June 27, 2014 that included the following Exhibits:

A	List of State Administrators and Agents for Service of Process
B-1	BF Franchise Agreement and Schedules
B-2	Multi-Unit BFF/PDF Operations Amendment
C	Standard Release Form
D	Small Business Administration Addendum to Franchise Agreement
E	Franchise Deposit Receipt Agreement
F	Sublease
G	Promissory Notes
H	Security Agreement
I	Facility Participation Agreement
J	Technology Agreement, End User Software License Agreement and First Amendment to (Prior Version of) Technology Agreement
K-1	List of Franchisees
K-2	Franchisees Who Have Left the System
L	Trademark Specific Franchisee Organizations
M	Tables of Contents for Manual (Franchise Policies & Standards Manual)
N	Financial Statements
O	Closing Acknowledgment
P	Lease Agreement
Q	Market Reservation Agreement
R	Manager Incentive Contract
S	Citibank Dealer Agreement
T	Citibank Card Deposit and Indemnity Agreement
U	Certification Program Agreement
V	State Disclosure Addenda and Agreement Riders
W	Collateral Assignment of Telephone Numbers, Telephone Listings, Internet Addresses, and Social Media Accounts
X	Agreement and Consent to Assignment of Big O Tires Store

Date: _____ Your Name (please print): _____

Your Signature: _____

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If Big O offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

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V	State Disclosure Addenda and Agreement Riders
W	Collateral Assignment of Telephone Numbers, Telephone Listings, Internet Addresses, and Social Media Accounts
X	Agreement and Consent to Assignment of Big O Tires Store

Date: _____Your Name (please print):_____

Your Signature: _____

Upon your receipt of this disclosure document, please sign, date and mail this receipt to Big O Tires, LLC, at 4280 Professional Center Drive, Palm Beach Gardens, Florida 33410.