BFF FRANCHISE DISCLOSURE DOCUMENT

FOR USE IN MARYLAND ONLY

BIG O TIRES, LLC
(a Nevada limited liability company)
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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 $375,500 to $1,572,500. This includes between $265,000 and $1,308,500 that must be paid to the franchisor or its affiliates. If you sign an Area Development Agreement for multi-unit development, then you must pay the franchisor or its affiliate the initial franchise fee for your first Big O Tires store that you agree to develop in advance, which initial franchise fee will typically range from $10,000 to $17,500 per additional store, depending on applicable incentives, but there is no other additional initial investment.

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 4300 TBC Way, 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 29, 2023, as amended February 8, 2024

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits K-1 and K-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit N includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Big O business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Big O franchisee?	Item 20 or Exhibits K-1 and K-2 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Colorado. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Colorado than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Inventory Control.** You must carry an inventory of 700 tire units, even if you do not need that much. Your inability to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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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 4300 TBC Way, 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. 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 is now a wholly-owned subsidiary of TBC Shared Services, Inc. ("TBC Shared Services"), a Delaware corporation. TBC Shared Services 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, and sells products and supplies services to Big O franchisees. TBC is in turn wholly owned by TBC Holdings, LLC, a Delaware limited liability company ("TBC Holdings"). TBC Holdings was formed on March 9, 2018, and acquired ownership of TBC on April 5, 2018. The principal business address of TBC Shared Services, TBC, and TBC Holdings is 4300 TBC Way, Palm Beach Gardens, Florida 33410. Each of TBC Shared Services, TBC, and TBC Holdings may be deemed parents of ours.

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 4260 Design Center Drive, Palm Beach Gardens, Florida 33410. Carroll's, LLC sometimes does business under the name National Tire Wholesale. Franchisees may also periodically purchase tires from TBC Brands, LLC, a Delaware limited liability company ("TBC Brands"), which also is a wholly-owned subsidiary of TBC. The principal business address of TBC Brands is 4300 TBC Way, Palm Beach Gardens, Florida 33410.

TBC Shared Services also owns TBC Retail Holdings, LLC, a Delaware limited liability company ("TBC Retail Holdings"), which has several subsidiaries, including Midas International, LLC ("Midas") and Midas Canada Inc. ("Midas Canada"). TBC Retail Holdings also operates a small number of Big O retail outlets for the sale of tires and related automotive products and services (See Item 12 for more details) under the Big O Tires name. It is responsible for the management of Big O. The principal business address of TBC Retail Holdings, Midas, and Midas Canada is 4300 TBC Way, Palm Beach Gardens, Florida 33410.

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 marks "BIG O" and "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 franchisees for these franchises are referred to, respectively, as "Business Format Franchisees" or "Product Distribution Franchisees"). The information in the disclosure document applies to Business Format Franchises only. Production Distribution Franchises are offered under a separate disclosure document and under different terms.

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. 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. As of March 31, 2023, we have 434 Stores (not including company owned stores) that operate as Business Format Franchises.

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. We may grant you multi-unit rights under the terms of an Area Development Agreement (Exhibit W) for a designated territory of multiple Big O Stores.

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 incentive programs for eligible persons to acquire franchises. 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.

Area Developer Rights. We may grant multi-unit rights under the terms of an Area Development Agreement (Exhibit W) for territories with sufficient population and demographics to support multiple Big O Stores. Franchisees to whom we grant multi-unit rights will develop an agreed upon number of Big O Stores in a designated geographic area (the "Designated Territory") according to a mandatory development schedule (the "Development Schedule"). The area developer does not have the right to grant or sell unit franchises to third parties, although it may enter into a Franchise Agreement through a Controlled Affiliate, as defined below. Franchisees who sign an Area Development Agreement typically must commit to establish two or more Big O Stores at a rate of one every 12 months. These multi-unit franchisees must have substantial prior business experience and substantial financial resources. If we offer and you sign an Area Development Agreement, you or your Controlled Affiliate will sign a separate franchise agreement in our then current form for each Big O Store you develop under that Area Development Agreement at the time you proceed with opening each Big O Store. That franchise agreement may be materially different from the form of Franchise Agreement attached to this disclosure document. "Controlled Affiliate(s)" means a corporation, limited liability company or other business entity of which you or one or more of your majority owners owns at least 51% of the total authorized ownership interests, but only if you or the owner(s) have the right to control the entity's management and policies. All references to "you" in this disclosure document in the context of multi-unit rights shall be interpreted to include you and any of your Controlled Affiliates that sign franchise agreements for Big O Stores covered by an Area Development Agreement.

Franchise Referral Program. We encourage referrals from our existing franchisees of a prospective franchisee to us. Our referral program offers a $10,000 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.

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. 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 and Midas Canada offer franchises in the automotive service, repair, and products business. As of March 31, 2023, there were 963 franchised Midas retail outlets in the United States and 974 franchised Midas retail outlets internationally (including Canada). 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, 2023, there were 140 franchised Midas retail outlets operating in Canada. In addition, Midas offers co-branding franchises under a license from SpeeDee Worldwide Corporation, a former affiliate of ours that offers car care services ("SpeeDee"), to use the SpeeDee brand with the Midas brand at a single location. As of March 31, 2023, there were 58 co-branding Midas/SpeeDee retail outlets franchised by Midas, all in the United States. Co-branding Midas/SpeeDee franchises are only offered to existing co-branding franchisees or their transferees.

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

Chief Executive Officer: Sam Kato

Mr. Kato was appointed Chief Executive Officer of Midas, Midas Canada and Big O, and President and Chief Executive Officer of TBC, effective May 2023. He was appointed Chief Administrative Officer of TBC in May 2021. From April 2018 to May 2021, Mr. Kato was employed by the Sumitomo Corporation as the Executive Officer and General Manager of the Automobility Division in charge of Sumitomo's global mobility businesses. He is located in Palm Beach Gardens, Florida.

Senior Vice President and General Manager: Gary Skidmore

Mr. Skidmore was appointed to these positions effective June 2023. From October 2020 to June 2023, Mr. Skidmore was our Divisional Vice President (East). From July 2020 to October 2020, Mr. Skidmore was a Divisional Sales Operations Manager with us. From February 2015 to July 2020, Mr. Skidmore was one of our Franchise Business Consultants. He is located in Palm Beach Gardens, Florida.

Chief Strategy, Marketing and Procurement Officer: Don Byrd

Don Byrd was appointed to these positions with Big O and Midas effective July 2023. From December 2021 to June 2023, Mr. Byrd was the Chief Marketing & Procurement Officer for TBC Retail Group, Inc. and its successor TBC Retail Holdings, Midas and Big O. From January 2021 to December 2021. Mr. Byrd was the President of TBC Purchasing Co, LLC. From April 2018 to January 2021, Mr. Byrd was the President and Chief Operating Officer of NTW, LLC. He is located in Palm Beach Gardens, Florida.

Divisional Vice President (West): Timothy S. Washburn

Mr. Washburn was appointed to this position effective October 1, 2020. From July 1, 2020 to October 1, 2020 Mr. Washburn was a Divisional Sales Operations Manager with us. From August, 2016 to July 1, 2020, Mr. Washburn was one of our Franchise Business Consultants. From August 1, 2003 to August 2016, Mr. Washburn was a Midas franchisee, who owned and operated 4 Midas locations. He is located in Vacaville, California.

Vice President, Franchise Development: Kevin Northrup

Mr. Northrup was appointed to this position with both Big O and Midas effective September 2022. Previously, from August 2005 to June 2022, Mr. Northrup worked for RE/MAX, LLC, as Vice President, Region Development. Mr. Northrup is located in Denver, Colorado.

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 Litigation.

None.

Prior Actions.

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 Big O's former tire protection program ("Former TPP") is actually an insurance contract under California law which required Big O to register as an insurer, comply with various formatting requirements and disclosures, and notify consumers that the policy was cancellable within 60

days. Other claims relating to the collection of sales tax were dismissed by the Court on February 6, 2015. On February 11, 2015, the Court certified a class consisting of "all persons who, at any time after January 2, 2009, purchased a Former TPP from Big O in the State of California who did not make a claim under the Former TPP that was honored by Big O." In light of Plaintiff filing a motion to file a Third Amended Complaint on March 10, 2016 so as to add a named plaintiff and assert a claim of misrepresentation, the Court decertified the existing class as a condition to such amendment. After a tentative ruling denying class certification, the Court reconsidered and certified the class. The parties reached a settlement under which Big O agreed to pay $2.05 million in total, which the Court has approved by order dated August 24, 2018.

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 coordinated 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 involved 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 asserted a nationwide claim for wages under the Fair Labor Standards Act ("FLSA") and the plaintiffs conditionally certified a class of approximately 1,735 individuals who received payroll pay cards and charged fees. The Quintana Action encompassed the entire putative class of the Goegan Action with respect to the state law claims. These claims related only to Big O company-owned Stores. Parties in both the Goegan and Quintana actions settled in 2018, with Big O agreeing to pay a total of $1.84 million, and the final order approving settlement was issued in March 2019.

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 Americas, 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. Plaintiffs, both current and former franchisees of ours, filed the initial Complaint in December 2009. Plaintiffs alleged that Big O made false statements and representations and withheld information that the Plaintiffs alleged 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 sought declaratory relief, rescission of contract and an award of general and special monetary damages. All Defendants except Big O were dismissed. Further, the Court and/or Plaintiffs 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 a related proceeding, the case was stayed. But after the Court of Appeals in the related proceeding affirmed the decision on May 24, 2013, the stay was lifted and Plaintiffs Randy Scott, Jerry Riccio, Greg Minshell and G&G 2000, Inc. voluntarily dismissed their complaints with prejudice. The case progressed with respect to Michael Sullivan. Big O filed a motion for summary judgment; the Court granted the motion in part and dismissed all but one of Mr. Sullivan's claims. The parties settled with a nominal payment from Big O. Big O maintained counterclaims against several of the remaining plaintiffs, which resulted in the gross amount of $42,500 from such plaintiffs to Big O. The Court dismissed the case on March 24, 2016.

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 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. According to the bankruptcy schedules there are few assets in the estate and it was unlikely that there would be any source of recovery if Big O obtained a judgment against Sonoma in the District Court action. So as to save litigation expenses, the parties agreed to dismiss their respective claims, and the case was dismissed on March 17, 2015.

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 relevant Stores 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.

Actions Filed Against Franchisees or Former Franchisees in Our Last Fiscal Year to Recover Royalties, Trade Account Debts or Rental Obligations and Honor Post-Termination Obligations:

None.

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 $17,500 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) $7,500 when you sign the Franchise Agreement and before you commence your training.

Except as provided in this paragraph, the initial franchise fee, including the deposit, is fully earned when charged and is non-refundable under any circumstances. First, if we do not approve the franchise application, we will refund the initial $10,000 to you. Second, 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. Finally, if you sign a Franchise Agreement without the Premises (as defined in Article 1 of the Franchise Agreement) for the Store identified in the Franchise Agreement and you are unable to locate and obtain our approval of Premises within 12 months after the effective date of the Franchise Agreement, we may terminate the Franchise Agreement at our option, in which event we will refund the initial franchise fee actually paid to us less $10,000 for the site selection services we provided to you upon receipt from you of a general release in a form approved by us. If you sign a Franchise Agreement in a situation where a franchise broker has been involved in the acquisition or sale of the franchise, the initial franchise fee paid by you when you sign a Franchise Agreement is non-refundable under any circumstances.

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. Upon your execution of the Franchise Agreement, any amount of this payment in excess of your initial franchise fee will be applied to 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 our then current form of Franchise Agreement ("Successor Franchise Agreement") for a successor term of 10 years. We may, in our sole discretion, agree to a shorter Successor Franchise Agreement term if you are unable to extend your lease or sublease for the full Successor Franchise Agreement term. We waive the payment of the initial franchise fee for a Successor Franchise Agreement, but you must pay a successor franchise administration fee. See Item 6 below.

If you pay the initial franchise fee when you sign your Franchise Agreement without having selected a site, and an existing Big O Store is subsequently transferred to you, you will receive a credit against your trade account with us in an amount equal to the amount you paid for the initial franchise fee, less the amount of the transfer fee that would have been applicable to that transfer.

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 of $10,000 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.

Associate Franchise Discount. Full-time employees (also referred to as "associates") of Big O Tires, LLC or affiliated companies (such as TBC Retail Holdings) who have been employees on an uninterrupted basis for at least five years will be eligible for a reduction of the initial franchise fee to $10,000 for a newly developed Big O Store. 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 this associate franchise discount if the associate purchases an existing Big O franchise. Also, to be entitled to this 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 would have been due had the associate not qualified for the reduction (which is now $17,500) and the reduced initial franchise fee the associate did pay.

U.S. Military Veterans & First Responders. We will waive the initial franchise fee for franchisees who are U.S. military veterans and first responders (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 or first responder owns a majority of the equity interest ("U.S. Military Veteran & First Responder Program"). The U.S. Military Veteran & First Responder Program is 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. It is also available to first responders who were employed for a minimum of five years as a law enforcement officer, medical doctor, nurse, emergency medical technician or fire fighter, and who apply for a franchise after ending their service as a first responder. This reduction applies only to the first Big O franchise established by the veteran, first responder, or the veteran's or first responder's company. You may receive up to $100,000 in financing to acquire initial tire inventory from RDCs only. You may also receive up to $100,000 in financing to purchase initial equipment for the Store from TBC. We will match 50% of each dollar, up to $20,000, the amount you spend on opening advertising in the form of a credit against your trade account for products purchased from us. For example, if you spend $20,000 on opening advertising, we will grant you $10,000 in the form of a credit against your trade account balance. You will be required to spend the applicable funds within 12 months after opening for business and in accordance with any other conditions and deadlines determined by us. The financing incentives are described with more detail in Item 10, and are not assignable to others without our consent. The U.S. Military Veteran & First Responder Program incentives are not available for a Store acquired in a transfer. 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 would have been due had you not qualified for the U.S. Military Veteran & First Responder Program (which is currently $17,500), 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 & First Responder Program at any time.

Additional Store Development Program. Subject to the eligibility standards set forth below, if you are an existing franchisee of ours and desire to purchase an additional franchise, sign a Franchise Agreement by June 30, 2024, and open a Store by June 30, 2025, the initial franchise fee will be $10,000, payable 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. 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, we will reduce the standard royalty to 1% during the first 12 months of Store operation and 2% during the 13th to 24th month of Store operation, with the full royalty fee commencing on the 25th month of Store operation and continuing through the remainder of the term. In certain situations as described in Item 10, 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 Stores. In particular, as you and we may negotiate, you may receive up to $100,000 in financing to acquire initial tire inventory from RDCs only. You may also receive up to $100,000 in financing to purchase initial equipment for the Store from TBC. We will match 50% of each dollar, up to $20,000, the amount you spend on opening advertising. You will be required to spend the applicable funds within 12 months after opening for business and in accordance with any other conditions and deadlines determined by us. We will match 50% of each dollar, up to $20,000, the amount you spend on marketing within the 13th through 24th months after opening for business and in accordance with any other conditions and deadlines determined by us. Additionally, we will match 50% of each dollar, up to $20,000, you spend on signage, painting and remodeling the Store in the first 12 months of opening. All matching funds will be provided in the form of a credit against your trade account for products purchased from us.

Alternatively, in lieu of the reduced royalty fee, inventory and equipment financing, and image and marketing match programs, Big O will provide you a loan of $150,000 to purchase or to invest in the Store after the execution of the Franchise Agreement, but no earlier than one week prior to the opening of the Store for business. The loan will be forgiven if the Store has $3,000,000 in Gross Sales during the first two years after the Store opens for business. However, you will need to repay an amount of the loan equal to $.05 for every dollar less than $3,000,000 in Gross Sales achieved, which amount is due and payable during the first quarter of the third year after the Store opens for business.

Multi-Store Conversion Program. If you are an existing franchisee of ours and simultaneously acquire three or more existing and operating automotive businesses from a competitor of Big O which you are converting to Big O Stores, you will be entitled to the standard Additional Store Development Program incentives for each of the three Stores for the royalty discounts, financing, and matching funds, plus we will reduce the Initial Fee to $10,000 for the first Store and $5,000 for each additional Store. Additionally, we will reduce the standard royalty to 3% during the first 25th to 36th month of each Store's operation, with the full royalty fee commencing on the 37th month of each Store's operation and continuing through the remainder of the term. This is referred to as the "Multi-Store Conversion Program."

Alternatively, in lieu of the reduced royalty fee, inventory and equipment financing, and image and marketing match programs, Big O will provide you a loan of $150,000 to purchase or to invest in each Store after the execution of the applicable Franchise Agreement, but no earlier than one week prior to the opening of each Store for business. Each loan will be forgiven if each Store has $3,000,000 in Gross Sales during the first two years after the Store opens for business. However, you will need to repay an amount of the loan equal to $.05 for every dollar less than $3,000,000 in Gross Sales achieved, which amount is due and payable during the first quarter of the third year after each Store opens for business.

Additional Store Development Program and Multi-Store Conversion Program Terms. The incentives and special royalty arrangements for the Additional Store Development Program and Multi-Store Conversion Program are described with more detail in Items 6 and 10, and are not assignable to others without our consent. If you qualify for either of these incentives, you and we will execute the incentive rider attached to the Franchise Agreement as Schedule 8.

To be eligible for any reduced initial franchise fee as a participant in the Additional Store Development Program or the Multi-Store Conversion Program, 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 $17,500) 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.

Key Person New Store Incentive. An existing Big O franchisee shall be entitled to the following incentives if that existing franchisee opens a new store or converts a Big O competitor's store that has an existing book of business and the existing Big O franchisee makes one of its managers from its existing Big O Store ("Key Person") a 1/3rd or greater owner of the franchisee entity that will own the new or converted Store. The Key Person must have been employed by the existing franchisee for a minimum of three years in a managerial capacity, be approved by Big O as a new franchisee owner, and personally have $50,000 in operating capital invested in the new franchisee entity. We will reduce the initial franchise fee to $5,000, payable when the new franchisee entity signs the Franchise Agreement. We will reduce the standard royalty to 1% during the first 12 months of Store operation, 2% during the 13th to 24th month of Store operation, and 3% during the 25th to 36th month of Store operation, with the full royalty fee commencing on the 37th month of Store operation and continuing through the remainder of the term. You may receive up to $100,000 in financing to acquire initial tire inventory from RDCs only. You may also receive up to $100,000 in financing to purchase initial equipment for the Store from TBC. We will match 50% of each dollar, up to $20,000, the amount you spend on opening advertising. We will match 50% of each dollar, up to $20,000, you spend on signage, painting and remodeling the Store. You will be required to spend the applicable funds within 12 months after opening for business and in accordance with any other conditions and deadlines determined by us. All matching funds will be provided in the form of a credit against your trade account for products purchased from us. This "Key Person New Store Incentive Program" and special royalty arrangements are described with more detail in Items 6 and 10, and are not assignable to others without our consent. If you qualify for this incentive, you and we will execute the incentive rider attached to the Franchise Agreement as Schedule 8.

Midas Franchisee. If you are currently a franchisee of Midas in good standing under your franchise agreement with Midas and desire to acquire a Big O Store franchise, you will be eligible for Additional Store Development Program incentives as described above. If you do not continue to meet this ownership requirement for at least two years after acquiring the franchise, you must pay the difference between the initial franchise fee you actually paid and the full initial franchise fee which would have been due had you not qualified for the Midas franchisee incentive (which is currently $17,500), 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 Midas franchisee incentive at any time.

New Franchisee Program. If you are a new franchisee who signs a Franchise Agreement by June 30, 2024, and opens a Store by June 30, 2025, you will pay the standard initial franchise fee of $17,500. We will reduce the standard royalty to 1% during the first 12 months of Store operation and 2% during the 13th to 24th month of Store operation, with the full royalty fee commencing on the 25th month of Store operation and continuing through the remainder of the term. We will provide the following financing assistance to acquire, open, and operate a Big O Store. You may receive up to $100,000 in financing to acquire initial tire inventory from RDCs only. You may also receive up to $100,000 in financing to purchase initial equipment for the Store from TBC. We will match 50% of each dollar, up to $20,000, the amount you spend on opening advertising in the form of a credit against your trade account for products purchased from us. You will be required to spend the applicable funds within 12 months after opening for

business and in accordance with any other conditions and deadlines determined by us. We will further pay for one hotel room and one economy air fare to the first Big O convention that takes place after you become a franchisee. These incentives and special royalty arrangements are described with more detail in Items 6 and 10, and are not assignable to others without our consent. If you qualify for this "New Franchisee Program" incentive, you and we will execute the New Franchisee Incentive Rider attached to the Franchise Agreement as Schedule 7.

New Franchisee Conversion Incentive. If you are a new franchisee and are operating a retail store selling and servicing tires and related automotive products when you sign your Franchise Agreement that you will be converting to a Big O Store, you will be entitled to the New Franchisee Conversion Incentive. You will pay the standard $17,500 initial franchise fee. We will match 50% of each dollar, up to $20,000, the amount you spend on opening advertising in the form of a credit against your trade account for products purchased from us. You will be required to spend the applicable funds within 12 months after opening for business as a Big O Store and in accordance with any other conditions and deadlines determined by us. We will reduce the standard royalty to 0% during the first 12 months of Store operation and 1% during the 13th to 24th month of Store operation, with the full royalty fee commencing on the 25th month of Store operation and continuing through the remainder of the term. If you qualify for these "New Franchisee Conversion Program" incentives, you and we will execute the New Franchisee Incentive Rider attached to the Franchise Agreement as Schedule 7.

Market Development Incentive. In the event we decide to target a market or region for development or expansion, we may use any combination of incentives to new or current franchisees in order to support the development of any market, in our discretion. Such incentives may include the waiver or reduction of initial fees, the waiver or reduction of royalties, providing matching funds for advertising and remodeling, or any incentive or combination of incentives offered under any other program.

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

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. However, 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.

Area Development Agreement. If you sign an Area Development Agreement, you will pay the initial franchise fee for the first Store to be opened under the Area Development Agreement in advance, but no other initial fee is required under the Area Development Agreement. You will pay the initial franchise fees for the subsequent Stores to be opened at the time you proceed with signing the franchise agreements for those Stores. Those initial franchise fees will vary depending on the fees charged by Big O at that time and are subject to any then-available incentive that you qualify for and elect to utilize (if any). Generally, area developers will be entitled to participate in the Additional Store Development Programs for the second and each subsequent Store opened, the current terms of which are discussed above. We do not provide incentives specific to area developers, but your individual Big O Stores opened under an Area Development Agreement may qualify for another incentive described above in this Item 5. In particular cases, including in situations where we decide to target a market or region for development by an area developer, we may modify these incentives or use any combination of incentives being offered to new or current franchisees for area developers or both, including the waiver or reduction of the initial franchise fee or royalties, and providing matching funds for advertising and remodeling.

Additional Incentive Information. A maximum of one incentive program listed above is generally available for the acquisition of any particular franchise, regardless of whether the qualifications for multiple incentives are met. All financing incentives are subject to our and TBC's credit approval requirements.

Alternate Incentive Programs. Prior to June 29, 2023, we offered different incentives than those listed above. If a prospective franchisee signed a Franchise Deposit Receipt Agreement and paid a deposit by the dates specified in those previous incentive programs as described in the applicable Franchise Disclosure Document disclosed at the time or that we otherwise agree upon, the franchisee may, in our discretion, receive those prior period incentives instead of the incentives set forth above even if the Franchise Agreement is entered after June 29, 2023. Further, we may offer any of the above incentives or any combination of incentives, and modify or waive some or all of the qualification requirements for these incentives, in situations involving the transfer of a Big O Store franchise, the re-opening of a closed Big O Store, or the opening of additional Big O Stores on terms presented to existing franchisees at the annual Big O National Convention in our sole discretion. In transfer situations, we may also offer a credit against a franchisee's trade account for improvements made to the transferred Big O Store's facility and equipment, in our sole discretion.

Equipment and Signage. The equipment, tools, signage, leasehold improvements, and decorations needed to operate a Big O Store that must be purchased from us and our affiliated companies including TBC are estimated to cost from $170,000 up to $970,000 (excluding applicable sales and use tax, if any). You will pay these amounts to us or our affiliates pursuant to an invoice we issue following each order. For purchases of these items from third parties, payment will be made directly to the third party or vendor according to its payment terms. Generally, this expenditure is not refundable and we do not finance it, but we have in certain cases provided funding for equipment as described in Item 10. We may also assist you in locating financing opportunities from third parties for this expenditure.

Inventory. The cost of the initial product inventory that may be purchased from us (consisting of tires and other products) is estimated to be between $75,000 and $187,500 (excluding applicable sales and use tax, if any), unless you are acquiring an existing Big O Store by a transfer and paying the transferor for these items. You will pay these amounts to us pursuant to an invoice we issue following each order. For items purchased from third party vendors, payment will be due according to the vendors' credit terms. Generally, this expenditure is not refundable and we do not finance it, but we have in certain cases provided funding for equipment as described in Item 10.

Rental Payments. Typically, you will enter into a third party lease for the property of the Big O Store premises and negotiate your own terms, or you may acquire the land and construct the building and improvements yourself. Alternatively, when we own the premises or lease it from a third party, we will lease or sublease the Store premises to you. When you lease or sublease the property from us, the first month's rent and taxes must be paid to us when your Big O Store opens. The rent and taxes typically range from $6,000 to $25,000 per month. You must also pay us a security deposit, typically in the amount of one month's rent. These expenditures are non-refundable except that the security deposit may be refunded in certain cases pursuant to your lease or sublease with us. These expenditures are not financed by us except to the extent described in Item 10.

Computer Hardware and Software. You must acquire, install, and use the BOT POS System. The BOT POS System includes in part our required computer, monitor, printers, router, and related items, all configured to our specifications (referred to as the "TBC Hardware Model"). You must pay the software license fee, all fees for installation, conversion, training and onsite support, and monthly subscription fees for the license, maintenance, support, and training to us. We will then pay these fees to

Navex, LLC, a Solera company ("Navex"), which provides the computerized point of sale system, as described further in Item 6. The initial fees are estimated to range from $10,000 to $11,000, and the monthly fees thereafter are $284 per month as of the date of this Disclosure Document (increasing to $294 per month beginning on March 1, 2024) as provided in the Software License Agreement (Exhibit J) ("EULA"). We retain a portion of the monthly subscription fees, with part of the retained amount used for our development fund used for POS application enhancements. You will also be required to purchase computer equipment comprising the TBC Hardware Model which costs approximately $20,500 to $33,500, which includes all amounts payable to us for the software license fees, installation, support, and subscription fees as described above (but not including applicable taxes or ongoing expenses for additional third party services which may be required, such as backup, storage, anti-virus protection, etc.). You may, but are not required, to purchase this computer equipment from us. These amounts paid to us are non-refundable. You will purchase other computer hardware and other software for your Big O Store from third parties.

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, currently between 3.5% 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 0.9% of each month's Gross Sales (raised from the amount of 0.25% while certain marketing programs are in effect) (Note 4)	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 $75.00 per store, per month, but can be changed by vendor.	Billed monthly, due on the last day of the calendar month.	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.
Pro-Tec+ Service Contract Administration Fee (TPP Fee) and Consumer Liability Insurance Policy Fee (CLIP Fee)	$1.20 per tire	As non-Big O brand tires are sold.	These fees apply to franchisees that offer the designated Pro-Tec+ warranty for non-Big O brand tires. Franchisees in certain states that we designate are required to offer this warranty program if they choose to offer a warranty for non-Big O brand tires. In other states, offering this warranty is optional. These fees are paid to a third party supplier administering the program, currently Automotive Business Solutions ("ABS"), although we may change the supplier and we may require that any fees be paid to us. The fees for participation in this program may be modified by us and the applicable supplier upon notice to you.

Type of Fee (Note 1)	Amount	Due Date	Remarks
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.
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.
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 1.25% of Gross Sales plus $.95 per transaction 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 1.25% of Gross Sales plus $.95 per transaction 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.

Type of Fee (Note 1)	Amount	Due Date	Remarks
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.
Transfer Fees	$5,000 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.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Successor Franchise Administration Fee	Varies (See Remarks column.)	Payable on signing of a Successor Franchise Agreement	If you qualify to obtain a successor franchise term for your franchise, we will offer a new Franchise Agreement, provided that you and we mutually agree on the terms of the new agreement. Your successor franchise administration fee will be calculated based upon our time to process the successor franchise multiplied by our hourly rate (currently, $200 per hour).
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 mark-up 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.

Type of Fee (Note 1)	Amount	Due Date	Remarks
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, training of transferees, and training of multi-unit franchise operators. See Item 11 under "Training Programs."
Training Fees (BigOTiresAcademy .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 BigOTiresAcademy.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 BigOTiresAcademy.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 $499 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.

Type of Fee (Note 1)	Amount	Due Date	Remarks
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 5.
Navex Software License Agreement (EULA) Fees	Amount per Store: 1. One-time fees: a. License Fee: $1,200 b. Installation fee: $1,800 c. Conversion fee: $600 d. Store Training, Set-up, and Go-Live Support Fees. $6,400-$7,500 (for 5 days of training that also covers typical travel, lodging and meals expenses) 2. Monthly Subscription: $284 per month, increasing to $294 per month on March 1, 2024 3. Transfer Fee: $240	License Fee: Before training about, or installation of, software Installation, conversion and training, set-up, and go-live support fees: As invoiced Monthly Subscription: Monthly in advance of each month Transfer Fee: Payable upon a transfer of Store subject to EULA	See Note 6 of this Item 6. See Item 11 (under Computer Systems) for more information about the EULA.

Type of Fee (Note 1)	Amount	Due Date	Remarks
QuickBooks Accounting Integration Fees	a. QuickBooks License – Premier Accountant Edition - $500 - $1,000 b. QuickBooks License – Enterprise Edition - $2,000 - $3,000 per year c. QuickBooks Training - $1,500 d. QuickBooks Setup on Store Server - $180 e. QuickBooks Support during Integration - $1,200 f. QuickBooks Creating Beginning Balances - $1,000 per Store g. Qvinci - $209.95 per year.	License, training, and setup fees: Before training about, or installation of, software Support fees: As negotiated	The QuickBooks software is optional. You will be required to obtain QuickBooks Premier Accountant Edition or Enterprise Edition if you request integration of your accounting system with the BOT POS system. Multi-store fees for franchisees operating multiple Big O Stores will vary depending on the operational needs for your home office and Stores, as well as the number of Stores included in the multi-store group. Qvinci is an accounting platform that works as an extension of the QuickBooks software and provides financial data consolidation, reporting, benchmarking and other business intelligence for Big O Stores. Big O will pay for the cost of Qvinci subscriptions for franchisees between April 2022 and March 2023.
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.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable on your failure to comply with the Franchise Agreement.
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% or if you obstruct or fail to cooperate with our audit, 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.	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, currently in the range of $0.15 to $1.65 per tire, depending on the RDC and the location of the purchaser	Same as due date for payments for tires purchased	Whether these charges are imposed and the amount of the charge is determined by each Local Group. As of the date of this disclosure document, these fees are imposed only on franchisees in certain 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 Adjusted 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 3.5%. The minimum royalty rate under the Royalty Matrix is subject to change by Big O. Big O will update and distribute the Royalty Matrix annually. For instance, if you sign the Franchise Agreement (Exhibit B-1) in 2023, the initial Royalty Matrix will be the 2023 Royalty Matrix, it will be updated annually. Big O may also adjust the Royalty Matrix during the course of a year. 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 certain incentive programs that are identified and described in Item 5, we will temporarily charge reduced royalties during the first term of the Franchise Agreement, depending on the program. The reduced rates range from 0% to 3% of the monthly Adjusted Gross Sales during the first two to three years following the commencement date of the Store. In any subsequent years following the period during which a reduced royalty rate is available for an incentive, the royalty rate will be the full royalty in accordance with the Royalty Matrix rate. These reduced 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.

d. "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.

e. We may designate in the Manual or otherwise in writing specific items and Gross Sales on which no royalty fee is due, which may change from time to time.

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 .65% from .25% to .9% based on certain marketing programs which may be changed or terminated in the future, as described in Item 11.

Note 5: 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 $75,000 and $187,500. Product prices may include freight, fuel charges, and other delivery costs included in a stated delivered price or as stated separately.

Note 6: These fees reflect Big O's arrangement with Navex, 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 a licensee of Navex in order to acquire the BOT POS System. All franchisees acquiring the BOT POS System must pay (i) the Navex software license fee to Big O, (ii) fees for installation, conversion, training and onsite support to Big O, (iii) monthly subscription fees for licensing, maintenance, support, and training to Big O, or as otherwise directed by Navex and Big O, and (iv) if applicable, a transfer fee, upon the transfer of a Big O Store subject to a EULA. These fees may change periodically. The monthly subscription fee also provides you with access to third party vendor data, such as the Epicor suite of automotive repair and service catalogues. Navex may also charge hourly rates and other charges for services (such as installation, training and consulting) not included in the contracted maintenance, support, and training services. See Item 11 (under Computer Systems) for more information. Certain portions of the monthly subscription fee paid to Navex are retained by us and we allocate some of those retained amounts to our development fund to be used for POS application enhancements.

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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/Minimum Deposit (See Note 1)	$10,000	$17,500	See Item 5	See Item 5	See Item 5	Big O
Initial Training- Fees, Travel & Lodging Expenses (See Note 2)	$1,000	$9,000	As Incurred	As Agreed	Nonrefundable	Third Parties
Real Estate Leases (Three Months' Rent Plus Security Deposit) (See Note 3)	$24,000	$100,000	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)	$135,000	$395,000	See Note 4	As Agreed	Nonrefundable	Big O, its Affiliates, and Third Parties
Construction, Remodeling, Leasehold Improvements and Decorating Costs (See Note 5)	$25,000	$500,000	As Incurred	As Agreed	Nonrefundable	Big O, its Affiliates, and Third Parties
Signs	$10,000	$75,000	As Incurred	As Agreed	Nonrefundable	Big O, its Affiliates, or Third Parties
Grand Opening Advertising	$10,000	$50,000	As Incurred	As Agreed	Nonrefundable	Third Parties

Expenditures	Low	High	When Due	Method of Payment	Refundability	To Whom Payment Made
Initial Inventory	$75,000	$187,500	As Incurred	As Agreed	Nonrefundable	Big O and Third Parties
Insurance and Other Security (3 months) (See Note 6)	$10,000	$20,000	As Incurred	As Agreed	Nonrefundable	Third Parties
Computer Hardware and Software (See Note 7)	$20,500	$33,500	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)	$375,500	$1,572,500				

Explanatory Notes

General Note: We are relying on our years of experience in the retail tire store and automotive repair and service business to compile these estimates. The availability and terms of financing, will vary considerably depending on the methods and amount of financing, your creditworthiness, collateral you may have and lending policies of financial institutions. The equipment and other items are shown in full, although they may be financed or leased. You are encouraged to discuss the operations of a Big O Store with Big O franchisees. (See Exhibits K-1 and K-2 for lists of current and certain former Big O franchisees.) You should also review these figures carefully with a business advisor before making any decision to purchase a Big O Store franchise. None of the fees or payments to us listed in this Item are refundable, unless otherwise provided. Payments to third parties may or may not be refundable depending on your agreement with such third parties; however, usually such payments are nonrefundable.

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. 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 and any amount of this payment in excess of your initial franchise fee will be applied to your accounts receivable for products purchased from us.

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 4,000 to 8,000 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 $6,000 to $25,000 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, and signs in the cost to build the building and factor these costs into your lease payments. 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 $1,200,000 to $3,500,000 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. If you purchase an existing Big O Store from an existing Big O franchisee and Big O is either the lessor or a sublessor, you will be required to sign a Deferred Maintenance Agreement which requires the buyer or seller of the Big O Store to repair conditions of the Big O Store from our inspection of the Big O Store within 90 days of the purchase (Exhibit Z).

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, its affiliates, or others, of used or refurbished equipment and fixtures. 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.

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 opening a Conversion Store (defined below) 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. 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

Note 7: **Computer Hardware and Software**. You must acquire, install and use the BOT POS System that includes the TBC Hardware Model. You must pay (i) the Navex 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, support, and training to Big O, or as otherwise directed by Navex 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, set-up, and go-live support fees described in Item 6) is $20,500 to $33,500 (See Item 11 for more details). If you request integration of your accounting system with the BOT POS system at your option, then additional fees range from $3,500 to

$7,000 will apply (which are included in the high end of this estimate). 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. 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 $3,500,000 or more for purchased real estate or lease payments of $25,000 per month or more for leased real estate. The current net worth and liquidity requirements are a net worth of $300,000 or more and liquid assets (that is, cash and cash equivalents) of $100,000 or more when you are leasing an existing store or a new store and a net worth of $500,000 or more, and liquid assets of $150,000 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.

YOUR ESTIMATED INITIAL INVESTMENT
TO SIGN AN AREA DEVELOPMENT AGREEMENT

There is no additional initial investment required under the Area Development Agreement. The Area Development Agreement only requires you to pay the initial franchise fee that is due under the franchise agreement for your initial Store to be opened, which is described in the above tables. You will pay the initial franchise fees for the subsequent Stores to be opened at the time you proceed with signing the franchise agreements for those Stores. You will incur the estimated initial investment described above for each Big O Store franchise that you open and operate whose franchise agreement is covered by your Area Development Agreement.

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, BigOTiresAcademy.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. The Manual is designed to protect our reputation and the goodwill of the Licensed Marks, it is not designed to control the day-to-day operations of your Big O Store. 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 Tire Stores. These private label tires are manufactured by Sumitomo Corporation, which holds a partial indirect ownership interest in us, 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 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, you must carry a minimum of 700 tire units, consisting of a majority of Big O brand tires, Big O or TBC Retail Holdings exclusive tires, or other brand tires periodically designated by us as exclusive to the Big O product screen. Big O may periodically change these requirements 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.

We currently designate a single supplier, ABS, to administer a tire protection warranty covering non-Big O brand tires sold by Big O Stores that is sold under the "Pro-Tec+" trade name. All franchisees must honor any Pro-Tec+ warranty sold by any Big O Store, subject to certain reimbursement rights related to such services as dictated by the current warranty program. Franchisees are not currently required to offer the Pro-Tec+ warranty or any other warranty on the non-Big O brand tires they sell. However, franchisees located in certain states (currently California, Colorado, Idaho, Iowa, Indiana, Kentucky, Nebraska, Ohio, and Washington) will be required to offer only the designated Pro-Tec+ warranty if they elect to offer a warranty on non-Big O brand tires, due to the strict warranty laws that must be observed in those states. In other states, a franchisee may offer a different warranty program, provided that the program meets our current requirements, which requirements may vary by state and may include demonstrating to us that such program complies with the warranty laws in their states. The fees associated with the Pro-Tec+ warranty program are paid to the supplier ABS. The fees and payment terms are subject to change from time to time upon notice from us or ABS. The full terms related to the Pro-Tec+ warranty program are set forth in the Manual, and franchisees who elect to sell Pro-Tec+ warranties must enter the Road Hazard Service Contract Program Franchise Sales Agreement with ABS attached as Exhibit R. The supplier, warranty program, and warranty requirements related to non-Big O brand tires may be modified by us upon notice to you. We may also require that you pay any fees for this program directly to us.

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, a portion of which is partially used to offset the costs we incur to develop, support and maintain such software (See Item 6, note 6).

MAST, Pirelli, Bridgestone, Nitto, and Toyo Rewards Programs. We have programs intended to promote the retail sales of Michelin, BFGoodrich and Uniroyal products, Pirelli, Bridgestone, Nitto brand tires, and Toyo brand passenger and light truck tires at Big O Stores by providing rebates or incentive credits based on meeting certain product purchase objectives. Each of these programs is currently voluntary. You may elect to participate in any or all of these programs. The terms and benefits of the MAST Program, Pirelli Program, Bridgestone Program, Nitto Rewards Program, and Toyo Rewards Program will be revised annually, and may be discontinued at any time, or we may make these programs mandatory in the future, after consultation with FAC, in which case you will be required to participate in them at that time.

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. Franchisees acquiring the BOT POS System become licensees of Navex and pay certain fees for the software license, installation, training, and maintenance to Big O. All franchisees acquiring the BOT POS System must also obtain all the necessary computer hardware that meets our specifications. If you request integration of your accounting system with the BOT POS system at your option, then QuickBooks Premier Accountant Edition or Enterprise Edition will also be required. Franchisees may purchase the TBC Hardware Model, which is part of the required computer system, from Big O or third parties.

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, but no later than 90 days after we have received all of the information requested by us. If we do not provide this notice within 90 days, the supplier is deemed disapproved. 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 1.25% of the amount of each transaction, plus $.95 per 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 up to 3% of the amount of the transaction 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, 2023, we and our affiliates had total consolidated revenues of $432,198,608 (this amount does not include revenues of TBC, TBC Private Brands, SCOA and Sumitomo Corporation and their non-Big O subsidiaries). Of this amount, $389,089,053 (approximately 90.0%) 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 $10,701,734 (approximately 2.5% of total consolidated revenues), which when netted against our lease expenses of $11,286,888, resulted in a net loss of ($585,154) for the 12 month period ended March 31, 2023.

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 that is currently being offered through Comenity Capital Bank ("Comenity"). You must meet Comenity's credit criteria to participate in the program. While you are not required to participate in this program, the Comenity program is the only approved private label "Big O" credit card program for franchisees and you may not establish, provide, originate, process, accept, market or promote any private label credit card (including "Category Cards" which are private label credit cards generally accepted only at participating merchants in auto and auto-adjacent categories) other than those issued by Comenity, even if the credit card does not contain the "Big O" tradename. Franchisees may, however, accept (but not originate) any major general purpose credit card, general purpose debit card, and any customer's existing Category Cards.

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, Schedule 4 and Schedule 5 to the Franchise Agreement; Section 1 of Franchise Deposit Receipt Agreement; Sublease; Lease Agreement	Items 7 and 11

Obligation	Section in Agreements	Disclosure Document Item
b. Pre-opening purchases/leases	Sections 6.02, 6.03, 6.04, 14.01, 14.02, 14.06, Paragraph 4 of Schedule 6, 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 6 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 of the Franchise Agreement; Certification Program Agreement	Items 5, 6, 7, 11 and 15
e. Opening	Sections 6.04 and 6.05 and Schedule 6 to the Franchise Agreement	Item 11
f. Fees	Section 10.03, Articles 8 and 15, Schedule 6 and Schedule 8, 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 8 of EULA; Articles 5 and 6; Section 4 of the Area Development Agreement; Section 4.1 of the Road Hazard Service Contract	Items 5, 6, 7 and 11
g. Compliance with standards and policies/ Operations Manual	Articles 6, 10, 11, 12, 13, 14 and 15 and Schedule 6 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 Schedule 6 to the Franchise Agreement	Items 13 and 14

Obligation	Section in Agreements	Disclosure Document Item
i. Restrictions on products/services offered	Article 14 and Schedule 6 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 10 of Schedule 6 to the Franchise Agreement; Road Hazard Service Contract	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; Sections 2 and 3 of the Area Development Agreement	Items 5 and 12
l. On-going product/service purchases	Sections 14.01, 14.02, 14.03, 14.06, Schedule 6 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 10 of Schedule 6 to the Franchise Agreement; Section 7 of Sublease; Section 15 of Lease Agreement; Section 11 of Franchise Deposit Receipt Agreement; Section 7 of EULA; Section 12 of the Area Development Agreement; Sections 2.7 and 3.8 and Article 7 of the Road Hazard Service Contract	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; Section 10 of the Area Development Agreement	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 6 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; Technology Agreement; Sections 16 and 17 of the Area Development Agreement; Section 17 of the Sublease; Section 28.17 of the Lease; Sections 9.1 and 9.2 of the Road Hazard Service Contract	Item 17 and 11
y. Computer system requirements	Sections 6.03, 10.01 and 16.05 to the Franchise Agreement; Technology Agreement; EULA	Items 6, 7 and 11

[Continued on following page]

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**	
Inventory and Equipment Financing Programs (See Note 12)	Certain inventory and equipment costs.	You must be financially qualified, and qualify for one of the following incentive programs: (i) the U.S. Military Veteran & First Responder Program, (ii) the Additional Store Development Program, (iii) the Multi-Store Conversion Program, (iv) the New Franchisee Program, or (v) the Key Person New Store Incentive Program. See Note 12.	Up to $100,000 for inventory and up to $100,000 for store equipment. Such amount, however, may be exceeded in our sole discretion. See Note 12.	Generally the "prime rate" as published in the Wall Street Journal plus 3% per annum for inventory financing on 36-month payment terms, or no interest charged if on 12 month payment terms. There is no interest charged for equipment financing, provided that the loan is paid in full in 12 months.	Either 36 months or 12 months for general inventory loan (Veteran/First Responder Incentive: 36 months for general inventory loan.) 12 months for store equipment 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 Note 12 and Exhibit G.

Financing Program	**Items Financed**	**Eligibility**	**Amount Financed**	**Interest Rate**	**Term**	**Security Required**	**Liability Upon Franchisees:**		**Payment Terms**
							Default	**Waiver of Legal Rights**	
Alternative Financing Option for Additional Store Incentive Program and Multi-Store Conversion Program (See Note 13)	Purchases or other investment in the Store	You must be financially qualified, qualify for one of the following incentive programs: (i) the Additional Store Incentive Program, or (ii) the Multi-Store Conversion Program, and elect to obtain this financing incentive instead of the other royalty fee, financing, and matching programs available for those incentive programs.	$150,000	None if forgiven or repaid within first quarter following two years of the Store's commencement date.	Two years.	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 Note 13 and Exhibit G.

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 14)	Inventory, equipment or other.	In our discretion	Varies. In last fiscal year, 8 franchisees borrowed a total of $1,058,301.	Prime plus 3% per annum.	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. Big O may also, at its sole discretion, assist a franchisee in obtaining preferential terms from preferred third party lenders.

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 3% 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) Big O's cost plus a 5 percent mark-up. Initial rental rates are generally subject to increase on a periodic basis. Big O has the right to establish a new rent based on the fair market rental value of the property every five years. 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 and the right to terminate the Franchise Agreement. See Sublease Exhibit F.

Note 11: Real Estate Lease: Subject to change by Big O in its discretion, your rent will generally be based on market rates as determined by Big O. 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: Financing Program Applicable to Certain Incentive Programs: Eligibility: New and existing franchisees that meet the eligibility requirements for the U.S. Military Veteran & First Responder Program, Additional Store Development Program, Multi-Store Conversion Program, New Franchisee Program, or Key Person New Store Incentive Program will be eligible for the financing amounts and terms described in this Note 12. Payment Terms: Generally, for inventory, monthly payments of principal and interest for 36 months, provided that under the programs other than the U.S. Military Veteran & First Responder Program this may instead be paid in equal monthly payments of principal for 12 months with no interest at your election. For the initial order of store equipment purchased from TBC, equal monthly payments of principal for 12 months with no interest. See, Exhibit G, Promissory Note.

Note 13: Alternative Financing Options for Franchisees Qualifying for the Additional Store Development Program and Multi-Store Conversion Program: Instead of the financing described in Note 12 above and other standard incentives offered for these incentive programs, we will agree to provide this alternative financing. Payment Terms: The loan will be forgiven if the Store has $3,000,000 in Gross Sales during the first two years after the Store opens for business. However, every dollar less than $3,000,000 will need to be repaid to us at the rate of $.05 per dollar during the first quarter of the third year after the Store opens for business. See, Exhibit G, Promissory Note.

Note 14: 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, five 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 12 months after signing the Franchise Agreement to select and

obtain our approval of a site for your Store and 18 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 31(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, O'Reilly's, Advance Auto (CARQUEST, WorldPAC and AWI), AutoZone, The Group (Federated, Pronto, Auto Plus), and AAPA (Auto Value, Bumper to Bumper, Alliance Parts Warehouse). 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 16 gigabytes of storage space on the Franchisee E-mail System (the "E-mail Service") server. The maximum message size is currently 35 megabytes. 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 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 and/or workmanship and materials as 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 Holdings, 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(e)). This may include, for instance, real estate consulting and other matters. See Item 6 in regard to fees.

7. Big O has established and may suspend and/or 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 1.25% of the amount of each transaction, plus $.95 per 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 make available the online learning management system, www.BigOTiresAcademy.com, for all stores. This site combines Big O and Industry specific courses which have been selected by the Training Department.

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.

Assistance Under Area Development Agreement.

If you sign an Area Development Agreement, then during the term of that Area Development Agreement, we will grant you franchises for Big O Stores if we approve of your financial and operation ability. We must also approve the Site for each Store to be developed. We describe our current site selection process above in this Item. Our then current site selection process and requirements will apply for each Big O Store to be opened under an Area Development Agreement. You must sign our then current form of franchise agreement, and related documents for each Big O Store franchise (the "Updated Franchise Documents"), the terms of which may differ substantially from those in the Franchise Agreement attached to this disclosure document, including in relation to requirements and standards for Site selection and approval. You may not sign any lease or sublease for a Site without our approval and without first signing, and complying with, our Updated Franchise Documents. (Area Development Agreement – Sections 1 to 7.)

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 $75.00 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 Fee is 0.9% 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 0.65% with 0.4% allocated to pay for part of the CRM Program defined below, and with 0.25% 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 Franchise 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 Franchise Advisory Council meeting. We will also make the annual statement available to any franchisee who requests it. 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, SEM/paid search, store rating programs, research, retail selling system development and administration of the National Auto Service Warranty. During the 12 month period ended March 31, 2023, approximately 96.7% 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 through various channels, including customer relationship management, search engine optimization and management, call tracking, social media, production of television and radio. Approximately 3.3% of the National Marketing Program funds were expended on administrative costs to manage and administer the National Marketing Program.

(e) We have established the Franchise Advisory Council, which assists us in marketing decisions under the National Marketing Program and other advertising matters. The Franchise Advisory Council does not have decision-making authority regarding these matters, but acts in an advisory capacity only. The Franchise Advisory Council consists of representatives of our franchisees elected by our franchisees. We reserve the right to dissolve the Franchise Advisory Council or to modify its purposes in our sole discretion.

(f) We require 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 12 months 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 franchisees meeting the requirements of certain incentive programs, Big O, in its discretion, may help pay for some Grand Opening Advertising. The support available under the incentive programs is described in Item 5.

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, only certain regions 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 deposited 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, and point-of-purchase materials. 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. We currently purchase and place digital marketing advertising, specifically search engine marketing and customer relationship management, on a national level. While we retain the right to do so, we do not currently place any other advertisements directly. Additionally, 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 a EULA with Navex. The forms of these agreements are attached as Exhibit J to this disclosure document.

You must acquire the BOT POS System and the TBC Hardware Model. The estimated initial cost for the standard configuration of the BOT POS System with the TBC Hardware Model is between $20,500 to $33,500 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, lease fees (if applicable) or the travel expenses for the POS trainer. This hardware may be leased from third parties. The system includes a Navex 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, support, and training. The subscription costs for the ongoing license to the software, and related maintenance, support and training offered by our supplier Navex, which you are required to obtain, currently total $284 per month as of the date of this Disclosure Document, and will increase to $294 per month beginning on March 1, 2024 (See Item 6). You may choose to acquire additional services from Navex at your option, for additional fees. You must: (a) replace and upgrade hardware and other equipment and software periodically if required by us or in accordance with specifications of its hardware and software licensors, and the replacement equipment 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. There is no contractual limitation on our right to require maintenance, repairs, replacements, upgrades, or updates for hardware and software used in your Big O Store, and except for the services provided by Navex under the EULA for the monthly fee described above, there is no obligation on us or any third party to provide any of these services to you.

Under the EULA, you will be the licensee of Navex, 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, Navex 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 Navex, 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).

If you request integration of your accounting system with the BOT POS system at your option, then QuickBooks Premier Accountant Edition or Enterprise Edition will also be required. Other than the BOT POS System described above, we do not currently 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, or change any management system previously designated (including the BOT POS System). 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, inventory control systems and communication systems. Notwithstanding the foregoing, if we require implementation of any new system more frequently than once in two years, we will be responsible for paying the costs of updating the software, software installation, and conducting any training we agree to provide for the system. In that case, you will remain solely responsible for all other costs related to the new system, including but not limited to the costs of the hardware and all transportation, lodging, and living expenses and wages for your representatives to attend the training for the new system.

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 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 12 months 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 us as a tenant to replace you if you are in default of the lease or if we have the right to take over possession of the leased premises for any reason. We do not typically own the site upon which your store will be located, but under certain circumstances, we may lease a site to you. In the event you have been a Big O franchisee for ten years or less and if you or your owners (if you are a business entity or trust) also own, or become the owner of, the site for the Store, we may require you to enter into an Option and Store Lease (Exhibit Y) ("Lease Option") with us for a term of five years (following a preliminary 120 day period), with up to three renewal terms of five years each, that could be exercised at our option in the event of a default by you that would allow us or an affiliate of ours to take over possession of the Store or any other termination of the Franchise Agreement. The Lease Option sets forth the terms of the Lease that will apply if the Lease Option is exercised, with the amount of the rent being 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. If you have been a Big O franchisee (or owned more than 50% of a franchisee entity) for more than ten years and are leasing the site upon which your store is located from any of your owners (if you are a business entity or trust), or an entity that is owned, in whole or in part, by you or any of your owners, or your immediate family member, you will have the option to sign a modified form of lease assignment which is attached as **Schedule 5** to the Franchise Agreement (instead of the Option and Store Lease). A Memorandum of Lease Option or a Memorandum of Lease Rider and Modification may be recorded or filed by us in the event a Lease Option or Lease Rider and Modification is required.

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. The Franchise Policies & Standards Manual is made available to you online in electronic format, but when printed the total length is approximately 103 pages.

Training Programs.

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

[Continued on following page]

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**
BOT Appointments from Incoming Calls	0.5		Online
BOT Go-Get Overview	0.5		Online
Motorist Assurance Program (MAP)	0.5		Online
BOT New Customer Protocol – Follow Up Calls	0.5		Online
BOT Oil Change Procedure	0.5		Online
BOT Phone Skills	0.5		Online
BOT Presenting Estimates that Produce Results	0.5		Online
BOT Presenting Owner's Manual Maintenance	0.5		Online
BOT Product Overview	0.5		Online
BOT Return Visit Services and Appointments	0.5		Online
BOT Speed Lane Overview	0.5		Online
BOT Vehicle Inspection Workflow Process	0.5		Online
BOT VIP Overview	0.5		Online
BOT VIP, Vehicle Inspections and Alignment Checks	1.0		Online

NEW FRANCHISEE ORIENTATION

New Franchisee Orientation – Facilitated Classroom Training Week One			
Column 1 Subject	**Column 2 Hours of Classroom Training**	**Column 3 Hours of On-the-Job Training**	**Column 4 Location**
Welcome & Introductions	0.5		See Note 1
Meet & Greet	1.0		See Note 1
Big O History	0.5		See Note 1
Brand Development	0.5		See Note 1
Merchandising Website Overview	0.5		See Note 1
Telephone Procedures	1.0		See Note 1
Store Merchandising	0.5		See Note 1

New Franchisee Orientation – Facilitated Classroom Training Week One			
Column 1 Subject	**Column 2 Hours of Classroom Training**	**Column 3 Hours of On-the-Job Training**	**Column 4 Location**
VIP Process	2.0		See Note 1
Workflow Process	1.0		See Note 1
Speed Lane Process	1.0		See Note 1
Motorist Assurance Program	2.0		See Note 1
Vehicle Inspection Process	2.0		See Note 1
Vehicle Delivery & Flow-Up Process	2.0		See Note 1
Navex - Introduction & Features	1.0		See Note 1
Empower Consulting (PEO)	1.0		See Note 1
Pro-Tec+ Package Sales	1.0		See Note 1
Automotive Service Excellence	0.5		See Note 1
Product Inventory	1.0		See Note 1
Fluid Maintenance	0.5		See Note 1
Go-Get Program	2.0		See Note 1
Product Distribution/Product Screen	1.0		See Note 1
Navex - Workshop Assignments	1.0		See Note 1
Tire Application and Design	1.0		See Note 1
Tire Selling Skills	1.0		See Note 1
Navex - Workshop Assignments	4.0		See Note 1
Reputation Management	3.0		See Note 1

Note 1: This classroom training will be conducted at Palm Beach Gardens, Florida or through an online virtual classroom.

New Franchisee Orientation – Facilitated Classroom Training Week Two			
Column 1 Subject	**Column 2 Hours of Classroom Training**	**Column 3 Hours of On-the-Job Training**	**Column 4 Location**
Tire Adjustment Success	1.0		See Note 1
Brakes	2.0		See Note 1
Shocks & Struts	2.0		See Note 1
Alignments	1.0		See Note 1
Navex - Workshop Assignments	1.0		See Note 1
Tire Pressure Monitoring Systems	1.0		See Note 1
Selling Preventive Maintenance Services	1.0		See Note 1
Environmental Safety	2.0		See Note 1

New Franchisee Orientation – Facilitated Classroom Training Week Two			
Column 1 Subject	**Column 2 Hours of Classroom Training**	**Column 3 Hours of On-the-Job Training**	**Column 4 Location**
Shop Equipment	3.5		See Note 1
Store Integration	0.5		See Note 1
Navex - Advanced Functionality	0.5		See Note 1
Navex - Workshop Assignments	8.0		See Note 1
NAPA National Accounts	1.0		See Note 1
Product Ordering Support	1.0		See Note 1
Fleet Sales and Trade Accounts	1.0		See Note 1
Finance Basics	0.5		See Note 1
Bank - Big O Credit Card Program	1.5		See Note 1
Understanding Electronic Services (Internet)	4.0		See Note 1
Ridestyler	0.5		See Note 1
Customer Service Absolutes	1.0		See Note 1
Big O NFO Certification Test	1.0		See Note 1

Note 1: This classroom training will be conducted at Palm Beach Gardens, Florida or through an online virtual classroom.

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**
Pre-Classroom Store Moderated Training with Franchisee		40.0	Store
Post-Classroom Store Moderated Training with Franchisee		160.0	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 Holdings 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 Palm Beach Gardens, Florida 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 make available to you the online learning management system, www.BigOTiresAcademy.com. We also will 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, in an online virtual classroom, or at any geographical location, in our discretion. 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, five 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. The Online Training is offered on demand at any time. We hold the Facilitated Training, and mandatory and optional field training, as often as needed, typically once a month.

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 at any time following the execution of your Franchise Agreement and prior to your Big O Store opening for business. 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. 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. You must bear all travel, lodging, food and all other living expenses that are incurred by each trainee while attending training programs.

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 "BigOTiresAcademy.com." We will pay the fee charged by the administrator of the BigOTiresAcademy.com training for your participation in the online learning management system BigOTiresAcademy.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 BigOTiresAcademy.com library during the LMS Term, including approximately 13 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 BigOTiresAcademy.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 BigOTiresAcademy.com, including the selection of programs, the fees, and the amounts that we will pay, are subject to change.

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 or email requests to the Big O Tires Training Department at: 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 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 $3,500,000 or more for purchased real estate or lease payments of $25,000 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 Palm Beach Gardens, Florida, 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 may be required to attend multi-unit franchise management training conducted at our National Training Center in Palm Beach Gardens, Florida or other designated location.

There is a $550 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 $5,000. 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 $5,500 for the first trainee (this fee includes lodging). 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 and living expenses which are incurred by all trainees while attending the initial training program, and all lodging expenses incurred by any trainees in addition to the first trainee. 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. However, we may pay for your hotel and air fare in certain circumstances if you qualify for the New Franchisee Program as described in Item 5.

ITEM 12
TERRITORY

Franchise Agreement

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 our self 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. 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.

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.

Your Big O Store cannot be relocated without our prior written approval. We will generally approve the relocation of a Big O Store if (i) the new location meets our then-current criteria for a Big O Store location, as described in Item 11, (ii) the new location does not violate the territorial rights of any other Big O Store, and (iii) we determine the relocation will not otherwise be detrimental to other franchisees of ours or to us.

If you fail, or we do not permit you, to execute a Successor Franchise Agreement prior to the last 15 months of the term of the Franchise Agreement or any Successor Franchise Agreement, you will lose any First Option rights, exclusivity rights, and rights related to the Trade Area, as described above, during the last 15 months of the term of the Franchise Agreement or Successor Franchise Agreement.

Additional Outlets. If you have been granted a Big O Store 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 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. We will agree to protect the market area designated, not awarding a franchise for or operating our own Big O Store within that market area for 12 months. 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 inventory mix requirements. Specifically, as of the date of this disclosure document, a majority of all your tire unit inventory at your Store must be Big O brand tires, Big O or TBC Retail Holdings exclusive tires, or other brand tires periodically designated by us as

exclusive to the Big O product screen. If you fail to meet these inventory mix requirements, you will be in default of the Franchise Agreement and we may terminate the Franchise Agreement after providing you 30 days' notice and an opportunity to cure your default in accordance with the Franchise Agreement.

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.

Area Development Agreement

If we offer and you sign the Area Development Agreement, you will develop a number (as you and we agree) of Big O Stores within a designated geographic area described in that Agreement (the "Designated Territory"). You and we will identify the Designated Territory in the Area Development Agreement before signing it. Sizes and boundaries for Designated Territories will vary widely depending on factors like economic conditions in the market you are developing, the number of Big O Stores that you agree to develop, demographics, and site availability. There is no minimum size for Designated Territories. We will describe the Designated Territory using a map that will generally describe the Designated Territory using streets or other natural boundaries or, in some markets, city or county boundaries. In some cases we may use longitude and latitude coordinates. You and we will negotiate a schedule for describing the Big O Stores that you must develop to keep your development rights and the dates by which you must develop, own and/or sign a lease/sublease for each Big O Store (the "Development Schedule"). You and we then will complete the Development Schedule in the Area Development Agreement before signing it. Generally, unless we agree otherwise, the Development Schedule will provide that the first Store must be opened within 12 months after the effective date of the Area Development Agreement, the each subsequent Store opened within 12 months of the previous Store.

If you are in full compliance with the Area Development Agreement and other agreements (including franchise agreements), then, during the Area Development Agreement's term, we will not develop a Big O Store within the Designated Territory, or grant or authorize any other party rights to develop a Big O Store within the Designated Territory, except under the following circumstances: we shall have the right to (i) grant a franchise, a successor franchise or sign a franchise agreement (and related documents) with any other party for an already existing Big O Store within the Designated Territory as of the effective date of signing the Area Development Agreement, (ii) grant similar rights as provided in the Area Development Agreement to a third party outside the Designated Territory, and (iii) exercise any and all of the rights that we reserve in any franchise agreements (and related documents) for any Big O Store in the Designated Territory, except for the right to open or grant rights to a third party to open a new Big O Store within the Designated Territory. After the Area Development Agreement expires or is terminated, regardless of the reason, we and our affiliates may engage, and allow others to engage, in development activities we desires within and outside the Designated Territory without any restrictions whatsoever.

There are no other restrictions on us or our affiliates under the Area Development Agreement. We may terminate the Area Development Agreement (but not franchise agreements with you) if you do not satisfy your development obligations according to the Development Schedule. Except as described above, continuation of any territorial rights in the Designated Territory does not depend on your achieving a certain sales volume, market penetration, or other contingency. We may not alter your Designated Territory or any territorial rights.

Other Concepts and Businesses

Our affiliate Midas may establish Midas and Midas/SpeeDee co-branded outlets within the proximity of your Big O Store or Designated Territory. 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 (except in new Stores in your Designated Territory during the term of your Area Development Agreement); (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 and without any compensation to you.

Big O is considering as of the date of this Disclosure Document 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. However, our affiliates engage in Internet sales under their names. You will not receive any compensation related to the purchase of the products through Internet sales, but you may receive compensation related to your installation services.

TBC, our indirect parent corporation, and its subsidiaries (not including us and our 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 Interstate, Delta, Eldorado, Harvest King, Multi-Mile, National, Power King, Sailun, Sumitomo, Towmax, Towstar and Trailer King. Other brands TBC markets and distributes include Arctic Claw, Crosswind, Doral, Grand Prix, Mirada, Mud Claw, Prinx, Solar, Sumic, Tourmax, Trail Guide, Trailcutter, Velozza, Wild Spirit, Wild Trac, and Wild Trail. TBC Retail Holdings, an indirect TBC subsidiary, also makes wholesale sales of tires and other automotive products under well-known brand names such as Bridgestone, Dunlop, Firestone, Goodyear, Hankook, Kelly Springfield, Michelin, Nexen, BFGoodrich, Uniroyal, Pirelli, Nitto, Toyo, and Cooper. TBC distributes its products through a network of distributors in the United States, Canada and Mexico. Some of these distributors act as wholesalers, retailers, and both wholesalers and retailers. Retail outlets carrying products of (or which are owned by) TBC and its subsidiaries may be located in close proximity to your Big O Store or in your Trade Area or Designated Territory, and may accept orders from within your Trade Area or Designated Territory.

Our affiliates Midas and Midas Canada sell franchises for retail shops that operate under the Midas name and trademark, and Midas also sells co-branding franchises for retail shops that operate under the Midas and SpeeDee names and trademarks, 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 perform 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 and Midas Canada's principal business address is 4300 TBC Way, Palm Beach Gardens, Florida 33410.

As discussed in Item 1, TBC Shared Services, our parent, also owns TBC Retail Holdings and its subsidiaries, including Midas and Midas Canada which offer franchises. Big O currently shares offices and training facilities with Midas. Presently, because Big O and Midas licenses are for the respective licensed brand only, TBC Shared Services 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 between franchisees and franchisors from these different systems, such conflicts will be resolved as TBC Shared Services deems appropriate under the 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	10/01/74	994,466
	10/05/10	3,857,070
Big O Tires	12/12/00	2,411,926
Big Foot	09/12/78	1,102,059
The Team You Trust	09/02/08	3,495,041
www.BIGOTIRES.com	12/04/01	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. If you are a corporation, limited liability company, partnership, or other entity, we do not require your Operator or Manager to own an equity interest in you.

Your Operator or Manager 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.

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. We may, in our sole discretion, limit or waive this requirement. 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.

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 or below any particular maximum price if such a requirement would be

unlawful. Big O may also establish minimum advertised pricing for advertising of certain products or services, for certain customers and/or for certain situations. You must follow this minimum pricing in your advertising, but you are not required to advertise products and services at or above any minimum price if such a requirement would be unlawful. Any minimum advertised pricing that we establish will only apply to advertising of prices and will not restrict you with regard to the price at which the products and services are actually sold (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, consisting of a majority of Big O brand tires, Big O or TBC Retail Holdings exclusive tires, or other brand tires periodically designated by us as exclusive to the Big O product screen. Big O may periodically change these requirements for its franchisees generally or for particular areas or circumstances. (Item 8 and Franchise Agreement Section 14.01).

We have the right to change or supplement the types of authorized products and services that may be offered through your Store, and there are no limits on our right to do so.

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 6, Section 9). 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 6, Section 10).

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 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.

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. (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 of the Franchise Agreement	The franchise term is 10 years.
	Section 8 of the Area Development Agreement	The term of the Area Development Agreement expires on the date when the last Big O Store opens or its franchise agreement is required to be signed (whichever is earlier).

Provision	Section in Franchise Agreement or Other Agreement	Summary
b. Renewal or extension of the term	Section 5.01 of the Franchise Agreement	Up to one additional term of 10 years after the initial term. Different renewal terms apply for franchisees who have executed a previous form of Franchise Agreement providing for alternative terms, as described in Item 5. We may agree to a shorter term, in our sole discretion, if your sublease or lease term does not equal the full term of the Successor Franchise Agreement.
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 successor franchise administration fee, sign a Successor Franchise Rider in the form we provide (the current form of which is attached as Exhibit B-2) containing a general release, 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.
d. Termination by franchisee	Sections 18.05 and Section 19.04 and Schedule 6, Paragraph 12 of the Franchise Agreement; Lease Option Section H.	Only if (i) 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, (ii) if you inherit the franchise or 50 percent of the franchisee entity upon the death of your spouse and elect to terminate within 12 months of the date of death, or (iii) we do not exercise our right of first refusal under the Lease Option when you sell your premises, the purchaser of your premises agrees not to use the premises for a competitive use for five years, and you agree to pay us future royalties for the remaining term (subject to state law).

Provision	Section in Franchise Agreement or Other Agreement	Summary
e. Termination by franchisor without cause	Section 19.05	We can terminate the Franchise Agreement if there is a force majeure event that prevents a party from performing under the Franchise Agreement and continues for 15 months or longer.
f. Termination by franchisor with cause	Section 19.01 of the Franchise Agreement; Section 9 of the Area Development Agreement	We can terminate if you commit any one of the listed violations.
g. "Cause" defined-curable defaults	Section 19.01 of the Franchise Agreement	5 days for monetary defaults; 7 days for filing of a legal action in violation of the dispute resolution terms in the Franchise Agreement; 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.
	Section 9 of the Area Development Agreement	You have no rights to cure defaults.

Provision	Section in Franchise Agreement or Other Agreement	Summary
h. "Cause" defined-non-curable defaults	Section 19.01 of the Franchise Agreement;	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, breach of related agreements including breach of Area Development Agreement for reasons other than failure to meet Development Schedule, violation of non-compete or other in-term restrictive covenants, and others.
	Section 9 of the Area Development Agreement	Non-curable defaults are failure to meet schedule, breach of any obligation, and termination of any franchise agreement with you.
i. Franchisee's obligations on termination / nonrenewal	Section 20.01 of the Franchise Agreement	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 of the Franchise Agreement; Section 10 of the Area Development Agreement	No restriction on our right to transfer or assign.

Provision	Section in Franchise Agreement or Other Agreement	Summary
k. "Transfer" by franchisee – defined	Article 18 and Glossary of the Franchise Agreement;	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.
	Section 10 of the Area Development Agreement	Includes transfer of interest in Area Development Agreement or any ownership interest in you or your owner (if that owner is an entity).
l. Franchisor approval of transfer by franchisee	Sections 18.03, 18.04, 18.05, and 18.07 of the Franchise Agreement;	All transfers of the Franchise Agreement must be approved by Big O before transfer, except transfers to a survivor of franchisee under certain circumstances.
	Section 10 of the Area Development Agreement	No transfers without our prior written consent. We may grant or withhold consent to the transfer of an Area Development Agreement for any or no reason.

Provision	Section in Franchise Agreement or Other Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 18.04 of the Franchise Agreement;	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.
	Section 10 of the Area Development Agreement	We may grant or withhold consent for any or no reason.
n. Franchisor's right of first refusal to acquire franchisee's business	Sections 18.02 and 18.04 of the Franchise Agreement	You must present any offer to us and we can match it.
o. Franchisor's option to purchase franchisee's business	Sections 20.02 and 20.03 of the Franchise Agreement	Upon expiration or termination, we can buy your assets.
p. Death or disability of franchisee	Section 18.05 of the Franchise Agreement	Franchise must be assigned to approved buyer within 6 months.
q. Noncompetition covenants during the term of the franchise	Section 17.01 of the Franchise Agreement; Section 15 of Area Development Agreement	Except for any business you are currently operating and have identified, no involvement in competing business (subject to state law).
r. Noncompetition covenants after the franchise is terminated or expires	Section 17.04, Schedule 6, and Paragraph 15 of the Franchise Agreement; Section 15 of Area Development 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 (subject to state law).

Provision	Section in Franchise Agreement or Other Agreement	Summary
s. Modification of the agreement	Section 24.03 of the Franchise Agreement; Section 13 of the Franchise Deposit Receipt Agreement; Section 18 of the Area Development Agreement	The Franchise Agreement may be modified by written agreement signed by both parties. We may change the Trade Area and Manual without your approval. The Area Development Agreement may be modified by a written agreement signed by both parties
t. Integration/ merger clause	Section 31(f) of the Franchise Agreement; Section 18(f) of the Franchise Deposit Receipt Agreement; Section 18 of the Area Development Agreement	Subject to state law, the Franchise Agreement, documents referred to in the Franchise Agreement, attachments to the Franchise Agreement, other documents signed concurrently with the Franchise Agreement and the Area Development Agreement, as applicable, 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.
u. Dispute resolution by arbitration or mediation	Article 29 of the Franchise Agreement; Section 16 of the Area Development Agreement	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 of the Franchise Agreement; Section 16 of the Area Development Agreement; Section 17 of the Sublease; Section 28.17 of the Lease	Colorado (subject to state law). Under the Lease and Sublease, the courts of the state where the premises are located.
w. Choice of law	Section 29.06 of the Franchise Agreement; Section 16 of the Area Development Agreement; Section 17 of the Sublease; Section 28.17 of the Lease	Federal and Colorado (subject to state law). Under the Lease and Sublease, the laws of the state where the premises are located.

Provision	Section in Franchise Agreement or Other Agreement	Summary
x. Cross Default and Termination	Section 19.06 of the Franchise Agreement	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.

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.

The following information is provided for the purpose of helping you evaluate the potential earnings capability of a Big O Store. Please carefully read all information in this Item 19, including the statements following the tables, which explain the information provided in the tables below and the limitations on this and the other information contained in this Item 19.

A. Gross Revenues

Part A of this financial performance representation includes the historical average annual Gross Revenues for U.S. franchised Big O Tires Stores that operated from January 1, 2022 through December 31, 2022 (the "2022 Year") and met the following criteria: (i) the Store had operated for at least 12 consecutive months as of December 31, 2022, and (ii) the Store reported Gross Revenues data to us for each month of the full 2022 Year. As of the end of the 2022 Year, there were a total of 451 franchised Big O Tires Stores in operation in the U.S., however only 427 met the criteria (the "Part A Reporting Stores"). There were 3 Stores that closed for various reasons during 2022, none of which were open less than 12 months. Company-owned outlets are not included in this Part A table.

Of the 427 Part A Reporting Stores, as of December 31, 2022: (a) 27 (about 6%) were franchised PDF Stores, and 400 (about 94%) were franchised BFF Stores; and (b) the 27 franchised PDF Stores constituted 100% of the franchised PDF Stores, and the 400 franchised BFF Stores constituted about 94.0% of all the franchised BFF Stores. As of December 31, 2022, the 427 Part A Reporting Stores were about 94.7% of the 451 franchised Stores of any category of Store (that is, franchised PDF Stores and franchised BFF Stores).

We separated the Part A Reporting Stores into 4 quartiles based on average Gross Revenues, with the Top Quartile reflecting the results of those with the highest average Gross Revenues for the 2022 Year and the 4th Quartile reflecting those with the lowest average. The 2nd and 3rd Quartiles reflect results of those Big O Tires Stores with the second highest and second lowest average, respectively. The results of the Top 10% of Part A Reporting Stores (43 Stores) and Bottom 10% of Part A Reporting Stores (43 Stores), in terms of Gross Revenues, are also stated.

Of the Part A Reporting Stores included, 176 Stores, or 41.2%, exceeded the overall average annual Gross Revenues of all Part A Reporting Stores of $2,742,259.

Average Total Revenues from January 1, 2022 through December 31, 2022

Total Big O Franchise Outlets:	427							
Outlets per Quartile:	107		106		107		107	
	Top Quartile		2nd Quartile		3rd Quartile		4th Quartile	
Maximum/Minimum:	$11,905,071	$3,268,454	$3,261,672	$2,500,698	$2,490,354	$1,830,069	$1,829,821	$ 364,380
Median/Average:	$ 3,947,273	$4,500,636	$2,862,868	$2,878,048	$2,252,189	$2,202,816	$1,435,812	$1,388,803
Exceeded Average:	36	34%	47	44%	59	55%	59	55%

Top/Bottom 10% Outlets

	Top 10%		Bottom 10%	
Maximum/Minimum:	$11,905,071	$4,254,432	$1,328,665	$ 364,380
Median/Average:	$ 5,330,679	$5,725,713	$1,123,688	$1,071,786
Exceeded Average:	15	35%	24	56%

B. Gross Revenues and Cost Analysis

Part B of this financial performance representation includes the average Total Income, Gross Profit, and Net Income, in addition to certain expense and margin information for franchised U.S. Big O Tires Stores that operated from January 1, 2022 through December 31, 2022 and met the following criteria: (i) the Store had operated for at least 12 consecutive months as of December 31, 2022, (ii) the Store furnished financial data to us for the year 2022 with information regarding expenses that we believe to be reliable, and (iii) the Store was under the same ownership for the period from January 1, 2022 through December 31, 2022. There were 451 total operating franchised outlets in the U.S. as of December 31, 2022 and 227 met the criteria (the "Part B Reporting Stores"), representing approximately 50% of the U.S. outlets of any category of Store (that is, franchised PDF Stores and Franchised BFF Stores). There were 3 Stores that closed for various reasons during 2022, none of which were open less than 12 months.

Of the 227 Part B Reporting Stores, as of December 31, 2022: (a) 11 (about 4.8%) were franchised PDF Stores, and 216 (about 95.2%) were franchised BFF Stores; and (b) the 11 franchised PDF Stores constituted 40.7% of all the franchised PDF Stores, and the 216 franchised BFF Stores constituted about 47.9% of all the franchised BFF Stores.

We separated the Part B Reporting Stores into 4 quartiles based on average Total Incomes, with the Top Quartile reflecting the results of those with the highest average Total Incomes for the 2022 Year and the 4th Quartile reflecting those with the lowest average.

The average Total Income of all of the Part B Reporting Stores was $2,991,798 and the following averages represent a percentage of income of these Part B Reporting Stores: Cost of Goods Sold, 44.2%; Gross Profit, 55.8%, Total Labor, 25.0%; Total Operating Expense, 45.8%; Net Income From Operations, 10.0%.

Income Statement Performance From January 1, 2022 Through December 31, 2022

Total Big O Tires Outlets	227

Outlets Per Quartile	56		57		57		57	
	Top Quartile		2nd Quartile		3rd Quartile		4th Quartile	
Total Income	**$ 4,691,804**	**100.0%**	**$ 3,132,676**	**100.0%**	**$ 2,482,979**	**100.0%**	**$ 1,689,558**	**100.0%**
Cost of Goods Sold	$2,107,720	44.9%	$1,384,175	44.2%	$1,086,879	43.8%	$ 721,803	42.7%
Gross Profit	**$ 2,584,085**	**55.1%**	**$ 1,748,501**	**55.8%**	**$ 1,396,101**	**56.2%**	**$ 967,755**	**57.3%**
Total Labor	$1,131,059	24.1%	$ 777,632	24.8%	$ 633,128	25.5%	$ 457,420	27.1%
Advertising	$ 146,658	3.1%	$ 112,797	3.6%	$ 93,935	3.8%	$ 63,754	3.8%
Royalty	$ 174,334	3.7%	$ 126,842	4.0%	$ 97,506	3.9%	$ 67,926	4.0%
Total Occupancy	$ 177,731	3.8%	$ 146,908	4.7%	$ 125,448	5.1%	$ 111,138	6.6%
Utilities	$ 29,202	0.6%	$ 27,156	0.9%	$ 25,083	1.0%	$ 23,787	1.4%
Other Expenses	$ 355,841	7.6%	$ 224,277	7.2%	$ 201,028	8.1%	$ 162,842	9.6%
Total Operating Expenses	**$ 2,014,825**	**42.9%**	**$ 1,415,612**	**45.2%**	**$ 1,176,129**	**47.4%**	**$ 886,867**	**52.5%**
Net Income From Operations	**$ 569,260**	**12.1%**	**$ 332,888**	**10.6%**	**$ 219,971**	**8.9%**	**$ 80,888**	**4.8%**

Total Income

	Top Quartile		2nd Quartile		3rd Quartile		4th Quartile	
	Top Quartile		2nd Quartile		3rd Quartile		4th Quartile	
Maximum/Minimum	$11,905,071	$3,582,425	$3,549,793	$2,723,441	$2,723,099	$2,214,855	$2,205,093	$891,965
Median/Average	$4,180,908	$4,691,804	$3,176,826	$3,132,676	$2,477,135	$2,482,979	$1,650,639	$1,689,558
Exceeded Average	**17**	**30%**	**32**	**56%**	**27**	**47%**	**28**	**49%**

Gross Profit

	Top Quartile		2nd Quartile		3rd Quartile		4th Quartile	
Maximum/Minimum	$6,348,696	$1,665,692	$2,218,989	$1,264,088	$1,705,505	$947,962	$1,369,802	$407,884
Median/Average	$2,340,037	$2,584,085	$1,764,255	$1,748,501	$1,389,851	$1,396,101	$992,670	$967,755
Exceeded Average	**15**	**27%**	**30**	**53%**	**28**	**49%**	**32**	**56%**

Net Income From Operations

	Top Quartile		2nd Quartile		3rd Quartile		4th Quartile	
Maximum/Minimum	$1,939,750	-$10,126	$787,030	-$126,166	$528,671	-$67,051	$355,328	-$233,409
Median/Average	$510,945	$569,260	$296,776	$332,888	$234,819	$219,971	$79,396	$80,888
Exceeded Average	**22**	**39%**	**24**	**42%**	**30**	**53%**	**28**	**49%**

The accompanying footnotes are an integral part of these tables and should be read in their entirety for a full understanding of the information contained in them.

FOOTNOTES:

(1) Both of the tables show historic financial performance representations. Part A is an historic financial performance representation reflecting the average franchisee Annual Gross Revenues for the Part A Reporting Stores for the most recent calendar year of January 1, 2022 through December 31, 2022. Part B is an historic financial performance representation reflecting the average franchisee Total Income, Gross Profit, and Net Income for the Part B Reporting Stores for the year from January 1, 2022 through December 31, 2022. For purposes of this Item 19, "Gross Revenues" or "Total Income" means the total revenue of a Big O Store, less taxes, refunds and allowances, returns,

proceeds from sales of equipment used in a Big O Store not acquired for resale in the ordinary course of business, proceeds from sales of equipment used in a Big O Store not acquired for resale in the ordinary course of business, proceeds from sales to other Big O Stores, amounts received in settlement of claims for loss or damage other than business interruption insurance, sums received for reimbursement of reasonable towing and freight charges, and certain amounts collected for products replaced under warranty. In Part B, "Gross Profit" means the Total Income less the Cost of Goods Sold, and "Net Income From Operations" means the Gross Profit less those "Operating Expenses" identified in the table (total labor, the royalty paid to us, advertising expenses, total occupancy expenses, utilities, and other expenses). See footnote 4 below regarding these expenses. In Part B, we have also disclosed the percentage of the Total Income represented by each of the line items of expenses, Gross Profit, and Net Income From Operations. Additionally, the tables each disclose the maximum (highest) and the minimum (lowest) figures achieved by a Store in each grouping.

(2) Part A also sets forth the median of annual Gross Revenues for each grouping of Stores, and Part B also sets forth the median of Total Income, Gross Profit, and Net Income for each quartile of Stores. The "median" for purposes of these tables means the results of the Stores falling in the middle of each group in terms of each relevant category of data, or, where there is an even number of Stores, the average of the results of the two Stores falling in the middle of the group.

(3) Each of the tables also indicates the number and percentage of the applicable Stores within each group that meet or exceed the averages stated.

(4) Part B contemplates the Cost of Goods Sold and the expenses identified in the "Total Operating Expenses" portion of the table. The Costs 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. The Total Labor expenses include wages paid to technicians, wages paid to managers, sales associates, payroll taxes, fringe benefits and worker's compensation insurance expenses. The "Other Expenses" portion of the Total Operating Expenses generally includes other expenses incurred toward generating income, but excluding the labor, royalty, advertising, occupancy and utility expenses otherwise noted. Further, the tables do not show any taxes paid by the Stores, including any sales taxes, payroll taxes, and income taxes that may be applicable. Taxes vary widely between geographic areas and from Store to Store. You should conduct an independent investigation of the costs and expenses you will incur in operating your Big O Store. Franchisees or former franchisees listed in Exhibits K-1 and K-2 to this disclosure document may be one source of this information.

(5) We offered substantially the same services to all of the Stores included in each table, which offered substantially the same products and services to the public.

(6) The revenue and income information in the tables was compiled based on actual reported sales by our existing U.S. Big O Store outlets during the applicable periods based on monthly sales reports submitted to us by Big O franchisees for the purpose of computing royalty fees. The expense and Net Income data in Part B was compiled based on the financial data of the Part B Reporting Stores that were submitted to us by franchisees.

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.

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 expenses that may be incurred in establishing and operating a Big O Store.

Some outlets have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.

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 4300 TBC Way, 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 [(1)(2)]
For Fiscal Years Ended March 31, 2021, 2022 and 2023

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, 2021	422	425	+3
	FYE March 31, 2022	425	434	+9
	FYE March 31, 2023	434	460	+26
Company-Owned	FYE March 31, 2021	41	40	-1
	FYE March 31, 2022	40	32	-8
	FYE March 31, 2023	32	17	-15
Total Outlets	FYE March 31, 2021	463	465	+2
	FYE March 31, 2022	465	466	+1
	FYE March 31, 2023	466	477	+11

(1) Throughout this Item 20, "FYE" means fiscal year ended. The fiscal years referred to are the 12 month period ending March 31, 2021, the 12 month period ending March 31, 2022 and the 12 month period ending March 31, 2023.

(2) The franchised outlets include both PDF Stores and BFF Stores. As of March 31, 2023, the 460 franchised outlets consisted of 26 PDF Stores and 434 BFF Stores. See Note 1 to Table 3 of this Item 20.

Table No. 2
Transfers of Outlets from Franchisees to New Owners[1]
(other than the Franchisor)
For Fiscal Years Ended March 31, 2021, 2022 and 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Arizona	FYE March 31, 2021	6
	FYE March 31, 2022	1
	FYE March 31, 2023	4[1]
Arkansas	FYE March 31, 2021	0
	FYE March 31, 2022	0
	FYE March 31, 2023	2[1]
California	FYE March 31, 2021	2
	FYE March 31, 2022	10
	FYE March 31, 2023	9[1]
Colorado	FYE March 31, 2021	14
	FYE March 31, 2022	3
	FYE March 31, 2023	5[1]
Idaho	FYE March 31, 2021	0
	FYE March 31, 2022	2
	FYE March 31, 2023	1
Indiana	FYE March 31, 2021	0
	FYE March 31, 2022	3
	FYE March 31, 2023	0
Iowa	FYE March 31, 2021	0
	FYE March 31, 2022	0
	FYE March 31, 2023	3[1]
Kansas	FYE March 31, 2021	0
	FYE March 31, 2022	1
	FYE March 31, 2023	1
Kentucky	FYE March 31, 2021	2
	FYE March 31, 2022	5
	FYE March 31, 2023	3[1]
Nebraska	FYE March 31, 2021	2
	FYE March 31, 2022	0
	FYE March 31, 2023	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Nevada	FYE March 31, 2021	1
	FYE March 31, 2022	0
	FYE March 31, 2023	3[(1)]
New Mexico	FYE March 31, 2021	1
	FYE March 31, 2022	0
	FYE March 31, 2023	0
Ohio	FYE March 31, 2021	1
	FYE March 31, 2022	0
	FYE March 31, 2023	0
Oklahoma	FYE March 31, 2021	3
	FYE March 31, 2022	1
	FYE March 31, 2023	0
Tennessee	FYE March 31, 2021	0
	FYE March 31, 2022	3
	FYE March 31, 2023	1[(1)]
Utah	FYE March 31, 2021	3
	FYE March 31, 2022	3
	FYE March 31, 2023	10[(1)]
Washington	FYE March 31, 2021	0
	FYE March 31, 2022	1
	FYE March 31, 2023	0
Virginia	FYE March 31, 2021	0
	FYE March 31, 2022	0
	FYE March 31, 2023	2[(1)]
Total	FYE March 31, 2021	35
	FYE March 31, 2022	33
	FYE March 31, 2023	44

(1) For many of the transfers listed for FYE March 31, 2023, the transferor franchisees each operated multiple outlets and transferred some but not all of their outlets to a third party. As a result, these transferor franchisees did not leave the system and are not listed in Exhibit K-2 with the franchisees who left the system because they remain in the system and are included on the list of current franchisees in Exhibit K-1.

Table No. 3
Status of Franchised Outlets[1][2]
For Fiscal Years Ended March 31, 2021, 2022 and 2023

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
Arizona	FYE March 31, 2021	60	3	0	0	0	0	63
	FYE March 31, 2022	63	3	1	0	0	0	65
	FYE March 31, 2023	65	1	1	0	0	0	65
Arkansas	FYE March 31, 2021	4	0	0	0	0	0	4
	FYE March 31, 2022	4	1	0	0	0	0	5
	FYE March 31, 2023	5	0	0	0	0	0	5
California	FYE March 31, 2021	100	0	2	0	0	0	98
	FYE March 31, 2022	98	0	1	0	0	0	97
	FYE March 31, 2023	97	1	1[2]	0	0	0	97
Colorado	FYE March 31, 2021	67	0	1	0	0	0	66
	FYE March 31, 2022	66	2	1	0	0	0	67
	FYE March 31, 2023	67	1	0	0	0	0	68
Idaho	FYE March 31, 2021	9	0	0	0	0	0	9
	FYE March 31, 2022	9	0	0	0	0	0	9
	FYE March 31, 2023	9	0	0	0	0	0	9
Indiana	FYE March 31, 2021	20	1	0	0	0	0	21
	FYE March 31, 2022	21	0	0	0	0	0	21
	FYE March 31, 2023	21	3	0	0	0	0	24
Iowa	FYE March 31, 2021	3	0	0	0	0	0	3
	FYE March 31, 2022	3	0	0	0	0	0	3
	FYE March 31, 2023	3	1	0	0	0	0	4

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
Kansas	FYE March 31, 2021	3	0	0	0	0	0	3
	FYE March 31, 2022	3	0	0	0	0	0	3
	FYE March 31, 2023	3	5	0	0	0	0	8
Kentucky	FYE March 31, 2021	25	0	0	0	0	0	25
	FYE March 31, 2022	25	0	0	0	0	0	25
	FYE March 31, 2023	25	0	0	0	0	0	25
Missouri	FYE March 31, 2021	14	2	0	0	0	0	16
	FYE March 31, 2022	16	3	0	0	0	0	19
	FYE March 31, 2023	19	8	0	0	0	0	27
Montana	FYE March 31, 2021	2	0	0	0	0	0	2
	FYE March 31, 2022	2	0	0	0	0	0	2
	FYE March 31, 2023	2	0	0	0	0	0	2
Nebraska	FYE March 31, 2021	2	0	0	0	0	0	2
	FYE March 31, 2022	2	0	0	0	0	0	2
	FYE March 31, 2023	2	0	0	0	0	0	2
Nevada	FYE March 31, 2021	18	0	0	0	0	0	18
	FYE March 31, 2022	18	0	0	0	0	0	18
	FYE March 31, 2023	18	1	0	0	0	0	19
New Mexico	FYE March 31, 2021	17	1	0	0	0	0	18
	FYE March 31, 2022	18	0	0	0	0	0	18
	FYE March 31, 2023	18	0	0	0	0	0	18
North Dakota	FYE March 31, 2021	1	0	0	0	0	0	1
	FYE March 31, 2022	1	0	0	0	0	0	1
	FYE March 31, 2023	1	1	0	0	0	0	2
Ohio	FYE March 31, 2021	1	0	0	0	0	0	1
	FYE March 31, 2022	1	0	0	0	0	0	1
	FYE March 31, 2023	1	0	0	0	0	0	1

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
Oklahoma	FYE March 31, 2021	5	0	0	0	0	0	5
	FYE March 31, 2022	5	0	0	0	0	0	5
	FYE March 31, 2023	5	0	0	0	0	0	5
Oregon	FYE March 31, 2021	1	0	0	0	0	0	1
	FYE March 31, 2022	1	0	0	0	0	0	1
	FYE March 31, 2023	1	0	0	0	0	0	1
Tennessee	FYE March 31, 2021	4	0	0	0	0	0	4
	FYE March 31, 2022	4	3	3	0	0	0	4
	FYE March 31, 2023	4	1	0	0	0	0	5
Texas	FYE March 31, 2021	8	0	0	0	0	0	8
	FYE March 31, 2022	8	1	0	0	0	0	9
	FYE March 31, 2023	9	0	0	0	0	0	9
Utah	FYE March 31, 2021	46	0	0	1	0	0	45
	FYE March 31, 2022	45	2	0	0	0	0	47
	FYE March 31, 2023	47	2	0	0	0	0	49
Virginia	FYE March 31, 2021	2	0	0	0	0	0	2
	FYE March 31, 2022	2	0	0	0	0	0	2
	FYE March 31, 2023	2	0	0	0	0	0	2
Washington	FYE March 31, 2021	3	0	0	0	0	0	3
	FYE March 31, 2022	3	0	0	0	0	0	3
	FYE March 31, 2023	3	4	0	0	0	0	7
Wyoming	FYE March 31, 2021	7	0	0	0	0	0	7
	FYE March 31, 2022	7	0	0	0	0	0	7
	FYE March 31, 2023	7	0	1[(2)]	0	0	0	6
Totals	FYE March 31, 2021	422	7	3	1	0	0	425
	FYE March 31, 2022	425	15	6	0	0	0	434
	FYE March 31, 2023	434	29	3	0	0	0	460

(1) The outlets listed in Table No. 3 are both PDF Stores and BFF Stores. The BFF Stores are 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, 2021	51	54
	FYE March 31, 2022	54	56
	FYE March 31, 2023	56	58
Arkansas	FYE March 31, 2021	4	4
	FYE March 31, 2022	4	5
	FYE March 31, 2023	5	5
California	FYE March 31, 2021	91	89
	FYE March 31, 2022	89	88
	FYE March 31, 2023	88	89
Colorado	FYE March 31, 2021	65	64
	FYE March 31, 2022	64	65
	FYE March 31, 2023	65	66
Idaho	FYE March 31, 2021	4	4
	FYE March 31, 2022	4	6
	FYE March 31, 2023	6	7
Indiana	FYE March 31, 2021	18	19
	FYE March 31, 2022	19	19
	FYE March 31, 2023	19	22

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
Iowa	FYE March 31, 2021	3	3
	FYE March 31, 2022	3	3
	FYE March 31, 2023	3	4
Kansas	FYE March 31, 2021	3	3
	FYE March 31, 2022	3	3
	FYE March 31, 2023	3	8
Kentucky	FYE March 31, 2021	18	18
	FYE March 31, 2022	18	18
	FYE March 31, 2023	18	21
Missouri	FYE March 31, 2021	14	16
	FYE March 31, 2022	16	19
	FYE March 31, 2023	19	27
Montana	FYE March 31, 2021	1	1
	FYE March 31, 2022	1	1
	FYE March 31, 2023	1	1
Nebraska	FYE March 31, 2021	2	2
	FYE March 31, 2022	2	2
	FYE March 31, 2023	2	2
Nevada	FYE March 31, 2021	18	18
	FYE March 31, 2022	18	18
	FYE March 31, 2023	18	19
New Mexico	FYE March 31, 2021	17	18
	FYE March 31, 2022	18	18
	FYE March 31, 2023	18	18

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
North Dakota	FYE March 31, 2021	1	1
	FYE March 31, 2022	1	1
	FYE March 31, 2023	1	2
Ohio	FYE March 31, 2021	1	1
	FYE March 31, 2022	1	1
	FYE March 31, 2023	1	1
Oklahoma	FYE March 31, 2021	5	5
	FYE March 31, 2022	5	5
	FYE March 31, 2023	5	5
Oregon	FYE March 31, 2021	1	1
	FYE March 31, 2022	1	1
	FYE March 31, 2023	1	1
Tennessee	FYE March 31, 2021	4	4
	FYE March 31, 2022	4	4
	FYE March 31, 2023	4	5
Texas	FYE March 31, 2021	8	8
	FYE March 31, 2022	8	9
	FYE March 31, 2023	9	9
Utah	FYE March 31, 2021	46	45
	FYE March 31, 2022	45	47
	FYE March 31, 2023	47	49
Virginia	FYE March 31, 2021	2	2
	FYE March 31, 2022	2	2
	FYE March 31, 2023	2	2

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
Washington	FYE March 31, 2021	1	1
	FYE March 31, 2022	1	2
	FYE March 31, 2023	2	7
Wyoming	FYE March 31, 2021	7	7
	FYE March 31, 2022	7	7
	FYE March 31, 2023	7	6
Total	FYE March 31, 2021	385	388
	FYE March 31, 2022	388	400
	FYE March 31, 2023	400	434

(2) For these California and Wyoming franchisees that are listed as having been terminated in FYE March 31, 2023, the franchisees each operated multiple outlets and the rights to some but not all of their outlets were terminated. As a result, these franchisees did not leave the system and are not listed in Exhibit K-2 with the franchisees who left the system because they remain in the system and are included on the list of current franchisees in Exhibit K-1.

[Continued on following page]

Table No. 4
Status of Company-Owned Outlets[(1)]
For Fiscal Years Ended March 31, 2021, 2022 and 2023

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
Indiana	FYE March 31, 2021	1	0	0	0	0	1
	FYE March 31, 2022	1	0	0	0	0	1
	FYE March 31, 2023	1	0	0	0	1	0
Iowa	FYE March 31, 2021	1	0	0	0	0	1
	FYE March 31, 2022	1	0	0	0	0	1
	FYE March 31, 2023	1	0	0	0	0	1
Kansas	FYE March 31, 2021	7	0	0	0	0	7
	FYE March 31, 2022	7	0	0	0	0	7
	FYE March 31, 2023	7	0	0	1	5	1
Minnesota	FYE March 31, 2021	23	0	0	1	0	22
	FYE March 31, 2022	22	0	0	8	0	14
	FYE March 31, 2023	14	0	0	0	0	14
Missouri	FYE March 31, 2021	9	0	0	0	0	9
	FYE March 31, 2022	9	0	0	0	0	9
	FYE March 31, 2023	9	0	0	0	8	1
Totals	FYE March 31, 2021	41	0	0	1	0	40
	FYE March 31, 2022	40	0	0	8	0	32
	FYE March 31, 2023	32	0	0	1	14	17

(1) The include outlets operated by our affiliate, TBC Retail Holdings.

Table No. 5
Projected Openings as of March 31, 2023

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	5	2	0
California	0	1	0
Colorado	2	1	0
Indiana	0	2	0

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
Missouri	0	1	0
Nevada	1	0	0
Tennessee	0	1	0
Texas	2	1	0
Utah	3	0	0
Total	**13**	**9**	**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, 2023 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 Holdings and its subsidiaries as of March 31, 2023, March 31, 2022, and March 31, 2021 for the years then ended, and the unaudited interim financial statements of TBC Holdings as of December 31, 2023. We are owned indirectly by TBC Corporation, which is owned directly by TBC Holdings. A Guaranty of Performance by TBC Holdings of Big O's performance of Big O's obligations under the Franchise Agreement is included with the financial statements.

ITEM 22
CONTRACTS

These are the only contracts regarding the offering of franchises in this state:

Exhibit	Contract
B-1	BF Franchise Agreement and Schedules
B-2	Successor Franchise Rider to Franchise Agreement
C	Standard Release Form
D	Reserved
E	Franchise Deposit Receipt Agreement
F	Sublease
G	Promissory Notes
H	Security Agreement
I	Facility Participation Agreement
J	Technology Agreement and Software License Agreement
P	Lease Agreement
Q	Market Reservation Agreement
R	Road Hazard Service Contract
S	Reserved
T	Reserved
U	Certification Program Agreement
V	State Disclosure Addenda and Agreement Riders
W	Area Development Agreement
X	Agreement and Consent to Assignment of Big O Tires Store
Y	Option and Store Lease
Z	Deferred Maintenance Agreement

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 Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 One Sansome Street, Suite 600 San Francisco, California 94104-4448 (415) 972-8565 2101 Arena Boulevard Sacramento, California 95834 (916) 445-7205 (866) 275-2677 (toll-free) www.dfpi,ca.gov ask.dfpi@dfpi.ca.gov	Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll-free)
FLORIDA	Florida Department of Agriculture and Consumer Services Division of Consumer Services Attn: Finance & Accounting 407 South Calhoun Street Tallahassee, Florida 32399-0800 (850) 410-3800	None
ILLINOIS	Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General Same Address
INDIANA	Indiana Secretary of State Division of Securities 302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6681 Toll Free: 1-800-223-8791	Indiana Secretary of State 200 West Washington Street 201 State House Indianapolis, Indiana 46204 (317) 232-6531 or Corporation Service Company 251 E. Ohio Street, Suite 500 Indianapolis, Indiana 46204
MARYLAND	Office of Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	Maryland Securities Commissioner Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MICHIGAN	Michigan 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, Michigan 48909 (517) 373-7117	Michigan Department of Commerce Same Address or CSC-Lawyers Incorporating Service (Company) 601 Abbot Road East Lansing, Michigan 48823
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, Nebraska 68509-5006 P.O. Box 95006 Lincoln, Nebraska 68509-5006 (402) 471-3445	CSC - Lawyers Incorporating Service Company 233 South 13th Street, Suite 1900 Lincoln, Nebraska 68508
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue, Fourteenth Floor, Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner Same Address
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4140	Director of Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4140 or Corporation Service Company 285 Liberty Street NE Salem, Oregon 97301
SOUTH DAKOTA	South Dakota Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, South Dakota 57501-3185 (605) 773-3563	Director of South Dakota Division of Insurance Same Address or Corporation Service Company 503 South Pierre Street Pierre, South Dakota 57501

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
TEXAS	Secretary of State Statutory Documents Section James E. Rudder Building 1019 Brazos Street Austin, Texas 78701 P.O. Box 13550 Austin, Texas 78711 (512) 463-5705	Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company 211 E. 7th Street, Suite 620 Austin, Texas 78701
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South, 2nd Floor Salt Lake City, Utah 84114 (801) 530-6601	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Washington Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	Director of Financial Institutions Washington State Department of Financial Institutions 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8760 or Corporation Service Company 300 Deschutes Way SW, Suite 304 Tumwater, Washington 98501
WISCONSIN	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 P.O. Box 1768 Madison, Wisconsin 53701-1768 (608) 266-8557	Administrator, Division of Securities Same Address

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

EXHIBIT "B-1"
BIG O TIRES, LLC
FRANCHISE AGREEMENT

(For Business Format Franchises)

BIG O TIRES, LLC
FRANCHISE AGREEMENT

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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
4300 TBC Way
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 4300 TBC Way, 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 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, and other matters relating to the 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 designated as the Effective Date on the Summary Pages, or, if no Effective Date is designated on the Summary Pages, 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 ("Owners") or guarantors of an Entity Franchisee.

Grand Opening Advertising – Advertising conducted within the first 12 months 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.

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 must select and obtain Big O's approval of the Premises within twelve (12) months of the Effective Date or Big O may terminate this Agreement pursuant to **Section 19.01(r)** in which case, upon receipt from Franchisee of a general release in a form approved by Big O, Big O will refund $10,000.00 of the initial franchise fee paid by Franchisee. 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. If Franchisee does not enter into a Successor Franchise Agreement within the time required under **Sections 5.02** and **5.03** then, for the final fifteen (15) months of the term of the Franchise Agreement, including any Successor Franchise Agreement, Franchisee will lose any rights it has under this **Section 2.02** for that period.

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;

(b) a Conversion;

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

(d) the final fifteen (15) months of the term of the Franchise Agreement, including any Successor Franchise Agreement, if Franchisee does not enter into a Successor Franchise Agreement within the time required under **Sections 5.02** and **5.03**.

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. Franchisee agrees to operate its Big O Store for the full term of this Agreement.

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 with Franchisee, provided the parties mutually agree to the terms of a Successor Franchise Agreement, for a term of ten (10) years with Franchisee, in accordance with **Section 5.03**, below. Big O may, in its sole discretion, agree to a shorter Successor Franchise Agreement term if Franchisee is unable to extend its lease or sublease for the full Successor Franchise Agreement term.

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 no later than fifteen (15) months prior to the end of the Franchise Agreement term, which may include, among other

matters, a different fee structure, increased fees, different terms and conditions, a modified Trade Area and different purchase requirements, and the term of the Successor Franchise Agreement shall commence on the expiration of the Franchise Agreement term;

(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 successor franchise administration fee equal to Big O's time to process the successor franchise multiplied by Big O's hourly rate (as set by Big O from time to time) upon execution of the Successor Franchise Agreement;

(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 ten (10) year term at least fifteen (15) months prior to the end of the Franchise Agreement term. In the event Franchisee fails to execute a Successor Franchise Agreement in this time, Franchisee will be deemed to have waived its right to enter into a Successor Franchise Agreement and Franchisee will lose all Trade Area and exclusivity rights described in **Section 2.02** and its First Option rights described in **Article 3** during the last fifteen (15) months of the Franchise Agreement term.

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 twelve (12) months 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 6** 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**. If Franchisee has been a Big O franchisee for ten years or less and if Franchisee or any of Franchisee's owners (if Franchisee is a business entity or trust) own an interest in the real estate on which the Store is located, own an interest in an entity that owns the real estate (including an entity such as a trust of which the Franchisee is a beneficiary), or if such real estate is owned by an immediate family member of such person, Big O may require Franchisee to enter into an Option and Store Lease with Big O or its affiliate in the then-current form in use by Big O or its affiliate in the then-current form in use by Big O, which would give Big O or its affiliate the right to lease the Premises in the event this Agreement is terminated or expires, if Big O or its affiliate chooses to exercise such option. If Franchisee has been a Big O franchisee (or owned more than 50% of the Franchisee Entity) for more than ten years and is leasing the site upon which the Store is located from any of Franchisee's owners (if Franchisee is a business entity or trust), or an entity that is owned, in whole or in part, by Franchisee or any of Franchisee's owners, or an immediate family member of Franchisee, Franchisee will have the option to sign a modified form of lease assignment which is attached as **Schedule 5** to the Franchise Agreement (instead of the Option and Store Lease). A Memorandum of Lease Option or a Memorandum of Lease Rider and Modification may be recorded or filed by Big O or its affiliate in the event an Option and Store Lease 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 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 and the costs of lodging approved by Big O for the first person to attend the Facilitated Training portion of the Initial Training Program and the training fee for that same first person to attend 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. 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 <u>On-Going Assistance</u>.

(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 and may designate maximum pricing and minimum advertised pricing pursuant to **Section 10.02** below.

(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 sixteen (16) gigabytes of storage space on the Franchisee Email 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 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.

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.

If Franchisee is in default of this Agreement for any reason (such as for failure to make payments or maintain any standards or requirements stated within the Manual or otherwise), or any other agreement Franchisee has entered into with Big O, Big O may, at any time while that default remains uncured, suspend Franchisee's rights to receive any support services from Big O of any kind. Big O will provide Franchisee prior notice of the suspension of services listing those services to be suspended.

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 2.01** or **Section 7.01(c)** above, the initial franchise fee is not refundable.

8.02 Royalty Fee. After the Commencement Date (or Effective Date, if later than 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. Big O may designate in the Manual or otherwise in writing specific items and Gross Sales on which no royalty fee is due, which may change from time to time. The Adjusted Gross Sales Royalty Rate to be used for the balance of the initial calendar year after the Commencement Date (or Effective Date, if later) 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 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; and

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

10.02 Maximum Pricing and Minimum Advertised 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 or below any particular price if such a requirement would be unlawful. Big O may also establish minimum advertised pricing for the advertising of certain Products and Services, for certain customers and/or for certain situations. Franchisee shall adhere to such minimum advertised pricing as so established by Big O, provided that Franchisee shall not be required to advertise Products and Services at or above any minimum price if such a requirement would be unlawful. Any minimum advertised pricing established by Big O will only apply to the

advertising of prices and shall not restrict Franchisee with regard to the price at which it actually sells the Products and Services.

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 Key Account Customer 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. Franchisee is solely responsible for recruiting, hiring, firing, and supervising employees to operate the Store. The employees of the Store will be employees of Franchisee. They are not employees or agents of Big O and Big O is not the joint employer of those persons. Franchisee will have sole authority and control over the day-to-day operations of the Big O Store and its employees and agents. Big O will have no right or obligation to direct Franchisee's employees and agents or to operate the Big O Store. It is Franchisee's responsibility to determine compensation of employees and agents, terms of employment, safety regulations, work assignments, work schedules, and working conditions. Any information regarding any of those issues provided to Franchisee by Big O are mere suggestions and Franchisee shall have the sole discretion to utilize such information or not. Franchisee is solely responsible for implementing training and other programs for its employees related to the legal, safe, and proper performance of their work, regardless of the fact that Big O may provide advice, suggestions, and certain training programs as described in this Agreement. Any such advice, suggestions, and training offered by Big O are provided to protect Big O's brand and the Licensed Marks and not to control the day-to-day operation of Franchisee's Big O Store.

11.02 Completion of Training by Operator or Manager. Franchisee's Operator or Manager 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)**.

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. The Manual is designed to protect Big O's reputation and the goodwill of the Licensed Marks, it is not designed to control the day-to-day operations of Franchisee's Big O Store.

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.

13.05 Consent to Communication. Franchisee expressly authorizes Big O and its suppliers to contact Franchisee by e-mail, telephone, mail, or any other means related to any aspect of the Store, authorized Products and Services, this Agreement, or the Big O system, for so long as this Agreement remains in effect. Franchisee expressly authorizes Big O to disclose Franchisee's contact information to Big O's approved and designated suppliers to enable such suppliers to contact Franchisee. Franchisee acknowledges that these communications are necessary to facilitate and keep Franchisee updated regarding the ongoing franchise relationship.

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, if the Effective Date is more than one hundred eighty (180) days following the Commencement Date, immediately from the Effective Date) 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, it will stock at least the minimum number of tires designated by Big O, with a majority or other percentage (as designated by Big O) of such inventory consisting of 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. Big O may, from time to time, change these requirements 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 and/or workmanship and materials 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.

(c) As part of the warranties and guarantees under this Section 14.04, Big O may from time to time establish requirements to honor, offer, and/or otherwise participate in warranty programs for products sold other than Big O Program Products. Specifically, Big O may require participation in a single designated warranty program for those products, or the satisfaction of certain minimum requirements for any warranty programs administered by Franchisee or by third parties. These requirements may vary by location, including due to variations in state warranty laws. Franchisee shall comply with any requirements applicable for its location. Franchisee acknowledges that these requirements may include payments to Big O, its affiliates, and any third party administrator for participation in the warranty programs, funding of the warranty programs, and other services related to those warranty programs, which fees are subject to change from time to time upon notice from Big O to Franchisee. Franchisee must comply with any applicable laws with regard to any warranties and guaranties that it offers.

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 12 months 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) In particular, the National Marketing Program may be 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, SEM/paid search, store rating programs, research, retail selling system development and administration of the National Auto Service Warranty. 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 or an e-mail address designated by Big O, from time to time) to Big O for its prior written approval, 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 conducted at the Store Location may take place without prior notice, during normal business hours or at reasonable times. Big O may also require at any time the records from Franchisee or its affiliated parties to be sent to Big O's offices or another location to permit the inspection or audit of such records to be conducted at Big O's place of business or the other location. If Big O notifies Franchisee that documents are to be sent to a location other than the Store Location for the purpose of conducting an inspection or audit at that location, Franchisee shall provide the requested documents to Big O within the time period set forth in Big O's notice. Big O may require that such documents be transmitted to Big O electronically in a manner determined by Big O, in its sole discretion. Franchisee will be responsible for any expenses associated with collecting and delivering any documents requested by Big O for its inspection or audit. All documents provided for Big O's inspection or audit must be certified by Franchisee and the appropriate affiliated party, if applicable, as true, complete and correct. 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%) or if Franchisee obstructs or otherwise fails to cooperate with Big O's examination or audit, 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). Big O reserves the right, in its sole discretion, to require Franchisee to deliver, on a monthly basis, unaudited profit and loss statements covering the Franchised Business for each month, and a balance sheet of the Franchised Business as of the end of each month.

16.05 Financial Performance Data. Franchisee shall submit to Big O current financial statements and other reports as Big O may request to evaluate or compile research and performance data on any operational aspect of its Franchised Business. Big O may also pull this data from other reports and information provided by Franchisee hereunder. Franchisee authorizes Big O to utilize this information to prepare a financial performance representation, to release this information as necessary to substantiate any financial performance representation made by Big O, to share such information in summary form as Big O deems necessary or desirable to share with other franchisees at any annual convention or other franchise business meetings, or in any other manner and with any other parties that Big O deems appropriate without obtaining any further written consent of Franchisee. All financial information transmitted by Franchisee to Big O pursuant to this Agreement shall be owned by Big O, with no duty on the part of Big O to account to Franchisee with respect to the use and exploitation of the same. Big O will not identify Franchisee as the source of the data, except (i) if Franchisee's Big O Store is being sold, in which case Big O may disclose the data to a prospective purchaser of the Store with Franchisee's identification disclosed or if required to enforce any provision of this Agreement, or (ii) Big O may disclose any such information and identify Franchisee to potential purchasers (and their employees, agents and representatives) of Big O or its parents, subsidiaries, affiliates in connection with the sale or transfer of any of Big O or its parents, subsidiaries, or affiliates' equity interests or assets or any merger, reorganization or similar restructuring of the Big O business.

16.06 Management Systems. Franchisee will implement, maintain and use any Management Systems required by Big O. If Franchisee is required to or does implement a Management System:

(a) Franchisee will replace the Management Systems and replace and/or upgrade hardware and other equipment and software of its Management Systems from time to time if required by Big O and/or in accordance with specifications promulgated by hardware and software licensors from time to time. Replacement equipment must be purchased only from Big O or a supplier approved by Big O.

(b) 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.

Notwithstanding the foregoing, if Big O requires implementation of any new Management System more frequently than once in two (2) years, Big O will be responsible for paying the costs of updating the software, software installation, and conducting any training we agree to provide for the new Management System. In that case, Franchisee shall remain solely responsible for all other costs related to the new Management System, including but not limited to the costs of the hardware and all transportation, lodging, and living expenses and wages for Franchisee's representatives to attend the training for the Management System.

16.07 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**, if this Agreement is terminated pursuant to **Section 18.05(d)**, 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 $5,000). 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 five thousand five hundred dollars ($5,500) 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, based on an applicable incentive program offered by Big O, 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 seventeen thousand five hundred dollars ($17,500.00), 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 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.

(d) If the Survivor is a surviving spouse of a decedent who was the Franchisee or owned fifty (50) percent or more of the Equity in the Franchisee Entity, and such surviving spouse inherits the Franchise or fifty (50) percent or more of the Equity in the Franchisee Entity from the decedent, this Agreement may be terminated upon one-hundred eighty (180) days' notice by such spouse providing written notice to Big O within twelve (12) months after the death of the decedent. During the one-hundred eighty (180) notice period, the surviving spouse must make a good faith attempt to sell the Big O Store as part of a Transfer under the terms of this Agreement. This option to terminate this Agreement may not be exercised during the term of a lease or sublease between the Franchisee Entity and Big O an affiliate of Big O, and shall not affect or limit Big O's rights under Section 18.02 herein or any Option and Shop Lease or Lease Rider and Modification.

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 or the Big O System generally (to include, without limitation, Big O's receiving credible evidence, to Big O's satisfaction, that Franchisee, its owners, or any other management level employee of Franchisee, has sexually harassed or intimidated any individual, or has intentionally engaged in any racial, ethnic, religious, sexual or other offensive discrimination against any individual or group);

(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 refuses after Big O reasonably requests in writing that Franchisee comply with an Audit of the Store pursuant to Section 16.02.

(r) Franchisee does not select and obtain Big O's approval of Premises for the Store within twelve (12) months of the Effective Date.

(s) If Franchisee or any of its Owners, officers, directors, and any guarantor(s) violate the covenant not to compete or any other restrictive covenant in Article 17 of this Agreement.

(t) If Franchisee or any of its affiliated companies, or any of their officers, directors, owners, or guarantors, files or otherwise commences litigation, arbitration, or any other legal action against Big O or any of its affiliated parties that is not in compliance with the dispute resolution terms agreed upon in **Article 29** as may be modified by any applicable state rider, and fails to dismiss such action within seven (7) days after notification from 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 the Franchise 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 estimated to have been earned by Big O based on Franchisee's Big O Store through the expiration date of the Franchise 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. To calculate this sum, Franchisee shall pay the average combined monthly Royalty Fee and National Marketing Fee from the preceding three (3) years (or the period of time after the Store had been operating after the Commencement Date, if shorter), multiplied by twelve (12) months. This amount shall be multiplied by the remaining years of the Agreement and then discounted to the present value using an interest rate of eight percent (8%). 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.

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.

In the event of a force majeure event as described above that occurs, continues for a period of 15 consecutive months or longer, and prevents either party from performing its obligations hereunder, Big O will have the right, at its option, to terminate this Agreement effective upon written notice to Franchisee. However, Big O in its discretion may refrain from terminating this Agreement in the event that Franchisee is using its best efforts to re-open its Store following a force majeure event that causes a closure.

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. Big O 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 Comenity Capital Bank, 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 (or the Effective Date, if later), 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 (or the Effective Date, if later), 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. Big O has no obligation to advise Franchisee of any legislative or other legal developments that may affect its Franchised Business. Franchisee is solely responsible for inquiring about and becoming familiar with all applicable laws, rules and regulations, and determining those actions required for compliance. Franchisee shall obtain any and all permits, certificates, and licenses required for the full and proper conduct of the Franchised Business. Any information Big O provides to Franchisee regarding applicable laws, rules or regulations does not relieve Franchisee of its responsibility to consult with its own legal advisor and otherwise take appropriate action to inquire about and comply with applicable laws, rules and regulations.

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 or any labor or employment laws. This indemnity includes any claims arising from the acts or omissions of Franchisee or its employees or agents. 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. Neither this Agreement nor the course of conduct between Big O and Franchisee is intended, nor may anything in this Agreement or the course of conduct be construed, to state or imply that Big O is the employer of Franchisee's employees or agents, or vice versa. Notwithstanding any other provisions in this Agreement, Big O shall not be responsible for supervising the activities of Franchisee's Big O Store or ensuring that the Big O Store is operated in compliance with applicable laws.

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 one BOTDA board member per each region established by Big O from time to time, along with the BOTDA board chairman, to serve on the BEC. The appointed BEC franchisee members will constitute 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. Franchisee will not be allowed to set off amounts owed to Big O for royalty fees, National Marketing Program contributions, or other amounts due hereunder, against any monies owed to Franchisee, which right of set off is expressly waived by Franchisee. No endorsement or statement on any check or payment of any sum less than the full sum due to Big O shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Big O may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law.

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 binding arbitration on demand of either party to 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. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court, except that the decision whether the arbitration may proceed as a class action shall be made by the court. 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. 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. 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 available and appropriate under applicable law (as set forth in **Section 29.06**) and 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. 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 Big O or 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 29.06**

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 of **Sections 29.02** and **29.03** and the confirmation of any arbitration awards pursuant to such procedures, 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, any legal proceeding by Big O or any Big O Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, province, or other geographic area in which Franchisee's Store is located or in which Franchisee or any Franchisee Affiliates reside or own assets. **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 granted against Big O or its successors and assigns. Franchisee agrees that the Owners, shareholders, directors, officers, employees, managers, members and agents of Big O and its affiliates (the "Nonparty Affiliates") shall not be personally liable nor named as a party in any action between Big O and Franchisee. To the maximum extent permitted by law, Franchisee waives any such claims against Nonparty Affiliates.

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, including but not limited to any of the restrictive covenants contained in **Section 17** hereof, for any reason (including for purposes of the restrictive covenants, reasons that the areas of restriction exceed the reasonable maximum time period, geographic area or scope), then the parties hereby request and authorize the arbitrator or court to "blue pencil" such provision so as to make it enforceable and to best carry out the intent of the parties, or to deem such provision severed from this Agreement if it cannot be so modified. The holding, declaration or pronouncement shall not adversely affect any other provisions of this Agreement, which shall otherwise remain 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, 6, 7 and 8** shall not be effective as part of this Agreement unless signed by the party or parties thereto.

31. 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_____

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 Tires 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
(with a copy sent to the attention of the General Counsel at the same address)

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. If Landlord or the Premises is owned in whole or in part by the Tenant, Big O will not be required to cure any default of Tenant if Big O elects to take over possession of the Premises hereunder.

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 agree that they will not modify or amend the Lease without the consent of Big O, which shall not be unreasonably withheld.

10. 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

LEASE RIDER AND MODIFICATION
(10+ YEAR OPERATOR AND FRANCHISEE AFFILIATED LANDLORD)

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 the termination of the Franchise Agreement between Tenant and Big O;

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 occurring prior to such time as Big O assumes Tenant's obligations under the Lease as described herein.

2. Big O may inspect the Premises within thirty (30) days after the termination of the Franchise Agreement, upon written request to Landlord.

3. Regardless of the terms of the Lease, no penalty or different or additional obligations (including but not limited to increased rent) will apply to the tenant party under the Lease or to Big O based upon Big O's election to assume the Lease as a substitute tenant.

4. Landlord agrees to accept Big O as a substitute tenant in the event Big O elects to assume such obligation upon the termination of the Franchise Agreement with the Tenant. Nothing herein shall be construed as requiring Big O to make any payments or perform any obligation under the Lease until Big O makes such election.

5. In the event Big O notifies Landlord in writing that Big O is exercising its right to take over possession of the Premises within 60 calendar days after the termination of the Franchise Agreement ("Exercise Notice"), 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. By Big O's election, 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. Big O will not be required to cure any default of Tenant if Big O elects to take over possession of the Premises hereunder, Landlord shall complete any of Tenant's deferred maintenance obligations related to the Premises within 60 days after Big O's election.

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. Landlord agrees that if the Franchise Agreement between Tenant and Big O is terminated, 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 and Landlord agree that they will not modify or amend the Lease without the consent of Big O, which shall not be unreasonably withheld.

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.

10. Notwithstanding anything to the contrary contained herein, this Agreement shall be of no further force or effect upon Tenant's and/or Landlord's notification to Big O, in writing, that no direct or indirect common ownership exists between Landlord (including any of Landlord's successors) and Tenant ("Notice of Divestment"), provided that Tenant also obtains and delivers to Big O a copy of Big O's standard Lease Rider and Modification (currently in the form attached as Schedule 4 to the Franchise Agreement) signed by Tenant and the Landlord (or its successor, as applicable) to replace this Agreement. The Notice of Divestment must be received by Big O prior to Landlord's receipt of Big O's Exercise Notice to be effective. In the event a direct or indirect common ownership is re-established between Tenant and Landlord after Big O's receipt of a Notice of Divestment, the Landlord and Tenant shall enter into a new Lease Rider and Modification in substantially the same form as this Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

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 6
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.

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. 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.

9. 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.

10. 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.

11. 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.

12. **Section 17.04** of the Agreement is hereby deleted in its entirety.

13. 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.

14. 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 TIRES, LLC
a Nevada limited liability company

By:_____

Title:_____

FRANCHISEE

_____
(Print Name)

By:_____

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 7

NEW FRANCHISEE INCENTIVE RIDER

AMENDMENT TO BIG O
FRANCHISE AGREEMENT
(NEW FRANCHISEE)

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 acquisition of a Big O Store franchise as a new franchisee of Big O. The parties therefore agree as follows:

1. Franchisee will receive the following incentive related to royalties:

   During Year 1 and Year 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 provision 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 – ___ **[0% or 1%]** royalty on Adjusted Gross Sales;

   Year 2 – ___ **[1% or 2%]** royalty on Adjusted Gross Sales;

   In any year subsequent to those described above as applicable, clause (d) of **Section 8.02**, the second sentence of **Section 8.02**, and the full royalty in accordance with Adjusted Gross Sales Royalty Rate will apply.

   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.

2. The following language shall be added to **Section 15.01** of the Agreement:

   Big O will match 50% of each dollar, up to $20,000 (the "Maximum Matched Funds"), spent by Franchisee on the Grand Opening Advertising during the first 12 months of the Store being open for business as a Big O Store, in the form of a credit against Franchisee's trade account for products purchased from Big O. The Grand Opening Advertising must be preapproved by Big O. Franchisee may be required to contribute more than the amount of the Maximum Matched Funds to the Grand Opening Advertising, but Big O shall only be responsible for matching 50% of the Maximum Matched Funds amount.

3. **[Franchisee will receive a complimentary hotel room and one economy air fare ticket to the first Big O convention that takes place after the Effective Date.]**

4. The terms and conditions of this New Franchisee Incentive 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 TIRES, LLC
a Nevada limited liability company

By:_____

Title:_____

FRANCHISEE

_____
(Print Name)

By:_____

Title:_____

SCHEDULE 8

EXISTING FRANCHISEE/KEY PERSON NEW STORE INCENTIVE RIDER

AMENDMENT TO BIG O
FRANCHISE AGREEMENT
(EXISTING FRANCHISEE/KEY PERSON NEW STORE)

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 acquisition of an additional Big O Store franchise as an existing franchisee of Big O or as a franchisee qualifying for Big O's key person new store incentive program. The parties therefore agree as follows:

1. 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 reduce the initial franchise fee to _____**[$5,000 or $10,000]**; provided, however, Franchisee will pay Big O the difference between this reduced fee and 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.

2. Franchisee will receive the following incentive related to royalties:

During Year 1, Year 2, and, if applicable, Year 3 (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 provision 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 – 1% royalty on Adjusted Gross Sales;

Year 2 – 2% royalty on Adjusted Gross Sales;

[**Year 3 – 3% royalty on Adjusted Gross Sales if applicable**;]

In any year subsequent to those described above as applicable, clause (d) of **Section 8.02**, the second sentence of **Section 8.02**, and the full royalty in accordance with Adjusted Gross Sales Royalty Rate will apply.

As used above, "Year 1" means the 12 month period beginning on the Commencement Date, "Year 2" is the 12 month period beginning on the first anniversary of the

Commencement Date, and "Year 3" (if applicable) is the 12 month period beginning on the second anniversary of the Commencement Date.

3. The following language shall be added to **Section 15.01** of the Agreement:

Big O will match:

- 50% of each dollar, up to $20,000 ("Maximum Opening Matched Funds"), spent by Franchisee on the Grand Opening Advertising during the first 12 months of the Store being open for business as a Big O Store,

- [**50% of each dollar, up to $20,000 ("Maximum Additional Matched Funds") spent by Franchisee on advertising during the 13th through 24th month of the Store being open for business as a Big O Store, if applicable**,] and

- 50% of each dollar, up to $20,000 ("Maximum Image Matched Funds") spent by Franchisee on signage, painting and remodeling the Store during the first 12 months of the Store being open for business as a Big O Store.

The applicable advertising, signage, painting, and remodeling must be preapproved by Big O. Franchisee may be required to contribute more than the Maximum Opening Matched Funds, [**the Maximum Additional Matched Funds,**] and the Maximum Image Matched Funds to these efforts, but Big O shall only be responsible for matching 50% of these maximum matched amounts. All matching funds will be provided in the form of a credit against Franchisee's trade account for products purchased from Big O.

4. The terms and conditions of this Existing Franchisee Incentive 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 TIRES, LLC a Nevada limited liability company	**FRANCHISEE**
	_____ (Print Name)
By:_____	By:_____
Title:_____	Title:_____

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 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.

(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 or until the next Royalty Matrix becomes effective.

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 is achieved. Currently, the lowest royalty level is 3.5%, but this is subject to change by Big O in its discretion in the future.

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 2023 revenues will be used to determine the Matrix Royalty Rates applicable in 2024).

g. Big O, at its sole discretion, may update the Royalty Matrix during the course of a calendar year based on the Store-level retail sales for the 12-month period ending the most recent October 31 or any other more recently ended full or partial 12-month period selected by Big O.

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 2023 or until the next Royalty Matrix becomes effective. A different Royalty Matrix will be applicable in other years. For instance, if you sign a Franchise Agreement in 2024, the Royalty Matrix attached to that Franchise Agreement will be the 2024 Royalty Matrix, not the attached 2023 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**.

2023 Rate Calculation Worksheet
2023 BFF MATRIX

Royalty Matrix (BFF II) - 2023
5.0% Stores

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 Required to Qualify for Reduced Royalty Percent ($000)																		
			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%
	<$2640	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,640	-0.09%	4.91%	2,640	4,488	6,138	7,392	8,250	8,712	8,778	8,448	9,504	10,560	11,616	12,672	13,728	14,784	15,840	16,896	17,952	19,008	20,064	21,120	22,176
2,840	-0.18%	4.82%	2,840	4,828	6,603	7,952	8,875	9,372	9,443	9,088	10,224	11,360	12,496	13,632	14,768	15,904	17,040	18,176	19,312	20,448	21,584	22,720	23,856
3,040	-0.27%	4.73%	3,040	5,168	7,068	8,512	9,500	10,032	10,108	9,728	10,944	12,160	13,376	14,592	15,808	17,024	18,240	19,456	20,672	21,888	23,104	24,320	25,536
3,240	-0.36%	4.64%	3,240	5,508	7,533	9,072	10,125	10,692	10,773	10,368	11,664	12,960	14,256	15,552	16,848	18,144	19,440	20,736	22,032	23,328	24,624	25,920	27,216
3,440	-0.45%	4.55%	3,440	5,848	7,998	9,632	10,750	11,352	11,438	11,008	12,384	13,760	15,136	16,512	17,888	19,264	20,640	22,016	23,392	24,768	26,144	27,520	28,896
3,640	-0.55%	4.45%	3,640	6,188	8,463	10,192	11,375	12,012	12,103	11,648	13,104	14,560	16,016	17,472	18,928	20,384	21,840	23,296	24,752	26,208	27,664	29,120	30,576
3,840	-0.64%	4.36%	3,840	6,528	8,928	10,752	12,000	12,672	12,768	12,288	13,824	15,360	16,896	18,432	19,968	21,504	23,040	24,576	26,112	27,648	29,184	30,720	32,256
4,040	-0.73%	4.27%	4,040	6,868	9,393	11,312	12,625	13,332	13,433	12,928	14,544	16,160	17,776	19,392	21,008	22,624	24,240	25,856	27,472	29,088	30,704	32,320	33,936
4,240	-0.82%	4.18%	4,240	7,208	9,858	11,872	13,250	13,992	14,098	13,568	15,264	16,960	18,656	20,352	22,048	23,744	25,440	27,136	28,832	30,528	32,224	33,920	35,616
4,440	-0.91%	4.09%	4,440	7,548	10,323	12,432	13,875	14,652	14,763	14,208	15,984	17,760	19,536	21,312	23,088	24,864	26,640	28,416	30,192	31,968	33,744	35,520	37,296
4,640	-1.00%	4.00%	4,640	7,888	10,788	12,992	14,500	15,312	15,428	14,848	16,704	18,560	20,416	22,272	24,128	25,984	27,840	29,696	31,552	33,408	35,264	37,120	38,976
6,600	-1.08%	3.92%	6,600	11,220	15,345	18,480	20,625	21,780	21,945	21,120	23,760	26,400	29,040	31,680	34,320	36,960	39,600	42,240	44,880	47,520	50,160	52,800	55,440
7,920	-1.17%	3.83%	7,920	13,464	18,414	22,176	24,750	26,136	26,334	25,344	28,512	31,680	34,848	38,016	41,184	44,352	47,520	50,688	53,856	57,024	60,192	63,360	66,528
9,240	-1.25%	3.75%	9,240	15,708	21,483	25,872	28,875	30,492	30,723	29,568	33,264	36,960	40,656	44,352	48,048	51,744	55,440	59,136	62,832	66,528	70,224	73,920	77,616
10,560	-1.33%	3.67%	10,560	17,952	24,552	29,568	33,000	34,848	35,112	33,792	38,016	42,240	46,464	50,688	54,912	59,136	63,360	67,584	71,808	76,032	80,256	84,480	88,704
11,880	-1.42%	3.58%	11,880	20,196	27,621	33,264	37,125	39,204	39,501	38,016	42,768	47,520	52,272	57,024	61,776	66,528	71,280	76,032	80,784	85,536	90,288	95,040	99,792
13,200	-1.50%	3.50%	13,200	22,440	30,690	36,960	41,250	43,560	43,890	42,240	47,520	52,800	58,080	63,360	68,640	73,920	79,200	84,480	89,760	95,040	100,320	105,600	110,880
Average Sales Per Store to Qualify for 4.0% Royalty				3,944	3,596	3,248	2,900	2,552	2,204	1,856	1,856	1,856	1,856	1,856	1,856	1,856	1,856	1,856	1,856	1,856	1,856	1,856	1,856
			One	Two	Three	Four	Five	Six	Seven	Eight	Nine	Ten	Eleven	Twelve	Thirteen	Fourteen	Fiveteen	Sixteen	Seventeen	Eighteen	Nineteen	Twenty	Twenty One
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

Notwithstanding any agreement or anything in this Royalty Matrix to the contrary, in the event that Big O has granted a franchisee a financial incentive (including but not limited to a trade account credit incentive or similar incentive) that is based on the franchisee's gross sales levels and which has the overall result of reducing the effective royalty rate of the franchisee, then the lowest applicable royalty level that shall apply under this Royalty Matrix will be 4.00%.

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 currently range from 3.5% 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.

With respect to all of the situations described in this **Schedule 9, Annex 2**, in the event that there has been any change in the Matrix Royalty Rate during the course of a year, Big O shall be entitled to use its reasonable discretion in applying the applicable rates to the sales for the periods in which those rates were in effect.

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, 2023 (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, 2024, the DCPU is set at $6.60 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 ($.02 per unit for 2023) 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 10), 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"

SUCCESSOR FRANCHISE RIDER
TO FRANCHISE AGREEMENT

BIG O TIRES, LLC, a Nevada limited liability company ("**Big O**"), and the undersigned franchisee ("**Franchisee**") entered into that certain Big O Franchise Agreement ("**Agreement**") contemporaneously herewith, and desire to supplement and amend certain terms and conditions of such Agreement by this Successor Franchise Rider to Franchise Agreement ("**Rider**"). The parties therefore agree as follows:

1. Term. Section 4.01 of the Agreement is hereby deleted in its entirety with the following substituted in its place:

> 4.01 Term. This Agreement shall take effect upon the Effective Date and, unless previously terminated pursuant to **Section 19** hereof, its term shall extend until the earlier of the tenth (10th) anniversary of the Effective Date or such other Expiration Date as is stated on the Summary Pages. Franchisee agrees to operate its Big O Store for the full term of this Agreement.

2. Grant of Successor Franchise Rights. Article 5 of the Agreement is hereby deleted in its entirety. At the end of the term of the Agreement, Franchisee shall have no option to obtain a successor franchise or renewal, and the Agreement shall expire.

3. Commencement of Business. Section 6.05 of the Agreement is hereby deleted in its entirety, with the following substituted in its place:

> 6.05 Commencement of Business. Franchisee agrees that the Big O Store has opened for business prior to the Effective Date of this Agreement. Franchisee agrees and acknowledges that the Commencement Date has already occurred prior to the Effective Date of this Agreement.

4. Big O's Pre-Opening Assistance. Franchisee acknowledges that it has previously received the pre-opening assistance from Big O set forth in **Section 7.01** of the Agreement, and it is not entitled to additional pre-opening assistance as a result of this exercise of successor franchise rights. **Section 7.01** is hereby amended accordingly.

5. Initial Franchise Fee. Section 8.01 of the Agreement and Section 2 of the Summary Pages are hereby deleted in their entirety, with the following substituted in the place of **Section 8.01**:

> 8.01 Successor Franchise Administration Fee. In consideration of the execution of this Agreement, Franchisee agrees to pay Big O a successor franchise administration fee in the amount of $_____, which shall be due and payable upon execution of this Agreement. The successor franchise administration fee is not refundable.

6. Grand Opening Advertising. Section 15.01 of the Agreement is hereby deleted in its entirety.

7. Release. Franchisee for itself, its employees, officers, directors, shareholders, members, managers, partners, agents, representatives, successors and assigns, hereby fully and forever unconditionally releases and discharges Big O, its affiliated companies and their employees, officers, directors, shareholders, members, managers, partners, agents, representatives, successors and assigns (collectively referred to as the "**Big O 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 it, which it may now have against Big O or the Big O Parties, or which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with Big O or the Big O Parties, however characterized or described, from the beginning of time until the date of the Agreement.

The following provision applies for Franchisees in California:

It is intended that this Rider shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the Big O Parties and Franchisee expressly waives any and all rights under Section 1542 of the California Civil Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The following provision applies for Franchisees in Montana:

It is intended that this Rider shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the Big O Parties and Franchisee expressly waives any and all rights under Section 28-1-1602 of the Montana Code Annotated, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY THE CREDITOR, MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.

The following provision applies for Franchisees in North Dakota:

It is intended that this Rider shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the Big O Parties and Franchisee expressly waives any and all rights under Section 9-13-02 of the North Dakota Century Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR, MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.

The following provision applies for Franchisees in South Dakota:

It is intended that this Rider shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the Big O Parties and Franchisee expressly waives any and all rights under Section 20-7-11 of the South Dakota Codified Laws, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The following provision applies for Franchisees in Washington:

This release does not apply with respect to any claims under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

8. Effectiveness of Agreement. The terms and conditions of this 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.

Fully executed this ____ day of _____, 20___.

FRANCHISEE	**BIG O:**
_____	**Big O Tires, LLC**
By_____	By_____
Title_____	Title _____
Date_____	Date_____

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.

The following provision applies for any parties in California:

It is intended that this release shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the Big O Group and each party expressly waives any and all rights under Section 1542 of the California Civil Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The following provision applies for any parties in Montana:

It is intended that this release shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the Big O Group and each party expressly waives any and all rights under Section 28-1-1602 of the Montana Code Annotated, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY THE CREDITOR, MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.

The following provision applies for any parties in North Dakota:

It is intended that this release shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the Big O Group and each party expressly waives any and all rights under Section 9-13-02 of the North Dakota Century Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR, MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.

The following provision applies for any parties in South Dakota:

It is intended that this release shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the Big O Group and each party expressly waives any and all rights under Section 20-7-11 of the South Dakota Codified Laws, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The following provision applies for any parties in Washington:

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act, RCW 19.100, or any rule or order thereunder, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

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”

RESERVED

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 TIRES, LLC, a Nevada limited liability company, whose mailing address is 4300 TBC Way, Palm Beach Gardens, Florida 33410 ("Sublessor") and _____, a(n)_____, whose mailing address is _____, _____, [**or** an individual, whose mailing address is _____] ("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 and assignments 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 leasehold title to and/or ownership (as applicable) 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 (defined below) 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 ("Initial Term") 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 Sublessee of its obligations of and to that certain Franchise Agreement between Sublessor and Sublesee 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 Sublessee is not in default under any term or condition of the Franchise Agreement and/or any other agreement between Sublessor 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 Sublessee to extend the term of the Franchise Agreement to the end of the extended term of the Master Lease and the Sublease.

2.3. Holding Over**.** If Sublessee, or any of its successors in interest, shall remain in possession of the Subleased Premises, or any part thereof, after the expiration of the term of this Sublease, 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 minimum monthly rent applicable during the last month of the term of this Sublease or the last prior renewal term thereof. Sublessee shall also pay additional rent attributable to Sublessee's occupation of the Subleased Premises and any damages, if any, incurred by Sublessor as a result of such holding over. Sublessee shall also be subject to all of the conditions, provisions and obligations of this Sublease insofar as the same are applicable to a month-to-month tenancy. Nothing contained herein shall constitute permission granted or inferred for Sublessee to remain in possession beyond the exact termination date of this Sublease, as extended by the extended term(s) unless specifically granted by Sublessor in writing.

3. Rent. Rent shall include the following:

3.1. Minimum Monthly Rent and Mark-up.

3.1.1. Commencing on _____ (the "Rent Commencement Date"), 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 **five percent (5%)** mark-up which amounts to $_____ for a total monthly base rent of $_____. Such minimum monthly rent, plus the 5% mark-up, shall be subject to increase in accordance with all rent adjustment and escalation provisions set forth in the Master Lease, and at Sublessor's option in accordance with the terms in Sections 3.1.2 and 3.1.3 below. If any month during the term of this Sublease shall be less than a complete month, such month's minimum monthly rental, plus the 5% **mark up,** shall be prorated on a thirty (30) day month basis.

3.1.2. On or before 120 days prior to the 5th anniversary of the Rent Commencement Date, Sublessor may, in its sole discretion, make and submit to Sublessee, a written Fair Market Rent proposal to apply beginning on the 5th anniversary of the Rent Commencement Date. "Fair Market Rent" shall be defined as the then fair market rent for the Subleased Premises reflecting the physical condition of the Subleased Premises at such time (including an adjustment for any needed repairs or maintenance).

(i) Sublessor's Fair Market Rent proposal shall become the minimum monthly rent (in lieu of the minimum monthly rent and mark-up set forth in Section 3.1.1) beginning on the 5th anniversary of the Rent Commencement Date for the remainder of the Term, unless within 30 days following Sublessee's receipt of Sublessor's proposal:

(1) Sublessor and Sublessee agree on a different Fair Market Rent which shall then become the minimum monthly rent; or

(2) Sublessee makes a written, alternate Fair Market Rent proposal to Sublessor ("Sublessee's Proposal"). If the parties do not agree on the Fair Market Rent within 15 days after Sublessor receives Sublessee's Proposal, the Fair Market Rent shall be determined by arbitration conducted

by the American Arbitration Association ("AAA") in accordance with the process set forth in Subsection 3.1.2(ii) hereof;

(ii) if the Fair Market Rent is to be determined by arbitration, Sublessor and Sublessee shall jointly submit the arbitration to the AAA. If either party fails to sign the joint submission within five days after request by the other party, either party shall have the right to initiate the arbitration alone. Submission of the arbitration to the AAA under this Subsection 3.1.2(ii) is sometimes referred to herein as "Submission". The arbitration shall be conducted:

(1) pursuant to the AAA's "Arbitration Rules for the Real Estate Industry", except as otherwise stated herein;

(2) by a single arbitrator appointed by the AAA; provided, however, either party shall have the right to require that the arbitration be conducted by three arbitrators provided that such right is exercised no later than the time of Submission, in which event each party shall select an arbitrator within 15 days following Submission and the two arbitrators shall appoint a third arbitrator;

(3) in the city of the AAA's local or regional office nearest the Subleased Premises;

(4) under the AAA's "Expedited Procedures" process;

(5) without depositions, but with document discovery;

(6) on documents submitted by each party and without a hearing;

(7) in the "baseball arbitration" style with the arbitrator(s) being limited to choosing either Sublessee's Proposal or Sublessor's proposal;

(8) without a reasoned opinion;

(9) with the arbitrator(s) being required to issue his/her/their decision within 45 days after Submission, and, to that end, the arbitrator(s) shall have the right to schedule the arbitration process accordingly;

(10) with each party paying its own costs and expenses (including, but not limited to, appraiser and attorney fees). In a single arbitrator proceeding, Sublessor shall pay the arbitrator's fee, the AAA's fee and the administrative costs of the arbitration. In a three arbitrator proceeding, each party shall pay the fee of the arbitrator it selected, one-half of the AAA's fee for a single arbitrator proceeding and one-half of the administrative costs of a single arbitrator proceeding, and the party requesting the three arbitrator proceeding shall pay the third arbitrator's fee, any additional fee charged by the AAA for a three arbitrator proceeding and the administrative costs in excess of those for a single arbitrator proceeding; and

(11) with the decision of the arbitrator(s) being binding on Sublessor and Sublessee. Notwithstanding anything to the contrary contained herein, the decision of the arbitrator shall not reduce the minimum monthly rent below the amount of the minimum monthly rent in effect when the Sublessor's Proposal was initially submitted to Sublessee.

3.1.3. Additionally, Sublessor shall be entitled to submit a written Fair Market Rent proposal 120 days prior to the 10th, 15th, and 20th anniversary (if applicable) of the Rent Commencement Date as provided herein for a new determination of Fair Market Rent for the Subleased Premises utilizing the same time frames and processes described herein (with the new minimum monthly amount becoming effective on each such anniversary date).

3.1.4. There will be no five percent (5%) mark-up on any minimum monthly rent determined based on the Fair Market Rent in accordance with Section 3.1.2 or 3.1.3.

3.1.5. If the minimum monthly rent is adjusted to the Fair Market Rent as discussed in Sections 3.1.2 or 3.1.3, and thereafter the minimum monthly rent plus mark-up as determined in accordance with Section 3.1.1 becomes greater than such Fair Market Rent amount, then the minimum monthly rent plus mark-up determined in accordance with Section 3.1.1 shall apply upon notice to Sublessee from Sublessor.

3.2. Taxes. All taxes of whatever nature (annual or annualized), including real and personal property taxes and assessments relating to the Subleased Premises to be paid by Sublessor under the Master Lease, as estimated and collected at Sublessor's sole discretion.

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 Big O Tires, LLC, Lease Administration, 4300 TBC Way, 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**. Sublessee's shareholders or members, as the case may be, shall execute the guaranty attached hereto as **Exhibit C**.

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 following 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 Sublessor 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.

CALIFORNIA ONLY: 5.2.5 Required Accessibility Disclosure. The Subleased Premises has not undergone an inspection by a Certified Access Specialist (CASp). The parties acknowledge and agree a CASp can inspect the Subleased Premises and determine whether the Subleased Premises complies with all of the applicable construction-related accessibility standards under California state law. Although state law does not require a CASp inspection of the Subleased Premises, Sublessor may not prohibit Sublessee from obtaining a CASp inspection of the Subleased Premises for the occupancy of the Sublessee, if requested by Sublessee. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Subleased Premises. Any necessary repairs or modifications to bring the Subleased Premises into compliance with construction-related accessibility standards, which are disclosed by the CASp inspection report, are presumed to be the responsibility of Sublessee unless otherwise agreed to by the parties in writing.

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, defend and hold Sublessor, its shareholders, directors, officers, agents, employees, representatives, affiliates, parents 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 Sublessor and Sublessee, or any guarantor of Sublessee, which permits Sublessor the right to terminate such agreements and/or instruments;

8.1.7. Termination of Franchise Agreement. The termination of Sublessee as a duly authorized franchisee of Sublessor and/or the termination of the Franchise Agreement (defined in Subsection 2.1); and/or

8.1.8. Franchise Agreement Default. Sublessee commits any material breach of the Franchise Agreement; Sublessee, or any guarantor of Sublessee, commits any material breach of any other instrument or agreement between Sublessor and Sublessee; and/or Sublessee, or any guarantor of Sublessee, commits any other act or omission to act which permits Sublessor the right to terminate such agreements and/or instruments. As used in this Subsection 8.1.8, the term Sublessor may also include any of Sublessor'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 is given to Sublessee or unless the termination thereof is 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 Sublessor, 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 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. Governing Law; Venue; Waiver of Jury Trial. This Sublease shall be construed and governed by the applicable laws of the state where the Subleased Premises are located. Sublessor and Sublessee hereby irrevocably consent to the jurisdiction and proper venue of the state and federal courts of such state. SUBLESSOR AND SUBLESSEE DO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER, UPON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS SUBLEASE, SUBLESSEE'S USE OR OCCUPANCY OF THE SUBLEASED PREMISES AND/OR ANY CLAIM OF INJURY OR DAMAGE.

18. **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 facsimile, if on a business day, and if not transmitted on a business day, the first business day thereafter, to the proper party via the facsimile 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 facsimile 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
4300 TBC Way
Palm Beach Gardens, Florida 33410
Attn: Lease Administration
Facsimile: (561) 828-8253

With a copy to the attention of General Counsel at the same address and facsimile number

Any notice to Sublessee shall be addressed to:

_____
_____
Telephone: _____
Facsimile: _____

19. **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:_____

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: _____

Your Name_____ (Please Print)

Signature _____

Date Signed _____

Your Name_____ (Please Print)

Signature _____

Date Signed _____

EXHIBIT C

GUARANTY OF SUBLEASE

In consideration of, and as an inducement to, the execution of the foregoing Sublease for the Subleased Premises located at _____ by BIG O TIRES, LLC ("Sublessor"), the undersigned hereby jointly and severally guarantee unto Sublessor that _____ ("Sublessee") will perform and/or pay each and every covenant, payment, agreement, obligation, liability and undertaking on the part of Sublessee contained and set forth in or arising out of such Sublease (the "Obligations").

Sublessor, and any of its subsidiaries, affiliates, related entities, parents, and any of their 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 Sublessee to Sublessor, whether or not Sublessor or its successors have 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 Sublessee 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 Sublessee to Sublessor 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 Sublease or not.

Each of the undersigned further waives presentment, demand, protest, nonpayment and all other notices whatsoever, including without limitation notice of all defaults, disputes or controversies between Sublessee and Sublessor resulting from such Sublease.

The undersigned jointly and severally agree to pay all expenses paid or incurred by Sublessor in attempting to enforce the Obligations and this Guaranty against Sublessee 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 Sublessor 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.

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.

THIS GUARANTY, THE INTERPRETATION AND CONSTRUCTION OF THIS GUARANTY AND OF ANY PROVISION OF THIS GUARANTY AND OF ANY ISSUE RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY SHALL BE GOVERNED BY THE LAWS OF THE STATE WHERE THE PREMISES THAT ARE THE SUBJECT OF THE SUBLEASE ARE LOCATED. ANY ACTION OR PROCEEDING REGARDING THIS GUARANTY SHALL BE BROUGHT IN THE JURISDICTION OF THE STATE OR FEDERAL COURTS OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS GUARANTY, THE UNDERSIGNED CONSENT TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF

THE UNDERSIGNED WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO VENUE ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH JURISDICTION. SERVICE MAY BE MADE UPON ALL OR ANY OF THE UNDERSIGNED AT THE ADDRESS FIRST SET FORTH BELOW, OR AT THE RESPECTIVE ADDRESSES OF THE UNDERSIGNED SET FORTH BELOW, IN ACCORDANCE WITH THE PROCEDURES PROVIDED UNDER APPLICABLE LAW.

THE UNDERSIGNED HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS GUARANTY, THE TRANSACTIONS CONTEMPLATED HEREBY OR ANY RELATIONSHIP BETWEEN ANY OF THE PARTIES HERETO, ITS AFFILIATES, SUBSIDIARIES, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY KIND BROUGHT BY OR AGAINST ANY OF THE UNDERSIGNED, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH OF THE UNDERSIGNED AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS PARAGRAPH AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS GUARANTY OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY, WHETHER OR NOT SPECIFICALLY SET FORTH THEREIN.

THIS GUARANTY REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

GUARANTORS:

Date: _____

_____
, individually

Date: _____

_____
, individually

EXHIBIT “G”

PROMISSORY NOTES

1. Promissory Note (Standard)

2. Description of Promissory Note (Inventory Note, Equipment Note, Alternative Financing Note)

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, 4300 TBC Way, 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:
4300 TBC Way

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.

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:

Additional Store Development Program, Multi-Store Conversion Program, New Franchisee Program, Veteran/First Responder Incentive Program, or Key Person New Store Incentive Program: Notwithstanding the variable interest rate of this Note, this Note shall be payable as follows: Commencing _____, principal and interest shall be payable in thirty-six (36) 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).

OR (if elected by Maker):

Interest Rate: No interest (the "Note Interest Rate").

Additional Store Development Program, Multi-Store Conversion Program, New Franchisee Program, or Key Person New Store Incentive Program: This Note shall be payable as follows: Commencing _____, principal payments shall be payable in twelve (12) 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).

Equipment Note (Exhibit G)

The Holder shall be changed to TBC Corporation.

Principal Amount: Up to _____ Dollars (U.S. $_____) or so much thereof as may be advanced hereunder.

Interest Rate: No interest (the "Note Interest Rate").

Payment Terms:

Additional Store Development Program, Multi-Store Conversion Program, New Franchisee Program, Veteran/First Responder Incentive Program, or Key Person New Store Incentive Program: This Note shall be payable as follows: Commencing _____, principal payments shall be payable in twelve (12) 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).

Alternative Financing Note (Exhibit G)

Principal Amount: One Hundred Fifty Thousand Dollars ($150,000) and all subsequent advances made by Holder.

Interest Rate: No interest (the "Note Interest Rate").

Payment Terms:

Additional Store Development Program or Multi-Store Conversion Program: The principal balance of the Note shall be paid in full within 90 days of _____ (such date being the "Payment Date"). A credit of $.05 per dollar of Gross Sales (as defined in Maker's Franchise Agreement) made by the Big O Tires Store through the Payment Date will be applied against the principal balance due. By way of example, if the Big O Tires Store has $1,500,000 dollars of Gross Sales by the Payment Date, the principal balance due shall be reduced by $75,000, and the remaining balance of the principal ($75,000) shall be paid within 90 days after the Payment Date.

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 and Equipment)

The promissory notes used to evidence the franchisee's obligations under the various incentive programs for inventory, ongoing trade account, or equipment purchases (the "Incentive Note") are 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 Incentive Note specifies that the principal advanced under the Note is for inventory, ongoing trade account, or equipment 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.

4300 TBC Way
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 agreement number _____, and any successor Franchise Agreement(s) (the "Franchise Agreement(s)"), ☐ 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

AUTOMOTIVE MAINTENANCE & REPAIR ASSOCIATION — MOTORIST ASSURANCE PROGRAM

STANDARDS FOR AUTOMOTIVE REPAIR

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 725 E Dundee Road, Suite 206, Arlington Heights, IL, 60004, and
_____ (Company/Facility name)
located at _____
the owner and operator of the 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 fourteen (14) 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. Revised 2014-07-01

(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, (including legal fees for AMRA's in-house or general counsel to oversee the indemnified matters(s) in addition to legal counsel separate from the Member's legal counsel responsible for the indemnified matters(s)) 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) 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.

AUTOMOTIVE MAINTENANCE & REPAIR ASSOCIATION
MOTORIST ASSURANCE PROGRAM
STANDARDS FOR AUTOMOTIVE REPAIR

_____	Automotive Maintenance and Repair Association
Facility Name or Parent Company	Motorist Assurance Program
_____	_____
NAME – Principal or Designee	NAME – AMRA/MAP President
_____	_____
Signature – Principal or Designee	Signature – AMRA/MAP President
_____	_____
Date	Date

AUTOMOTIVE MAINTENANCE & REPAIR ASSOCIATION — MOTORIST ASSURANCE PROGRAM

STANDARDS FOR AUTOMOTIVE REPAIR

Exhibit A

Please complete all information on Exhibit A.

This information is used to display your participating location(s) on the www.motorist.org website. For companies with multiple locations covered in this agreement, please complete multiple lines on Exhibit A in lieu of multiple copies of this form.

List of Participating BIG O TIRES Facilities

Owner(s) Office Address _____

Owner(s) Name _____

Shop ID	Shop Address	City	State	ZIP Code	Phone #

Revised 2014-07-01

725 E Dundee Road • Suite 206 • Arlington Heights, IL 60004 • 847-947-2650 • www.amra.org • www.motorist.org

EXHIBIT "J"

TECHNOLOGY AGREEMENT AND SOFTWARE LICENSE 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 currently selected Navex, LLC, a Solera Company ("Navex") and the Software System 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 Software System and related services from Navex or Big O under the terms set forth in the License Agreement.

B. Navex shall provide the Software System for single store and multi-store franchisees, and will assist with the development of an interface between the Software System 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 a License Agreement with Navex, pursuant to the terms of which, among other things, Navex will provide the Software System 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 Software System and services as set forth in the 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 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) EFFECTIVE DATE shall have the same meaning as set forth in the License Agreement.

(b) APPROVED POINT-OF-SALE VENDOR means the vendor and/or Point-of-Sale system Big O management designates that franchisees must use. Big O management may, at its sole discretion, change the Approved Point-of-Sale Vendor. In the event that Big O changes the Approved Point-of-Sale Vendor, all references herein to Navex shall be deemed to refer to the new Approved Point-of-Sale Vendor.

(c) 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 Authorized Location.

(d) AUTHORIZED LOCATION(S) shall have the same meaning as set forth in the License Agreement.

(e) Navex means Navex, LLC, a Solera company.

(f) LICENSE AGREEMENT means that certain software license agreement between Franchisee and Navex for the Authorized Locations and relating to the Software System.

(g) 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.

(h) FRANCHISE AGREEMENT(S) mean the contract(s) that govern the relationship between Big O and the Franchisee related to the Authorized Locations.

(i) SOFTWARE SYSTEM shall have the same meaning as set forth in the License Agreement.

(j) LOCAL CUSTOMER means any customer of a Authorized Location of Franchisee subject to a terminated Franchise Agreement, provided that such Local Customer shall not include any customer of Authorized Location who has purchased any product or service offered by Big O or a franchisee from a Competing Regional Store.

(k) 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.

(l) 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.

(m) 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 Authorized 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.

(n) SHARED INFORMATION means the information collectively described on Schedule A, attached to and by this reference made a part of this Agreement, including information described on Schedule A that is transmitted to Big O from Franchisee's store through one of Big O's third party vendors.

(o) All other capitalized terms used but not defined in this Agreement shall have the meanings given to them in the License Agreement.

2. System to be Acquired. Franchisee shall acquire a license for the Software System 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 Authorized Location beginning on the Effective Date of the Software System installed at that Authorized Location.

(b) Big O shall cause Navex to create standard protocols whereby the Shared Information transmission functionality will be part of the Software System 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 Software System 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 Software System, 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 Software System in accordance with the processes and procedures detailed in the documentation issued by Navex for the Software System and shall use its best efforts to ensure that accurate SKU and product information are maintained and entered into the Software System in accordance with procedures specified by Big O or Navex 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 Software System 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, Navex, 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 Navex or its designees access, in person or via an Internet or direct modem to modem connection, to Franchisee's computer system running the Software System 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 Navex, 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 Software System 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 Holdings, LLC 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 Holdings, LLC 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 Authorized 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 Authorized 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 Authorized 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 Authorized 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 Authorized 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 License Agreement.

(a) Franchisee shall perform in a timely manner all of its obligations under the License Agreement, whether owing to Navex or Big O, including without limitation, making timely payments to Navex 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 Navex 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 License Agreement and Franchise Agreement upon such termination. The parties acknowledge and agree that the standard software products from Navex, as referenced in the second sentence in Section 4.3 of the 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: _____	Name: _____
Title: VP – Franchise Development	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 Software System 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, date, from which supplier purchased, 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 Software System, as more fully described in the 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 Software System, as more fully described in the 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.

Navex/Direct Shop Elite

Software License Agreement (EULA)

THIS AGREEMENT is made and entered into as of _____, 20__ ("Effective Date") by and between **Navex, LLC** ("Licensor") with an office located at 1500 Solana Blvd., Building 6, Suite 6300, Westlake, TX 76262 and _____ ("Customer" or "Licensee") a/an _____corporation/limited liability company with an office located at _____.

In consideration of the mutual covenants and conditions contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Licensor and Licensee agree as follows:

1. Definitions. For the purposes of this Agreement the following are defined terms:
    a. The term "Software System" means the modules and licensed program(s) specified in Schedule A of this Agreement executed by Licensor and Licensee which comprise Licensor's "Direct-Shop Elite Shop Management System," including copies of Licensor's standard documentation for such modules and other licensed materials related to the Software System and provided by Licensor for use in connection with the Software System, and including any and all modifications, updates, upgrades, and enhancements thereto which are provided by Licensor to Licensee. Any reference in this Agreement to the Software System includes both or either the licensed program(s) and the licensed material(s).
    b. The term "Authorized Locations" means the address(es) of all Customer facilities which operate the Software System specified in Schedule A of this Agreement.
    c. The term "Authorized Computer(s)" means the Customer's servers that the Software System is operating on.
    d. The term "Order" means all software ordered by Licensee from Licensor in Schedule B of this Agreement, attached hereto.
    e. The term "Source Code" means that part of the Software System which contains the machine-readable written instructions which facilitate the function of the modules and licensed programs in the Software System.

2. Grant of License. In accordance with the terms contained herein, Licensor grants to Licensee and Licensee accepts from Licensor, a continuing non-exclusive, non-sublicensable, non-transferable license ("License") to use the Software System at the Authorized Locations subject to the provisions of Paragraph 4.

3. Term. This Agreement shall commence on the Effective Date and shall continue for 3 years ("Initial Term") unless earlier terminated in accordance with Paragraph 12 below. Upon expiration of the Initial Term, this Agreement shall automatically renew for consecutive 1 year renewal Terms (each a "Renewal Term") unless thirty (30) days written notice of its intent not to renew is provided to the other party prior to the expiration of the Initial Term or any Renewal Term. Customer's and Licensor's continuing obligations under this Agreement including, without limitation, those relating to the Products, the Licensor Confidential Information, and Limitation of Liability under Paragraph 11, shall survive the termination of this Agreement.

4. Restrictions on the Licensee.

    a. Location. The Software System shall be used only at the location identified as Licensee's address on Schedule A of this Agreement and any locations identified on Schedule A of this Agreement. Licensee agrees that it will not use or execute the Software System at any other location without the prior written consent of Licensor. Such use or execution at any other location shall be subject to Licensor's then current site license fee.
    b. Use in Licensee's Business. The Software System shall be used only by Licensee as identified by name in this License Agreement for the processing of Licensee's own business, and shall not be sublicensed or leased or used in any other business operating as a separate legal entity or in any computer service, business, time-sharing business or other commercial multiple user arrangement. Licensee agrees not to sublicense, lend, sell, lease or otherwise dispose of the Software System (including the licensed program and license) or otherwise transfer the benefit or obligations of this Agreement or any part of it without the prior written approval of the Licensor, which approval will not be unreasonably withheld.
    c. Proprietary and Trade Secret Requirements. Licensee acknowledges the Software System constitutes the proprietary information of Licensor and agrees to maintain the Software System as a trade secret in strict confidence. Licensee agrees not to remove any product identification, trademark, copyright, confidentiality, proprietary, or other notices contained on or within the Software System. Licensee shall take reasonable steps to ensure that its employees, consultants, and any others who may have access to the Software System through Licensee have entered into agreements and have been instructed as to the protection of the Licensor's rights under this Agreement and Licensee will be responsible for any actions or omissions of any such employees, consultants, and third parties the same as if such actions or omissions were those of the Licensee. The Licensee agrees: (i) only

to disclose or permit access to the Software System to employees, consultants, and third-party subcontractors who have a need to know or use the Software System in accordance with this Agreement and who have entered into confidentiality agreements with Licensee that will protect the confidentiality of the Software System and are at least as protective of Licensor's rights as this Agreement; and (ii) to protect the Software System from unauthorized use, access, or disclosure in the same manner as it protects its own similar confidential or proprietary information, and in no event less than the safeguards a reasonably prudent person would exercise under similar circumstances; and (iii) Any consultants and/or third party subcontractors to whom disclosure or access to the Software System is made pursuant to (c)(i) above, must not be competitors of Licensor.

d. Licensee will not create, or attempt to create, or permit or help others to create, the Source Code from the Software System furnished pursuant to this Agreement. Licensee will store the Software System in a safe place and record the name of each person having access to the Software System. Licensee will promptly notify Licensor in writing in the event any unauthorized person obtains access to the Software System.
e. Licensee shall not, without prior written consent of Licensor, copy in whole or in part the Software System provided by Licensor under this Agreement. If Licensor permits Licensee to make a copy of the Software System, such copy shall be made in machine readable form only, must be used exclusively for Licensee's internal use, and must be stored at Licensee's permitted location for use pursuant to this Agreement. The copies of the Software System furnished to Licensee by Licensor and any copy in whole or part of the Software System made by the Licensee pursuant to this paragraph are the property of Licensor.
f. Third party Access: If requested, all third-party connectivity will be reviewed and if properly licensed and approved thru the Licensor Agreement will be granted solely thru the Licensor third-party Gateway executed with the supplier or other approved Gateway. Timeframe for any requested review to be completed within 90 days.

5. Provision of the Software System, Maintenance and Other Services. Licensor shall provide maintenance services to Licensee only as defined in Schedule C of this Agreement. The Licensor may refuse to carry out maintenance of the Software System if the Software System is misused or altered or amended without the prior written consent of the Licensor or is used with hardware or software that has not been approved by Licensor.

6. Non-infringement. Licensor warrants that Licensor owns the software licensed by Licensor to Licensee hereunder ("Licensed Software," which term will not include any software licensed by Licensee from a third party even if Licensor assisted in or recommended the licensing of such software), including all associated intellectual property rights, and has the right to grant Licensee the rights and licenses provided pursuant to this Agreement, free from all restrictions except those provided for herein. Licensor warrants that the Licensed Software does not, and use of the Licensed Software as permitted hereby will not infringe any valid patents, copyrights, trademarks, trade secrets, or other proprietary rights of any third parties.

7. Indemnification Obligations. Licensor shall defend, indemnify and hold harmless Licensee and its affiliates and their respective employees and representative (collectively the "Indemnified Parties") from and against any and all damages, losses, and liabilities, (including reasonable attorney's fees) incurred by any Indemnified Party arising out of or relative to any infringement or alleged infringement by any Licensed Software of intellectual property or propriety rights of any third party; provided that Licensor's obligations under this paragraph are conditioned on Licensee: (i) giving prompt written notice of any claim to Licensor, (ii) giving the Licensor the opportunity to assume (by written notice to the Licensee) control over the defense and settlement of such claim, and (iii) providing, at the Licensor's expense, all relevant information, assistance and authority to enable the Licensor to defend such claim. Notwithstanding the foregoing, Licensor shall have no liability for, nor shall it be required to indemnify, defend or hold Licensee harmless from or against any claim based on: (i) use of a prior version of Licensed Software that is not in accordance with the terms of this Agreement; (ii) use of the Licensed Software that is not in accordance with the terms of this Agreement; or (iii) any modification of the Licensed Software or use of the Licensed Software with other software which modification or use is not made or authorized by the Licensor to the extent the Licensed Software would not be infringing in the absence of such modification or use. In no event will Licensor's aggregate liability based on one or more claims of infringement exceed $10,000.

8. Payment Terms.
   a. Monthly Subscription Fees. Licensee shall pay a Monthly Subscription fee as set forth in Schedule B of this Agreement. Licensee shall have the right to use the Software System and receive the Software Maintenance benefits defined in Schedule C of this Agreement for as long as the Monthly Subscription fees are paid current.
      i. Monthly Subscription Fees in Schedule B (and any applicable new store one-time license fees in Schedule D) shall be invoiced to Licensee by Big O Tires pursuant to the contract between Licensor and Big O for so long as such contract is valid.
      ii. Upon termination of the Licensor and Big O contract, such fees shall be invoiced by Licensor.
   b. Consulting, Training, and Other Expenses. All consulting, programming, training, implementation, installation, and/or support fees which are incurred pursuant to this Agreement shall be billed by Licensor and paid on a monthly basis in arrears at the hourly rates specified in Schedule D. All travel and related expenses will be billed weekly in arrears at cost.
   c. The Fees set forth in Exhibit B are exclusive of any taxes. When applicable, Licensor will invoice the fees as agreed in Exhibit B, plus sales tax (including transaction privilege tax, value added tax, goods and services tax, or any similar tax collectible by law by Licensor). Licensor has registered to collect and remit sales tax in the state and local jurisdictions only where Licensor has determined that it is required to collect and remit sales tax. If the applicable Software System are invoiced with a shipping address in a jurisdiction where Licensor is not registered to collect and remit sales tax, then Licensee will make its own use tax determination. Licensor will not be responsible

for charging and collecting sales or use tax in jurisdictions where Licensor has determined it is not required to collect and remit sales tax. Except as described above, nothing in this Agreement shall be construed to shift the incidence of or liability for any tax between the parties. Each party will account for and pay its own income taxes imposed (including by withholding or other means) by any competent governmental authority on any payments made and costs incurred in relation to this Agreement. If Licensee is required by law to withhold or deduct any amount from its payments to Licensor, Licensee will provide Licensor with an official tax receipt or other appropriate documentation to support such withholding. The parties will cooperate to more accurately determine and minimize, to the extent commercially reasonable, their respective tax liabilities. Each party will provide tax information or tax documents reasonably requested by the other party. Each party will promptly notify the other of any claim for taxes asserted with respect to this Agreement by a taxing authority with jurisdiction over either party.

d. All payments under this Agreement shall be payable when provided herein and shall not be reduced or delayed by any deduction, setoff, or counterclaim that may be asserted by Licensee.
e. If any fees or expenses are not paid within thirty (30) days after they are due, Licensor may, at its option, charge interest at a rate of the lesser of one and one-half percent (1 1/2%) per month, eighteen percent (18%) per year, or the highest rate allowed by applicable law from the date such fee or charge first became due.

9. Ownership and Property Rights. Licensor represents that it has the right to grant Licensee a License for the use of the Software System. The Software System and all associated materials and rights, including, but not limited to, any copyrights, patents, design copyrights, trademarks, and trade secrets shall be and shall remain the sole and exclusive property of the Licensor. Licensee shall have rights in the Software System only as set forth in this Agreement. Licensee shall take reasonable steps to protect Licensor's legal rights in the Software System whether of copyright, patent, or other intellectual property right and Licensee shall promptly advise the Licensor of any infringement of such rights of which it obtains knowledge. Licensee may not incorporate the Software System into or use it with any other program without the prior written consent of Licensor. In the event such consent is given, Licensor assumes no responsibility and disclaims all liability for any attempt to so incorporate or use the Software System or the results thereof.

   Licensee agrees that it will not modify, enhance, approve, or alter the Software System without the Licensor’s consent, which may be withheld in its absolute discretion. Any and all enhancements, improvements, alterations, or amendments to the Software System, whether made by Licensor or Licensee (with or without Licensor’s consent) shall become part of the Software System and all rights thereto shall belong to Licensor and, with respect to any of the same created by Licensee, Licensee agrees to execute any documents requested by Licensor in order to confirm in and assign to Licensor all rights thereto.

10. Warranties. For a period of sixty (60) days after the date of installation of the Software System, Licensor warrants that the Software System, when used as permitted under this Agreement will perform substantially in accordance with Licensor’s standard specifications.
    a. Any claims under this warranty must be in a writing specifically describing the defect and delivered to Licensor within sixty (60) days after the date of delivery of the Software System. If the Software System is claimed to be defective by Licensee and such defect is reproducible and verified by Licensor, Licensor's sole obligation under this warranty is to remedy such defect within a reasonable time or return the purchase price in exchange for the termination of this Agreement and the License.
    b. If, during the sixty (60)-day warranty period, Licensee makes any modifications to the Software System or uses the Software System with hardware or software that has not been approved by Licensor, this warranty shall immediately be terminated, and Licensor will have no liability hereunder. Licensor’s time, materials and expenses for investigating warranty claims that Licensor determines are traceable to Licensee's errors or Software System changes shall be billed to Licensee at Licensor's standard time and material charges.

11. Disclaimer and Limitation of Liability.
    The Licensee acknowledges that in acquiring and licensing the Software System that the Licensee relied on its own skill and judgment in the selection of the Software System and in determining the use and result which the Licensee intends to obtain from the Software System. The Licensee further acknowledges that no promise, representation, or warranty has been made by Licensor in respect of the profitability, benefits, or any other consequences of the use of the Software System, or in respect of the suitability of the Software System to the operations and business of the Licensee.

    EXCEPT FOR THE LIMITED WARRANTY EXPRESSLY STATED IN PARAGRAPH 10, THE SOFTWARE SYSTEM IS PROVIDED “AS IS” AND LICENSOR HEREBY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND OR NATURE, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE. LICENSOR DOES NOT WARRANT OR REPRESENT THAT THE SOFTWARE SYSTEM WILL BE FREE FROM ERROR OR THAT ITS USE WILL BE UNINTERRUPTED OR ERROR FREE, AND DOES NOT MAKE ANY OTHER REPRESENTATIONS REGARDING THE USE OR RESULTS OF USE, OF THE SOFTWARE SYSTEM IN TERMS OF ACCURACY, RELIABILITY, OR OTHERWISE.

    LICENSOR SHALL HAVE NO LIABILITY RELATING TO THIS AGREEMENT, THE SOFTWARE MAINTENANCE SERVICES, OR THE SOFTWARE SYSTEM FOR ANY LOSS OF USE OR GOODWILL, INTERRUPTION OF BUSINESS, LOSS OR INACCURACY OF BUSINESS INFORMATION OR DATA, LOST PROFITS, COSTS OF PROCUREMENT OF SUBSTITUTE SERVICES, OR ANY INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, OR CONSEQUENTIAL

DAMAGES OF ANY KIND REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT PRODUCT LIABILITY, OR OTHERWISE, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL LICENSOR'S LIABILITY TO THE LICENSEE ARISING FROM OR RELATING TO THIS AGREEMENT, THE SOFTWARE MAINTENANCE SERVICES, OR THE SOFTWARE SYSTEM, REGARDLESS OF THE FORM OF ACTION (WHETHER IN CONTRACT, TORT, STRICT PRODUCT LIABILITY, OR OTHERWISE), EXCEED THE AMOUNTS PAID BY LICENSEE UNDER THIS AGREEMENT. THIS LIMIT IS FOR ONE OR MORE CLAIMS, AND THE EXISTENCE OF MORE THAN ONE CLAIM SHALL NOT ENLARGE THE LIMIT. THE PARTIES ACKNOWLEDGE AND AGREE THAT THIS PARAGRAPH 11 IS AN ESSENTIAL ELEMENT OF THIS AGREEMENT AND THAT, IN ITS ABSENCE, THE ECONOMIC TERMS OF THIS AGREEMENT WOULD BE SUBSTANTIALLY DIFFERENT.

12. Termination:
    a. Licensor shall have the right to terminate this Agreement and the License granted herein without refund to the Licensee:
        i. At any time by giving thirty (30) days' written notice in the event that the Licensee, or any of its respective officers or employees violates any provisions of this License Agreement including, but not limited to, payment of amounts due Licensor by Licensee and fails to cure such violation within a thirty (30)-day period. Such termination by Licensor shall not relieve Licensee of its obligation to pay any and all amounts due to Licensor.
        ii. In the event that the Licensee terminates or suspends its business, initiates or becomes subject to any bankruptcy or insolvency proceeding under federal or state statute or becomes insolvent or becomes subject to control by a trustee, receiver or similar authority, the Licensor may terminate this Agreement, the License and the Software Maintenance Services by giving written notice to the Licensee provided that the Licensee shall pay to the Licensor all unpaid license fees and support fees under this Agreement, whether initially payable before or after the date of such termination.
        iii. Notwithstanding the foregoing, the Licensor shall have the right, at any time, by notice to Licensee to terminate this Agreement, the License, and/or the Software Maintenance Services and take immediate possession of the Computer Software and all copies thereof, wherever located in the event Licensee violates any provision of Paragraphs 4 or 7 of this Agreement. Licensor agrees to notify Licensee in the event of termination with a formal notification and thirty (30) days written notice to cure any violation.
        iv. Within five (5) days after termination of the License, Licensee will return to Licensor the Computer System, in the form provided by Licensor or as modified by the Licensee and all copies of all or any part of the Computer System, or, upon request by Licensor, destroy the Computer System and all copies, and, in either case, certify in writing that the Computer System and all copies of all or any part of the Computer System have been returned or destroyed. Upon any termination of this Agreement, the provisions of Paragraphs 4(e), 4(g), 7, and 11 will survive and remain in effect.
    b. Licensee shall have the right to terminate this Agreement, the License granted herein and all other agreements by and between the parties (the "Agreements"):
        i. At any time by giving thirty (30) days' written notice in the event that the Licensor, or any of its respective officers or employees violates any material provisions of this License Agreement and fails to cure such violation within a thirty (30)-day period after written notice is provided by Licensee.
        ii. In the event that the Licensor (A) terminates or suspends its business, (B) initiates or becomes subject to any bankruptcy or insolvency proceeding under federal or state statute or (C) becomes insolvent or becomes subject to control by a trustee, receiver or similar authority, the Licensee may terminate the Agreements by giving written notice to the Licensor.
        iii. At any time after March 1, 2023, by providing Licensor with thirty (30) business days' notice in writing, provided that Licensee returns the Computer Software and all copies thereof and pays for any outstanding amounts owed for the Authorized Computer.

13. General Provisions.
    a. Governing Law: This Agreement shall be governed by the laws of the State of Texas, excluding such state's conflict of law principles.
    b. Dispute Resolution: The parties will endeavor to amicably resolve any dispute arising out of this Agreement within thirty (30) days of receipt of notice of such dispute. If the parties are unable to resolve such dispute within such thirty (30)-day period, then they may refer the dispute to their respective senior management who will, during the thirty (30)-day period following such referral, review the dispute and attempt to negotiate a mutually acceptable resolution. If the parties are unable to agree upon a resolution within such thirty (30)-day period, then either party may initiate legal proceedings in the Jurisdiction and venue of the federal and state courts located in Ramsey County, Minnesota. Any cross or counter claims brought after the filing of the initial action shall be governed by the same law and subject to the same jurisdiction and venue as the initial action. EACH PARTY HEREBY WAIVES ITS RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY PROCEEDING OVER ANY DISPUTE ARISING UNDER THIS AGREEMENT
    c. Entire Agreement. This Agreement represents the entire agreement and understanding of the parties and all prior concurrent agreements, understandings, representations and warranties in regard to the subject matter hereof are and have been merged herein. Licensee represents and warrants to Licensor that Licensor has not made and

Licensee has not relied upon any representation or statement by Licensor or its employees or representatives other than those contained in this Agreement.

d. Separability. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held to be illegal, invalid or unenforceable or in conflict with any applicable law of the United States, any state thereof, or any other government authority, the remainder of this Agreement, or the applications of such provisions to persons or circumstances other than those as to which it is held illegal, invalid, unenforceable, or in conflict, shall not be affected thereby.

e. No Assignment. The Licensee shall not, directly or indirectly, assign or sublicense (whether voluntarily, involuntarily, by way of merger, by operation of law, or otherwise) this Agreement or the Computer System or the Source Code if it has subsequently been licensed, in whole or in part, without the prior written consent of Licensor, which may be withheld in its absolute discretion and any attempt to do so shall be null and void and shall give Licensor the right to terminate this Agreement upon written notice to Licensee and pursue its remedies for breach of this Agreement by Licensee. Notwithstanding the foregoing, either party may assign this Agreement to any parent, subsidiary or affiliate and to any successor to its business, whether by merger, sale of assets, or otherwise.

f. Amendments. No amendment or modification to this Agreement shall be valid or binding unless made in writing and executed by Licensor and Licensee.

g. Attorneys' Fees. If any action, at law or in equity is brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and disbursements in addition to any other relief to which it may be entitled.

h. Waiver; Remedies. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver. Licensee acknowledges that Licensor may not have any adequate remedy at law in the event of a breach or threatened breach of this Agreement by Licensee and accordingly Licensor, in addition to assertion of a claim for damages, shall be entitled to injunctive relief and specific performance of this Agreement.

i. Notices. All notices, requests, demands, or other communications required or desired to be given hereunder shall be in writing and shall be personally delivered or sent by registered or certified mail, with return receipt requested to the addresses listed on the cover. All notices shall be deemed given upon the date of delivery in the case of personal delivery or the date of deposit in the mails in the case of mailing. Either party may specify a different address by sending a notice to the other party in accordance with the provisions of this paragraph. Notices to Licensor shall include a copy to: Solera Holdings, LLC., Attn: General Counsel, Americas & Iberia, 1500 Solana Blvd, Bldg. 6, Suite 6300, Westlake, TX 76262.

j. Benefit. Except as otherwise specifically provided in this Agreement, this Agreement shall be binding upon and inure to the benefits of the parties, and their respective successors and assigns.

k. Effect of Headings. Subject headings of the paragraphs and subparagraphs of this Agreement are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions.

l. Consent of Licensor by Officer. If any provision of this Agreement requires the consent of Licensor, such consent shall be deemed not to have been given until and unless such consent is given in writing signed by an authorized officer of Licensor.

m. Force Majeure. Any delay in the performance of any duties or obligations of either party (except the payment of money owed) will not be considered a breach of this Agreement if such delay is caused by a labor dispute, market shortage of materials, fire, earthquake, or other event beyond the control of such party; provided that such party uses reasonable efforts, under the circumstances, to notify the other party of the circumstances causing the delay and to resume performance within a commercially reasonable period of time.

n. Specific Performance. Licensee recognizes and acknowledges that there is no adequate remedy at law for any breach by it of Paragraphs 4 or 6 of this Agreement, and that such breach would irreparably harm Licensor and that Licensor is entitled to equitable relief (including, without limitation, an injunction) with respect to any such breach or potential breach, in addition to all other remedies available at law or in equity.

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 FORGOING, IN NO EVENT SHALL EPICOR BE RESPONSIBLE OR LIABLE FOR ANY OBILGATION HEREUNDER.

The Customer agrees that this Agreement and all Schedules and Supplements are the complete and exclusive statement of the Agreement between the parties which supersedes all proposals and prior agreements, oral or written, and all communication between the parties relating to the subject matter of the Agreement, Schedules and Supplements.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered, and the persons signing warrant they are duly authorized to sign for and on behalf of the respective parties.

Navex, LLC		Entity	
Signature:		Signature:	
Name:	Marvin Baker	Name:	
Title:	Director	Title:	
Date:		Date:	

Navex License Agreement

SCHEDULE A – Authorized Locations

Entity Name

Shop Address

Navex License Agreement
SCHEDULE B - Fees

Monthly Fees to be Invoiced monthly in accordance with Section 8 of the Agreement.			
Product	**Description of Billing Component**	**Qty**	**Price**
Navex/Direct Shop Elite (SMS)	Monthly billing amount to be invoiced monthly	Per Location	3/1/23 to 2/29/24- $284.00* 3/1/24 to 2/28/25- $294.00 3/1/25 to 2/28/26- $304.00
	Monthly fee shall be allocated as follows: <u>3/1/23 to 2/29/24</u> $249 to Licensor • $169.00 for Software Maintenance Services • $80.00 for Third Party Software (currently Epicor) $35.00 to Big O Tires* • $5.00 for Third Party Software • $30.00 for General Development Fund which shall be used for enhancements, new features, and functionalities, as approved and directed by the IT Committee of Big O Tires Franchisees and Big O management.** **In the event that the contract between Big O Tires and Licensor is terminated at any time during the term of this Agreement, upon the effective date of termination of such contract, any line items to Big O Tires will be discontinued accordingly.* <u>3/1/24 to 2/28/25</u> $259.00 to Licensor • $179.00 for Software Maintenance Services • $80.00 for Third Party Software (currently Epicor) $35.00 to Big O Tires* • $5.00 for Third Party Software • $30.00 for General Development Fund **In the event that the contract between Big O Tires and Licensor is terminated at any time during the term of this Agreement, upon the effective date of termination of such contract, any line items to Big O Tires will be discontinued accordingly.* <u>3/1/25 to 2/28/26</u> $269.00 to Licensor • $189.00 for Software Maintenance Services • $80.00 for Third Party Software (currently Epicor)		

	$35.00 to Big O Tires* • $5.00 for Third Party Software • $30.00 for General Development Fund **In the event that the contract between Big O Tires and Licensor is terminated at any time during the term of this Agreement, upon the effective date of termination of such contract, any line items to Big O Tires will be discontinued accordingly.*		

Additional programming, training, implementation, installation, support, and/or travel fees will be agreed in advance and billed at Licensor's then current rates included as schedule D.

Data conversion available for named competitive systems.

Navex License Agreement
SCHEDULE C – Software Maintenance Services

1) LICENSOR AGREES TO:
   i) Provide, as defined in the Support Policy listed below, excluding recognized public holidays, the facility to report by telephone and online any faults the customer may have found in the Software System;
   ii) Provide Licensee with such maintenance of the Software System as may be necessary to ensure that it operates at the Authorized Locations, substantially in accordance with Licensor's standard specifications for such Software System within a reasonable period of time after Customer has provided Licensor with written notice of a fault, together with sufficient information to permit Licensor to reproduce the fault;
   iii) For Severity Level One Problems (as defined in the Licensor Support Policy), begin the investigation of such problems in the Software System which the Customer may report to Licensor within thirty minutes and use reasonable efforts to rectify such faults in a timely manner, taking into account the urgency and nature of the faults as per the terms of the Support Policy listed below
   iv) For Severity Level Two and Severity Level Three Problems (as defined in Licensor's Support Policy), begin investigation of such problems within two business hours and use reasonable efforts to rectify the problems in a timely manner
   v) Provide the Customer from time to time with a new release of any enhancements made to the Software System by Licensor.

2) ACCESS TO THE AUTHORIZED COMPUTERS: The Customer agrees to provide to Licensor reasonable access to the Authorized Computers during normal office hours as requested by Licensor in order to provide the services specified under this Agreement.

3) RESTRICTIONS: Licensor may refuse to carry out maintenance of the Software System if the Software System has been altered, amended, or used in a manner not permitted under the License Agreement without the prior written consent of Licensor.

4) ELIGIBILITY
   i) Eligible: Customers who have signed and paid a Licensor Software License Agreement are eligible for support during the term of the Agreement.
   ii) Not Eligible: Customers who have signed a Licensor Software License Agreement, but have not paid monthly Subscription invoices.

5) SERVICE AVAILABILITY: Licensor Customer Service business hours are 7:00 AM to 10:00 PM Eastern Time, excluding SUNDAYs and recognized public holidays.
   i) Licensor also offers after hour service for Severity 1 issues to rotate to an emergency "on call" number. Using this service for issues that do not meet the criteria for Severity 1 or for issues not related to the malfunction of Licensor software will result in billing for support at Licensor's standard rate of $125/hour plus a 35% premium for after hour service.

6) FUNCTION OF CUSTOMER SERVICE
   Licensor will provide support to those customers defined as eligible for support. Support consists of the following:
   a) Assistance in the continuing operation of the Software System. *Such support is limited to basic operational problem questions arising from the day-to-day operation of the Software System.*
   b) Delivery of software updates from time to time plus any emergency updates necessary to correct software errors that need to be addressed in a more timely manner.
   c) Customer Service does NOT support the following activities:
      i) Software or hardware education and/or training
      ii) Customer Service cannot be used as a vehicle to train customers in the use of the Software System or the operation of the Microsoft/Intel platform, operating system, utilities or other ancillary software (for example, Great Plains financials) and cannot function effectively as such. Training is the joint responsibility of the customer and the Licensor implementation staff and will be defined, agreed and implemented as part of the implementation process. Subsequent to the implementation process, additional training on the Software System and Microsoft or other utilities (for example, Crystal Reports) may from time to time be made available from Licensor and is chargeable at Licensor's then current rates.
      iii) Assistance in installing hardware or non-Licensor software applications.
      iv) Research into the consequences of customer actions while using the Software System.
      v) Correction of data created by the customer on the Software System unless the data error was caused by an error in the Software System.
      vi) Assistance in the replication of errors experienced in the use of the Software System. The customer may request such assistance and Licensor will endeavor to provide such assistance as it can at its then chargeable rates.

7) NON-STANDARD SUPPORT
   A charge will be made, at Licensor's then current rates, for support of the following unless there is a different agreement in writing prior to the request for assistance:
   i) Support of PC operating systems, such as Windows, etc.
   ii) Support of PC packages such as Excel, Word, Lotus etc.

iii) Installation and configuration of PC equipment.
iv) Support of third party hardware or software.
v) Additional education or retraining of existing or new customer employees.

8) CUSTOMER SERVICE LEVEL OBJECTIVES

Customer Service is committed to providing superior service and support. We have established the service level priorities defined below to ensure your issues are resolved in a timely manner. *Please note that we will make our best effort to achieve these Service Levels. We do not guarantee the results.*

Issues and requests receive categorization from Severity Level 1 to Level 4, with appropriate response and resolution times as follows:

Severity Level	Definition
Severity 1 *Urgent*	System is down with no viable work-around, major business impact causing possible financial loss. • Examples: No users can access the system. Users cannot access major modules such as Order Entry, Purchasing, etc. • Service Level Objective: Target Response Time: 30 minutes Target Resolution Time: 2 business hours
Severity 2 *High*	Problem that severely impacts and impairs the operation of the customer's business. Work-around is available. • Examples: Unable to print Invoices, Navex application/system error messages, communication errors, or Day End failure • Service Level Objective: Target Response Time: 2 business hours Target Resolution Time: 8 business hours
Severity 3 *Medium*	Non-critical component or business function that causes difficulty or inability to be productive. • Examples: GL out-of-balance, report(s) presenting inaccurate data. Parts show allocated but no orders. Need assistance in deleting AP vendors • Service Level Objective: Target Response Time: 2 business hours Target Resolution Time: three (3) business days
Severity 4 *Low*	Suggestions for system improvements or service requests • Examples: City/State, parameters for starting Vendor number and ticket status. • Service Level Objective: Target Response Time: three (3) business days Target Resolution Time: Based on each case

**Response time is determined by the time elapsed between the time the initial call is answered or initial issue is logged online and the time at which a support analyst contacts the customer and starts working the issue*

***Resolution time is determined by the time elapsed between the time the initial call is answered or initial issue is logged online and the time at which the problem is resolved.*

9) CUSTOMER RESPONSIBILITIES

The following procedures will help to ensure that Customer Service is able to function effectively and efficiently for all Customers:

i) All support inquiries will be directed to Customer Service Center so that requests and issues can be logged and tracked effectively.
ii) To ensure that the customer is fully aware of all issues relating to the operation of his/her Software System at all times, he/she will assign a primary and back-up contact to interface with Licensor. All inquiries to Customer Service will be made by the primary or back-up contact. The customer will provide details of contact names and telephone numbers to Licensor.
iii) When a Customer makes a request to Customer Service, the level of urgency should be indicated using the Severity Level One to Four scales described above along with a clear description. Failure to clearly describe and categorize the problem may result in delays in response time.
iv) Prior to requesting assistance from Customer Service, the customer should investigate the problem as thoroughly as possible and be prepared to provide the following:
    (a) A clear description of the problem.
    (b) Error messages (if any) that are received.
    (c) The scenario (e.g., steps, frequency, reproducibility) that leads to the occurrence of the problem (if such a scenario can be identified)
    (d) Screenshots of the error message

10) INQUIRING ON STATUS OF A CALL: Customers may inquire on the status of an open issue by contacting the Customer Service Center with the issue number.

11) CHARGES AND BILLING: Chargeable work (i.e. training, system configuration, etc.) will be billed at Licensor's then prevailing rates at the time work is performed. Invoices are due and payable on receipt.

Navex License Agreement

SCHEDULE D – Installation and support costs

Item	Per Location	Price
N-1110075	QB Setup on Store Server	$180.00
N-1126698	Quickbooks Support During Integration	$1,200.00
N-1110074	New Store POS License Fee	$1,200.00
N-1110071	Data Conversion	$600.00
N-1110089	POS/HO Software Set-up & Configuration Support	$1,800.00
N-1126700	POS/HO Software Update - Transfer Ownership & Store Number	$240.00
N-1126701	POS/HO Software Set-up & Support - Transfer existing	$1,200.00
N-1110088	POS Onsite Store Training & Go-Live Support - Per Day	$840.00
N-1110087	Travel for Onsite Training	Actual Cost

Navex License Agreement

SCHEDULE E – System Specifications

System Requirements (Rev. 1-19-2022)

OPERATING SYSTEMS

1) **Legacy Operating Systems** that are **not** supported for Home Office and POS:
   *** Legacy operating systems are defined as those that have reached the end of support by Microsoft

   Windows Desktop versions before Windows 10 (Windows 10 end of support is October 14, 2025)
   Windows Server versions before Server 2012 (Server 2012 end of support is October 10, 2023)

2) Windows desktop versions: Windows Home versions are not supported for Home Office or POS
3) SQL Server: windows SQL Versions before SQL 2017 are not supported for Home Office or designated A machines for POS
4) Definition of not supported means that no new installations, or conversions, will be made on legacy operating systems, and any hardware-related issues may not be supported as defined in Schedule C.

HOME OFFICE HARDWARE

Minimum Hardware Requirements:

- Intel Xeon 2.0 GHz (or greater or equivalent)
- 16 GB Memory
- 150 GB free disk space on root C:***
- Monitor/graphics capable of Screen Resolution of at least 1360 width (ex: 1360 x 768).

Recommended Hardware

- Intel Xeon 2.0 GHz or greater. (or equivalent)
- 32 GB Memory (scales depending on the number of stores) **
- Dedicated graphics card
- Monitor/graphics capable of Screen Resolution of 1920 x 1080.

POS HARDWARE

Minimum Hardware Requirements:

- Intel I Class® multi-core processor (10th generation i5, i7, etc., 2 GHz or greater)
- 16 GB Memory
- 500 GB free disk space on root C:\ for the default install
- Monitor/graphics capable of Screen Resolution of at least 1360 width (ex: 1360 x 768)

Recommend Hardware for POS

- Intel I Class® multi-core processor (10th generation i7, etc. 3 GHz or greater, or equivalent)
- 32 GB RAM
- 1TB SSD drive

ADDITIONAL NOTES:

****Windows Server. Windows desktop and Windows SQL will utilize all installed memory. More is better for performance.**
***** Solid State Drive (SSD) will perform noticeably quicker than any rotational drive and should be used when possible.**

NETWORK

Minimum requirements for Home Office:

- 1 Gbps Fast Ethernet at the local site (LAN)
- High-Speed Internet
- Cat5e or better-certified cabling

Recommended Network Specifications

- 1 Static WAN IP address or DNS hostname identifying the server
- 802.11 Wireless devices are not recommended.

Minimum requirements for POS:

- 1 Gbps Fast Ethernet at the local site (LAN)
- Cat5e or better-certified cabling

Recommended Network Specifications

- Static or Reserved IP address for dedicated A machine
- 802.11 Wireless devices are not recommended.

Additional Network Notes:

Note: A VPN setup is recommended for secure multi-store communication for those installing their own network, and RDP is recommended for remote access to Home Office or A machines. Firewalls for protection against unauthorized access via the internet should be utilized, but software firewalls on the computer can affect specific applications, and some will not run at all. It is recommended that the Windows firewall be disabled, and all firewall settings should be set up in the router or gateway. Here is a list of vital applications that need access or be allowed to be port forwarded:

- Port 80 traffic
- File & Print sharing services.
- Port 443 (SSL), please get in touch with us for recommended network and setup specifications.

PRINTERS

- Standard LaserJet, InkJet, and some Dot Matrix printers are supported**.**
- Commercial laser printers from HP and Lexmark are recommended
- 802.11 Wireless printers not recommended

HARDWARE EXAMPLE ENVIRONMENT

Below is a list of the minimum and recommended system requirements for an ideal Multi-Store or Single Store environment.

The following requirements assume both the Home Office and POS will not be running any other applications or services other than Navex software and Microsoft SQL® Server 2017. If additional services are running, additional resources will be necessary:

System Requirement	Minimum	Recommended
Dedicated Windows 10 A machine – with up to 5 Workstations	• Microsoft Windows® Internet Browser Edge • Intel i5 or higher • 16 GB DDR RAM, • 500 GB hard drive	• Microsoft Windows® Internet Browser Edge • Intel® i7 or Higher • 32 GB DDR RAM, • Solid-state storage: (2) 500 GB **SSD** hard drive on RAID1
Dedicated Windows Server with up to 10 Workstations	• Microsoft Windows® Server 2016 • Intel i7 or Xeon 2GHz • 16 GB DDR RAM, • 500 GB Hard Drive	• Microsoft Windows® Server 2019 • Intel® Xeon 2 GHz CPU or higher • 64 GB DDR RAM, • Solid-state storage: (2) 500 GB **SSD** on RAID1 • Dedicated graphics card with memory is recommended • Smart-UPS #
Dedicated Windows Server Requirement with up to 25 Workstations	• Microsoft Windows® Server 2016 • Intel Xeon® CPU. • 32 GB DDR ECC RAM, • Solid-state storage: (2) 1 TB **SSD** hard drive on RAID1 • Dedicated graphics card with memory is recommended • Smart-UPS #	• Microsoft Windows® Server 2019 • Intel Xeon® CPU • 128 GB DDR ECC RAM, • Solid-state storage: (2) 1 TB **SSD** hard drive on RAID1 • Dedicated graphics card with memory is recommended • Smart-UPS #

 # Any automated uninterrupted power supply that will auto shut down if the power goes off. This helps to prevent data corruption and hardware failure.

TERMINAL SERVER\REMOTE DESKTOP PROTOCOL (RDP) CONSIDERATIONS

POS and Home Office can run on Terminal Server configurations. Terminal Servers are dedicated computers that accept remote user connections to the software. Since terminal servers are capable of having several dozen connections, there are several requirements:

- Minimum bandwidth for a useable RDP session should be greater than 300- 700Kbps per user
- 1024x768 @256 colors – 700Kbps per session, and each increase in screen resolution or color depth requires about 3-4 Kbps more bandwidth.
- RAM for each RDP Session > 512 MB per user in addition to what their applications need (can easily exceed 1GB ram per user). This is on top of the RAM that you need for the base OS.
- Quad-Core processors are recommended for better performance.
- Server 2016 or newer.
- Dedicated graphics card with memory is recommended

When updating software, all users must be logged out of their terminal service (RDP) sessions before updating the software to prevent caching old session information and taking up memory resources during the update. Depending on the circumstances and environment, Navex support personnel may not have access to update Terminal Servers. It will need the support team onsite to update the server with the direction of Navex support.

OTHER CONSIDERATIONS

Anti-Virus Considerations:

- Virus protection on each system is recommended, and Anti-virus software should be configured to exclude .dbf, .fpt, .cdx file extensions.
- DO NOT USE (under any circumstance) any variation of Norton: even when configured with proper exclusions for files/folders, it still regularly blocks our processes and/or deletes our executables
- Carbonite has been problematic in the past. However, that is due to the 'default' install configuration. With this config, it auto-backs up all files regularly throughout the day. This leads to database files being 'locked' (currently backing up) at the same time the system tries to use them, which results in a cascade of errors and issues.
- Carbonite can be manually configured to only run backups at certain times (ex: auto-backup files daily at 11 pm)

Monitor Considerations:

- We recommend flat-panel monitors with a 21" viewable area or more. The Suggested resolution setting is 1920 x 1080 or higher.

Backup Considerations

- Navex has created a nightly database backup routine to create a copy of all FoxPro and SQL database files locally**. A nightly remote off-site backup of these files is highly recommended.**

Connectivity Suggestions and Considerations:

- For optimal business internet connectivity and daily reliability, a high-speed internet connection is suggested.
- Business-class connectivity with a guaranteed uptime (SLA) should be used whenever possible. Cable, DSL, and Satellite are not considered business-class services and have lower reliability and response times.
- As reliance depends more and more on the internet and the applications you use are only available when the internet is up, this consideration becomes critical.
- Satellite and DSL connectivity should be an option of last resort.

NAVEX PRICING FOR SOFTWARE INSTALLATION

Pricing For Navex Software Installation is $150 an hour.

Software Installation/Configuration of New/Replacement A or B machine

Software Installation/Configuration of New/Replacement Home Office Server

Replacement Machine Includes:

- Installation of Point of Sale Software
- Installation of Catalog and Suppliers
- Data Copy from the existing machine (Home Office, A or B)
- Reinstallation of QuickBooks (if applicable)
- Migration of QB data (if applicable)
- Migration of Credit Card integration (if applicable)
- In some cases (if the software is made available), Installation of Printers
- Functional Testing of Hardware

What is NOT included:

- Recovery of data from Failed Hard Drives.

In most cases, except total machine failure, these processes will need to be done before/after business hours and require onsite Employees/Personnel to be present.

You will be provided with a Purchase Order that will itemize costs before Installation.

EXHIBIT “K-1”

LIST OF FRANCHISEES

Business Name	Address	City	State	Zip Code	Phone
Arkansas					
MFA Petroleum Co[1]	2809 SE J St	Bentonville	AR	72712	(479) 657-2918
Coats Brothers LLC	10 Prospect Ct	Cabot	AR	72023	(501) 941-2895
Coats Brothers LLC	2201 Harkrider St	Conway	AR	72032	(501) 358-6400
MFA Petroleum Co[1]	3052 W Martin Luther King Blvd	Fayetteville	AR	72701	(479) 856-6390
MFA Petroleum Co[1]	3672 W Sunset Ave	Springdale	AR	72762	(479) 756-0110
Arizona					
A J Tires & Service Inc.	35 South Idaho Rd	Apache Junction	AZ	85119	(480) 288-1978
Casa Grande Tire & Auto LLC	1129 E Florence Blvd	Casa Grande	AZ	85122	(520) 426-3099
E & E Holdings Carefree, LLC	5355 E CAREFREE HWY	Cave Creek	AZ	85331	(480) 407-6152
Germann Tire And Auto LLC	2550 E Germann Rd	Chandler	AZ	85286	(480) 726-0077
Riggs Tire And Auto LLC	1350 E Riggs Rd	Chandler	AZ	85249	(480) 795-8200
The Martinez Brothers, Inc.	1208 S State Route 260	Cottonwood	AZ	86326	(928) 634-0333
*Tjae, LLC	2469 N Walgreens St	Flagstaff	AZ	86004	(928) 527-0773
*Tjaem, LLC	1051 W Route 66	Flagstaff	AZ	86001	(928) 440-5011
Florence Tire & Auto Service LLC[2]	3445 N Hunt Hwy	Florence	AZ	85132	(520) 624-5000
*Bilbrey Enterprises, Inc.	11429 N Saguaro Blvd	Fountain Hills	AZ	85268	(480) 836-1680
Tj Automotive, LLC	750 S Lindsay Rd	Gilbert	AZ	85296	(480) 633-2446
Val Vista Tire & Auto LLC	3465 E Baseline Rd	Gilbert	AZ	85234	(480) 892-0903
Williams Field Tire and Auto LLC[2]	3273 E Williams Field Rd	Gilbert	AZ	85295	(480) 685-2500
Bell Road Tire & Auto LLC	6195 W Bell Rd	Glendale	AZ	85308	(602) 547-0526
Peoria Tire and Auto LLC	5115 W Peoria Ave	Glendale	AZ	85302	(623) 937-3042
Ricky & Diane Enterprises, Inc.	1790 N Broad St	Globe	AZ	85501	(928) 425-8222
Dog Leg Tire, LLC	14240 W Indian School Rd	Goodyear	AZ	85395	(623) 935-2446
Milepost66 LLC	1942 E Andy Devine Ave	Kingman	AZ	86401	(928) 753-2431
Milestone Lake Havasu, Inc.	1625 Countryshire Ave	Lake Havasu City	AZ	86403	(928) 680-7555
BOTOS, LLC	1625 W White Mountain Blvd	Lakeside	AZ	85929	(928) 368-2886
Maricopa Tire & Auto, LLC	44500 W Edison Rd	Maricopa	AZ	85138	(520) 568-1460
Mckellips Tire & Auto, LLC	6702 E McKellips Rd	Mesa	AZ	85215	(480) 924-4000
Alma School Tire And Auto LLC[2]	1150 W Southern Ave	Mesa	AZ	85210	(480) 500-5006
E & E Holdings Group Inc.	1738 S Crismon Rd	Mesa	AZ	85209	(480) 545-5369
West Valley Tire & Auto Service, LLC	4243 E Main St	Mesa	AZ	85205	(480) 854-3577
Mesa Tire & Auto Service LLC	2113 S Power Rd	Mesa	AZ	85209	(480) 830-1118
Page Tire Inc.	760 Elm St	Page	AZ	86040	(928) 645-2608
Martinez Brothers Tires, Inc.	901 S Beeline Hwy	Payson	AZ	85541	(928) 474-8441
Jt Automotive, LLC	720 E Baseline Rd	Phoenix	AZ	85042	(602) 243-6255
Happy Valley Road Tires, LLC	1975 W Happy Valley Rd	Phoenix	AZ	85085	(623) 516-2446
Sydan Services Inc.	2510 N 75th Ave	Phoenix	AZ	85035	(623) 846-0112

Sr Foothills, LLC	15625 S Desert Foothills Pkwy	Phoenix	AZ	85048	(480) 460-6319
Gkr Services LLC	2248 West Bell Rd	Phoenix	AZ	85023	(602) 866-7558
24 Northern Tire And Automotive LLC[(2)]	2420 W Northern Ave	Phoenix	AZ	85021	(602) 536-6886
7th Street Tire And Automotive, LLC[(2)]	5049 N 7th St	Phoenix	AZ	85014	(602) 362-2105
Jvtlb, Inc.	2550 S 75th AVE	Phoenix	AZ	85043	(623) 215-7678
51 Thomas Tire and Automotive, LLC[(2)]	5119 E Thomas Rd	Phoenix	AZ	85018	(602) 281-4120
E & E Holdings Group Inc.	4702 E Thunderbird Rd	Phoenix	AZ	85032	(602) 971-2333
E & E Holdings Group Inc.	21029 N Cave Creek Road	Phoenix	AZ	85024	(602) 867-1811
R&R Tire & Auto Service, LLC	4832 E Warner Rd	Phoenix	AZ	85044	(480) 785-4518
Laveen Tire & Auto, LLC	4906 W Baseline Rd	Phoenix	AZ	85339	(602) 698-1600
First Capital Tire & Service, LLC	1315 W Iron Springs Rd	Prescott	AZ	86305	(928) 776-1111
High Country Tire And Service LLC	7690 E State Route 69	Prescott Valley	AZ	86314	(928) 772-1176
E & E Holdings Group Inc.	7385 S Power Rd	Queen Creek	AZ	85242	(480) 279-1777
Botosh LLC	1217 W Thatcher Blvd	Safford	AZ	85546	(928) 428-1140
Johnson Ranch Tire & Auto, LLC	1360 W Hunt Hwy	San Tan Valley	AZ	85143	(480) 882-1600
San Tan Tire And Auto LLC	40421 N Gantzel Rd	San Tan Valley	AZ	85140	(480) 750-3800
76 McDowell Tire & Auto, LLC	7630 E McDowell Rd	Scottsdale	AZ	85257	(480) 946-2531
Sandlewood, Inc.	2985 W Hwy 89A	Sedona	AZ	86336	(928) 282-8920
Botosh LLC	1781 E Deuce of Club	Show Low	AZ	85901	(928) 251-0499
Cochise Tires & Automotive, LLC	1988 S Hwy 92	Sierra Vista	AZ	85635	(520) 458-0255
*Dms Enterprises, Inc.	17039 N Boswell Blvd	Sun City	AZ	85373	(623) 974-5701
One Putt Tire, LLC	16880 W Waddell Rd	Surprise	AZ	85388	(623) 975-4200
*Amg Enterprises, L.L.C.	2020 S Rural Rd	Tempe	AZ	85282	(480) 968-3995
Sr Tempe Tire & Auto Service LLC	1845 E Elliot Rd	Tempe	AZ	85284	(480) 456-1030
*R.B.O. Inc.	1502 S Alvernon Way	Tucson	AZ	85711	(520) 325-2656
*R.B.O., Inc.	1669 N Wilmot Rd	Tucson	AZ	85712	(520) 886-1251
M.M.J., Inc.	6627 N Thornydale Rd	Tucson	AZ	85741	(520) 544-2400
Tucson Tire Center, Inc.	1815 W Valencia Rd	Tucson	AZ	85746	(520) 294-6419
Tucson Tire Center, Inc.	2445 N Silverbell Rd	Tucson	AZ	85745	(520) 792-9000
D & S Automotive, Inc.	3716 S 6th Av	Tucson	AZ	85713	(520) 624-0680
Mcnew Investments LLC[(2)]	10061 E Old Vail Rd	Tucson	AZ	85704	(520) 203-8031
Hubby'S Autocare, LLC	540 E Wickenburg Way	Wickenburg	AZ	85390	(928) 668-0100
J.S.V.G., Inc.	2975 S Pacific Ave	Yuma	AZ	85364	(928) 344-2702
J.S.V.G., Inc.	10517 S Frontage Rd	Yuma	AZ	85365	(928) 342-5535
California					
Southland Tire & Service, Inc.	27812 Aliso Creek Rd Ste E100	Aliso Viejo	CA	92656	(949) 362-4225
Bml Group, LLC	2021 E La Palma Rd	Anaheim	CA	92806	(714) 502-0644
Case - Estes Partnership	412 E 18th St	Antioch	CA	94509	(925) 757-6420
Cvtc, LLC	6911 White Ln	Bakersfield	CA	93309	(661) 827-9888
Cvtc, LLC	2502 Ming Ave	Bakersfield	CA	93304	(661) 831-3349
Cvtc, LLC	3648 Coffee Rd	Bakersfield	CA	93308	(661) 588-1920
Cvtc, LLC	3215 Mall View Rd	Bakersfield	CA	93306	(661) 872-4600

Sf Tire & Service Central Inc.	415 Military E	Benicia	CA	94510	(707) 745-0244
Sf Tire & Service Central Inc.	2625 San Pablo Ave	Berkeley	CA	94702	(510) 843-9633
Golden West Tire Centers, LLC	42098 Washington St	Bermuda Dunes	CA	92203	(760) 200-9005
Golden West Tire Centers, LLC	210 N Brea Blvd	Brea	CA	92821	(714) 529-7602
Jeffrey S. Renner	8040 Brentwood Blvd	Brentwood	CA	94513	(925) 634-4344
Bill Windham, Inc.	3321 Durock Rd	Cameron Park	CA	95682	(530) 676-2446
Canoga Park Tire & Service LLC	21311 Vanowen St	Canoga Park	CA	91303	(818) 884-9497
Storms Tire & Auto Inc.	2615 State St	Carlsbad	CA	92008	(760) 720-5212
Cuza Corporation	68365 Ramon Rd	Cathedral City	CA	92234	(760) 328-1828
Deeptan Store Inc.	2001 Esplande	Chico	CA	95926	(530) 774-2475
Southland Tire & Service, Inc.	14135 Pipeline Ave	Chino	CA	91710	(909) 548-6682
Dpv Enterprises Inc.	15195 Lakeshore Dr	Clearlake	CA	95422	(707) 994-8000
Big Leg, Inc.	3572 Clayton Rd	Concord	CA	94520	(925) 676-0900
SP Enterprises 2001	1440 Concord Ave Ste A	Concord	CA	94520	(925) 676-1200
Southland Tire & Service, Inc.	1002 W 6th St	Corona	CA	92882	(951) 735-2430
Golden West Tire Centers, LLC	322 E 17th St	Costa Mesa	CA	92627	(949) 642-4131
JE & RL Group LLC	6052 Cerritos Ave	Cypress	CA	90630	(714) 826-6334
Sf Tire & Service Central Inc.	155 W Linda Mesa Ave	Danville	CA	94526	(925) 831-8331
CCM Partnership	7121 Dublin Blvd	Dublin	CA	94568	(925) 829-1950
Mec, LLC	4640 Post St	El Dorado Hills	CA	95762	(916) 939-6700
Prestige Automotive & Tires Inc.	8022 Orchard Loop	Elk Grove	CA	95624	(916) 689-6700
Sf Tire & Service Central Inc.	1000 Riley St Ste B	Folsom	CA	95630	(916) 404-1944
*Vk Automotive LLC	1201 S Central Ave	Glendale	CA	91204	(818) 548-1788
Cheema Brothers Logistics, Inc.	2259 Sunrise Blvd	Gold River	CA	95670	(916) 588-3373
Premium Automotive & Tires Inc.	22484 Mission Blvd	Hayward	CA	94541	(510) 582-0227
Nine Sharks, LLC	1115 Healdsburg Ave	Healdsburg	CA	95448	(707) 433-6644
S.N.S. Tires & Tune Up Inc.	1699 Airline Hwy Ste 101	Hollister	CA	95023	(831) 313-1800
Golden West Tire Centers, LLC	19411 Beach Blvd	Huntington Beach	CA	92648	(714) 536-7571
Golden West Tire Centers, LLC	8767 Irvine Center Dr	Irvine	CA	92618	(949) 585-9022
*E&A Associates, Inc.	7589 El Cajon Blvd	La Mesa	CA	91941	(619) 667-6767
Ziba Ali Automotive Group, Inc.	13920 Valley View Ave	La Mirada	CA	90638	(562) 946-5855
Cea Tires, Inc.	3328 Mount Diablo Blvd	Lafayette	CA	94549	(925) 283-2258
Golden West Tire Centers, LLC	20742 Lake Forest Dr Unit C-3	Lake Forest	CA	92630	(949) 462-9088
Jam Partnership	4025 First St	Livermore	CA	94551	(925) 373-0660
Golden West Tire Centers, LLC	1181 E Pacific Coast Hwy	Long Beach	CA	90806	(562) 489-2000
*Ali Etadali	11470 Gateway Blvd	Los Angeles	CA	90064	(310) 479-4899
Rosson And Associates	1261 W 18th St	Merced	CA	95340	(209) 384-3295
C&S Automotive Group LLC	100 S Main St	Milpitas	CA	95035	(408) 577-3030
Ras Automotive, Inc.	4237 McHenry Ave	Modesto	CA	95356	(209) 527-6248
*4-Life Tire	23930 Sunnymead Blvd Ste D	Moreno Valley	CA	92553	(951) 242-8300
Ras Autocare Inc.	15745 Monterey Rd	Morgan Hill	CA	95037	(408) 778-1222
S&F Tire And Service Central	215 W El Camino Real	Mountain View	CA	94040	(650) 313-5600
Chasta Logistics	40420 California Oaks Rd	Murrieta	CA	92562	(951) 600-0160

Sf Tire & Service Central Inc.	442 Soscol Ave	Napa	CA	94559	(707) 255-2535
Hartwick Automotive, LLC	949 W Broadway St	Needles	CA	92363	(760) 326-3885
Mow LLC	35255 Newark Blvd	Newark	CA	94560	(510) 794-5622
Mirghanbari Enterprises, Inc.	7427 Redwood Blvd	Novato	CA	94945	(415) 892-7585
Golden West Tire Centers, LLC	1825 E Katella Ave	Orange	CA	92867	(714) 538-0016
Premier Automotive & Tires Inc.	3008 Olive Hwy	Oroville	CA	95966	(530) 533-5141
*Mowl Enterprises, Inc.	5995 Skyway	Paradise	CA	95969	(530) 872-1385
Nine Sharks, LLC	516 E Washington St	Petaluma	CA	94952	(707) 765-2500
Bajwa 68 Enterprises	700 Belmont Way	Pinole	CA	94564	(510) 724-9444
Resa/Egv Partnership	1500 N Park Blvd	Pittsburg	CA	94565	(925) 432-3883
Wheelwala Stores, LLC	85 Placerville Dr	Placerville	CA	95667	(530) 622-6956
Mabeer, LLC	1845 Contra Costa Blvd	Pleasant Hill	CA	94523	(925) 825-8203
Cherry Brothers, Inc.	3688A Washington St	Pleasanton	CA	94566	(925) 462-7650
*A&I Garmo Inc.	12947 Poway Rd	Poway	CA	92064	(858) 486-2446
Golden West Tire Centers, LLC	8850 Archibald Ave	Rancho Cucamonga	CA	91730	(909) 948-0111
Servicewala Stores LLC	1375 Montgomery Rd	Red Bluff	CA	96080	530) 529-0797
Bkjbot, Inc.	377 E Cypress Ave	Redding	CA	96002	(530) 221-2233
Rwc Tire & Service Central Inc.	2310 El Camino Real	Redwood City	CA	94063	(650) 366-2446
SP Enterprises 2005[(2)]	12952 San Pablo Ave	Richmond	CA	94805	(510) 234-1721
Precision Automotive And Tires Inc.	199 S Harding Blvd	Roseville	CA	95678	(916) 784-2219
Bill Windham Inc.	1615 L St	Sacramento	CA	95814	(916) 443-2900
Star Mermaid And Oak Tires Of Sacramento LLC	5701 Folsom Blvd	Sacramento	CA	95819	(916) 452-5946
Re-Tire Mint Corp, Inc.	927 N El Camino Real	San Clemente	CA	92672	(949) 492-5543
*Garmo & Sons, Inc.	1106 Garnet Ave	San Diego	CA	92109	(858) 490-0409
Sf Tire & Service Central Inc.	3040 Geary Blvd	San Francisco	CA	94118	(415) 751-2577
Sf Tire & Service Central Inc.	165 S Van Ness Ave	San Francisco	CA	94103	(415) 626-2446
Sf Tire & Service Central Inc.	1509 Parkmoor Ave	San Jose	CA	95128	(408) 610-3331
Bajwa 76 Enterprises	2201 Washington Ave	San Leandro	CA	94577	(510) 351-5022
Bajwa 76 Enterprises	15241 Washington Ave	San Leandro	CA	94579	(510) 357-8473
Rwc Tire & Service Central Inc.	2160 S El Camino Real	San Mateo	CA	94403	(650) 212-2446
C & S Automotive Group LLC	987 Francisco Blvd E	San Rafael	CA	94901	(415) 454-7850
Cars Partnership	2089 Camino Ramon	San Ramon	CA	94583	(925) 355-9500
Spoorenberg, Inc.	1219 Soquel Ave	Santa Cruz	CA	95062	(831) 429-9989
C&S Automotive Group LLC	872 4th St	Santa Rosa	CA	95404	(707) 528-2446
C&S Automotive Group LLC	1355 Santa Rosa Ave	Santa Rosa	CA	95404	(707) 595-7567
Nine Sharks, LLC	742 S Main St	Sebastopol	CA	95472	(707) 829-9864
*DI Chase, Inc.	18440 Ventura Blvd	Tarzana	CA	91356	(818) 881-8414
A&I Garmo, Inc.	40525 Winchester Rd	Temecula	CA	92591	(951) 296-9070
Repairwala Stores LLC	1129 W 11th St	Tracy	CA	95376	(209) 836-2683
Golden West Tire Centers, LLC	131 E 1st St	Tustin	CA	92780	(714) 544-9431
Victor Vigil, Inc.	1020A N State St	Ukiah	CA	95482	(707) 462-1126
Darrin A Dolle Inc.	1221 E Monte Vista Ave	Vacaville	CA	95688	(707) 447-3351

Sf Tire & Service Central Inc.	2155 N Broadway	Walnut Creek	CA	94596	(925) 937-5873
Aliziba, Inc.	501 S Vincent Ave	West Covina	CA	91790	(626) 337-0100
Tire Store 40, Inc.	220 W Main St	Woodland	CA	95695	(530) 662-9106
La Pointe Corporation	17111 Imperial Hwy	Yorba Linda	CA	92886	(714) 579-7966
Tire Diva, Inc.	57672 29 Palms Hwy	Yucca Valley	CA	92284	(760) 369-6791
Colorado					
Wenco Leeds West Management Group, LLC	6510 Indiana St	Arvada	CO	80007	(303) 996-0001
Bfp Enterprises, LLC	7425 W 52nd Ave	Arvada	CO	80002	(303) 421-2881
Fountain Investments, Inc.	1770 S Havana St	Aurora	CO	80012	(720) 449-0390
Tower Enterprises LLC	18431 E Hampden Ave	Aurora	CO	80013	(303) 766-5500
Wenco Leeds West Management Group, LLC	15405 E 6th Ave	Aurora	CO	80011	(303) 343-7820
Leeds West New Jersey, LLC	796 S Abilene St	Aurora	CO	80012	(720) 372-0774
Bc Motors LLC	15320 E Iliff Ave	Aurora	CO	80013	(303) 337-9631
Wenco Industries, Inc.	22994 E Smoky Hill Rd	Aurora	CO	80016	(303) 680-5500
Western Slope Tire Centers, Inc.	41121 Hwy 6	Avon	CO	81620	(970) 845-8473
Western Slope Tire Centers, Inc.	100 Southside Dr	Basalt	CO	81621	(970) 927-3038
Leeds West Tire Group, Inc.	3000 Valmont Rd	Boulder	CO	80301	(303) 449-5393
Leeds West Tire Group, Inc.	593 Summit Blvd	Broomfield	CO	80021	(303) 951-6000
Leeds West Investment Group IV LLC	6430 W 120th Ave	Broomfield	CO	80020	(303) 466-4117
Toab, LLC	3030 E Main St	Canon City	CO	81212	(719) 269-8000
Wenco Leeds West Management Group, LLC	508 E Castle Pines Pkwy	Castle Pines	CO	80108	(720) 733-1707
V And E Tires Incorporated	750 S Perry St	Castle Rock	CO	80104	(303) 688-8804
Leeds West Tire Group, Inc.	6711 S Potomac St	Centennial	CO	80112	(303) 790-2446
Wenco Industries, Inc.	8110 S University Blvd	Centennial	CO	80122	(303) 694-4700
Fillmore Tire, Inc.	806 E Fillmore St	Colorado Springs	CO	80907	(719) 520-0722
Pryor, Inc.	4496 Austin Bluffs Pkwy	Colorado Springs	CO	80918	(719) 599-4555
Leeds West Investment Group IV, LLC	3575 Hartsel Dr	Colorado Springs	CO	80920	(719) 268-9988
Wenco Industries, Inc.	3820 E Pikes Peak Ave	Colorado Springs	CO	80909	(719) 653-3199
Leeds West Investment Group IV LLC	5820 Omaha Blvd	Colorado Springs	CO	80915	(719) 550-1840
Happy Dog Automotive, LLC	7550 Mulberry Wood Dr	Colorado Springs	CO	80908	(719) 559-2525
Wenco Confier LLC	26237 Conifer Rd	Conifer	CO	80433	(303) 816-7088
Ans, Inc.	1856 E Main St	Cortez	CO	81321	(970) 565-3633
Walking L, Inc.	1111 W Victory Way Ste 128	Craig	CO	81625	(970) 824-2446
Western Slope Tire Centers, Inc.	111 Gunnison River Dr	Delta	CO	81416	(970) 874-0580
Colfax Investments, LLC	5405 E Colfax Ave	Denver	CO	80220	(303) 355-3551
Peoria Investments, LLC	4695 Peoria St	Denver	CO	80239	(303) 307-0331
Tuatara Management LLC	7500 Pecos St	Denver	CO	80221	(303) 427-9151
Federal Investments LLC	1940 S Federal Blvd	Denver	CO	80219	(303) 934-5831
*La Plata Tire, Inc.	1210 Escalante Dr	Durango	CO	81303	(970) 247-2146
Wenco Industries, Inc.	140 Elizabeth St	Elizabeth	CO	80107	(303) 646-6442
840 W. Hampden Avenue. LLC	840 W Hampden Ave	Englewood	CO	80110	(303) 761-1543
611 Holdings, Inc.	29032 CrossRds Ln	Evergreen	CO	80439	(303) 526-1100
The Good Vibe Company	6985 Old Meridian Rd	Falcon	CO	80831	(719) 559-2446

Leeds West Tire Group, Inc.	8100 W Colorado Blvd	Firestone	CO	80504	(720) 644-1570
College Tire, Inc.	1506 N College Ave	Fort Collins	CO	80524	(970) 493-3356
Mason Street Tire, LLC	4245 S Mason St	Fort Collins	CO	80525	(970) 223-0415
Timberline Tire, Inc.	2007 Timberline Rd	Fort Collins	CO	80525	(970) 237-5228
McDuffie, Inc.	6650 Camden Blvd	Fountain	CO	80817	(719) 392-4203
Western Slope Tire Centers, Inc.	820 N Summit Blvd	Frisco	CO	80443	(970) 668-1446
Western Slope Tire Centers, Inc.	51079 Hwy 6	Glenwood Springs	CO	81601	(970) 945-8550
Golden Road Investments, LLC	17503 S Golden Rd	Golden	CO	80401	(303) 273-2999
Western Slope Tire Centers, Inc.	2462 Hwy 6 and 50	Grand Junction	CO	81505	(970) 243-4040
Western Slope Tire Centers, Inc.	2894 North Ave	Grand Junction	CO	81501	(970) 243-2440
Western Slope Tire Centers, Inc.	215 N 3rd St	Grand Junction	CO	81501	(970) 243-6242
*Asco Tires, LLC	3325 23rd Ave	Greeley	CO	80620	(970) 330-8115
Leeds West Tire Group, Inc.	8151 E Arapahoe Rd	Greenwood Village	CO	80112	(303) 267-0055
Wenco Leeds West Management Group LLC	3510 Town Center Dr	Highlands Ranch	CO	80129	(303) 346-0076
Bjm Investments, Inc.	320 S Union Blvd	Lakewood	CO	80228	(303) 989-3755
Wenco Leeds West Management Group LLC	9009 W Colfax Ave	Lakewood	CO	80215	(303) 232-0797
Leeds West Tire Group, Inc.	9973 W Bowles Ave	Littleton	CO	80123	(303) 978-1970
Wenco Leeds West Management Group LLC	9875 W Remington Pl	Littleton	CO	80128	(303) 347-8806
Myklyn Tires, Inc.	1205 S Main St	Longmont	CO	80501	(303) 772-1462
Rjs Tire, Inc.	1301 E South Boulder Rd	Louisville	CO	80027	(303) 666-8665
Dala Tires, Inc.	2480 N Lincoln Ave	Loveland	CO	80538	(970) 667-6074
Western Slope Tire Centers, Inc.	1900 S Townsend Ave	Montrose	CO	81401	(970) 240-6963
Leeds West Investment Group IV, LLC	650 W Hwy 105	Monument	CO	80132	(719) 488-2299
High Pocket Ventures, LLC	690 E 120th Ave	Northglenn	CO	80233	(303) 457-1604
Parker Pines, LLC	10431 Parkglenn Way	Parker	CO	80138	(303) 840-2800
Bradm, LLC	430 Eagleridge Blvd	Pueblo	CO	81008	(719) 546-9820
Parts Depot Of Salida, Inc.	5570 E Hwy 50	Salida	CO	81201	(719) 539-3585
104Th Street Investments, LLC	3740 E 104th Ave	Thornton	CO	80233	(303) 450-3393
Bradm, LLC	2803 Toupal Dr	Trinidad	CO	81082	(719) 846-0800
Blake Enterprises, LLC	9491 W 44th Ave Ste 105	Wheat Ridge	CO	80033	(303) 425-5545
121 East Midland Avenue, LLC	555 Chester Ave	Woodland Park	CO	80863	(719) 687-6682
Iowa					
Leeds West Investment Group IV, LLC	670 36th Ave SW	Altoona	IA	50009	(515) 957-0500
Leeds West Investment Group IV, LLC	208 Lincoln Way	Ames	IA	50010	(515) 232-4515
Leeds West Investment Group IV, LLC	2605 SE Delaware Ave	Ankeny	IA	50021	(515) 965-0099
Leeds West Investment Group IV, LLC	3880 NW Urbandale Dr	Urbandale	IA	50322	(515) 278-8565
Idaho					
J & M Tires, Inc.	3193 E 17th St	Ammon	ID	83406	(208) 523-4465
*Dale Horton, Inc.	2013 S Broadway Ave	Boise	ID	83706	(208) 345-7228
Idaho Automotive LLC	4602 W State St	Boise	ID	83703	(208) 336-4332
C&K Automotive Inc.	1422 W Main St	Boise	ID	83702	(208) 342-5525
Lucky Peak Group, LLC	7199 W Fairview Ave	Boise	ID	83704	(208) 376-3422
B & G Tire, Inc.	265 Northgate Mile	Idaho Falls	ID	83401	(208) 523-5544

*Marco'S Tire Inc.	216 E Fairview Ave	Meridian	ID	83642	(208) 888-1563
Jer29-11 Inc.	1222 Caldwell Blvd	Nampa	ID	83651	(208) 467-2124
Snake River Holdings, LLC	731 N 5th Ave	Pocatello	ID	83201	(208) 232-3764
Indiana					
Bedford Tire And Service Center Inc.	1420 James Ave	Bedford	IN	47421	(812) 275-3100
Brownsburg/Trammel, LLC	5 Commerce Dr	Brownsburg	IN	46112	(317) 858-9800
Joe'S Auto Service Inc.	811 W Main St	Carmel	IN	46032	(317) 846-3216
Chiefs Tires, Inc.	1209 Eastern Blvd	Clarksville	IN	47129	(812) 948-2321
Corydon Tire Company	1969 Gardner Ln NW	Corydon	IN	47112	(812) 738-8282
Steve Towers Enterprises Allisonville Rd LLC	11578 Allisonville Rd	Fischers	IN	46038	(463) 234-2773
Steve Towers Enterprise 86th Street 14101 LLC	5707 W 86th St	Indianapolis	IN	46278	(317) 334-9999
*The M.G. Scott Group, LLC	642 3rd Ave	Jasper	IN	47546	(812) 482-5402
Jtb Tires, Inc.	2550 Allison Ln	Jeffersonville	IN	47130	(812) 282-2325
Steve Towers Enterprise Lawrence 14102 LLC	5801 N German Church Rd	Lawrence	IN	46235	(317) 826-8770
*Romack Brothers, Inc.	2471 N Lebanon St	Lebanon	IN	46052	(765) 482-6818
Dohn And Burch Tires Inc.	215 Clifty Dr	Madison	IN	47250	(812) 273-5463
SFEAR, LLC	540 S State Rd 67	Mooresville	IN	46158	(317) 834-6840
M&B Tires LLC	2245 State St	New Albany	IN	47150	(812) 949-0736
Rbcg, LLC	601 S Memorial Dr	New Castle	IN	47362	(765) 529-4874
Joe'S Auto Service Inc.	9240 E 146th St	Noblesville	IN	46060	(317) 770-8100
Bot Services, Inc.	2668 E Main St	Plainfield	IN	46168	(317) 837-1552
Wright'S Tires Inc.	3012 W Broadway	Princeton	IN	47670	(812) 385-4488
Scottsburg Tire & Service Center, Inc.	1621 W McClain Ave	Scottsburg	IN	47170	(812) 752-2118
Broadus Management LLC	1001 Grand Seven Ct	Sellersburg	IN	47172	(812) 233-3080
Staley's Tire And Wheel Senter Inc.	420 Circle St	Seymour	IN	47274	(812) 522-6611
Auto Accessories Inc.	2929 S 3rd Pl	Terre Haute	IN	47802	(812) 478-3300
Tw Tires, Inc.	203 SE 3rd St	Washington	IN	47501	(812) 254-3001
Twrs Zionsville Inc.	6380 Center Dr	Whitestown	IN	46075	(317) 769-7900
Kansas					
SGC Automotive, Inc.	331 E Main St	Gardner	KS	66030	(913) 884-7597
MFA Petroleum Co[(1)]	1923 N 110th St	Kansas City	KS	66111	(913) 788-5200
T&M Tire & Automotive, Inc.	4661 W 6th St	Lawrence	KS	66049	(785) 830-9090
MFA Petroleum Co[(1)]	11815 S Black Bob Rd	Olathe	KS	66062	(913) 780-1500
MFA Petroleum Co[(1)]	20202 W 153rd St	Olathe	KS	66062	(913) 780-4967
MFA Petroleum Co[(1)]	7953 W 151st St	Overland Park	KS	66223	(913) 685-8822
MFA Petroleum Co[(1)]	15810 W 67th St	Shawnee	KS	66217	(913) 268-5656
CARMA Tires and Associates, LLC	2735 SW Wanamaker Rd	Topeka	KS	66614	(785) 271-0194
Kentucky					
Taft Incorporated	618 Bloomfield Rd	Bardstown	KY	40004	(502) 348-0880
Steve Towers Enterprises, LLC	1975 Russellville Rd	Bowling Green	KY	42101	(270) 843-2181
*H & H Marketing, Inc.	333 Broadway St	Brandenburg	KY	40108	(270) 422-3977
*Powers 16, Inc.	1112 N Dixie Hwy	Elizabethtown	KY	42701	(270) 737-1990

Steve Towers Enterprise Frankfort, LLC	9 Carson Pl	Frankfort	KY	40601	(502) 223-8515
Leeds West Investment Group Iv, LLC	161 Southgate Dr	Georgetown	KY	40324	(502) 868-7560
Steve Towers Enterprises, LLC	209 Smith Rd	Glasgow	KY	42141	(270) 629-4200
Steve Towers Enterprise Hardinsburg, LLC	1016 Old Hwy 60	Hardinsburg	KY	40143	(270) 756-6211
Mbm Tires, Inc.	9414 Taylorsville Rd	Jeffersontown	KY	40299	(502) 267-7440
Gtk, Inc.	900 S Hwy 53	La Grange	KY	40031	(502) 222-4777
Bet, Inc.	773 W Main St	Lebanon	KY	40033	(270) 692-1013
Steve Towers Enterprise Leitchfield, LLC	609 Mill St	Leitchfield	KY	42754	(270) 259-5755
Leeds West Investment Group Iv, LLC	141 W Lowry Ln	Lexington	KY	40503	(859) 275-1600
Joseph Brad Inc.	3623 Lexington Rd	Louisville	KY	40207	(502) 896-8441
*D. S. Powers, Inc.	12614 Dixie Hwy	Louisville	KY	40272	(502) 937-3885
Mint, Inc.	4413 Cane Run Rd	Louisville	KY	40216	(502) 447-9633
Haam, Inc.	11910 Shelbyville Rd	Louisville	KY	40243	(502) 245-9126
Goodwin'S Tires, Inc.	195 Outer Loop	Louisville	KY	40214	(502) 361-3543
Tyre Enterprises, Inc.	7935 Fegenbush Ln	Louisville	KY	40228	(502) 239-4040
Gra-Pel, Inc.	3751 Pamela Rae Dr	Louisville	KY	40241	(502) 412-1119
Steve Towers Enterprises, LLC	6101 Shepherdsville Rd	Louisville	KY	40228	(502) 966-3101
Steve Towers Enterprise Hillview 17102 LLC	268 Market Place Dr	Louisville	KY	40229	(502) 955-1320
*PG #9 Of Radcliff., Inc.	1470 N Dixie Blvd	Radcliff	KY	40160	(270) 351-1133
Steve Towers Enterprises, LLC	2231 Shelbyville Rd	Shelbyville	KY	40065	(502) 633-2133
Bullitt County Tires, Inc.	615 N Buckman St	Shepherdsville	KY	40165	(502) 543-3041
Missouri					
MFA Petroleum Co[(1)]	545 NE Coronado Dr	Blue Springs	MO	64014	(816) 224-0600
MFA Petroleum Co[(1)]	977 State Hwy 248	Branson	MO	65616	(417) 334-1834
MFA Petroleum Co[(1)]	153 East Hwy 54	Camdenton	MO	65020	(573) 346-8473
MFA Petroleum Co[(1)]	301 Washington St	Chillicothe	MO	64601	(660) 707-0315
MFA Petroleum Co[(1)]	2300 Business Loop 70 E	Columbia	MO	65201	(573) 449-2457
MFA Petroleum Co[(1)]	3915 Peachtree Dr	Columbia	MO	65203	(573) 875-0068
MFA Petroleum Co[(1)]	200 Financial Dr	Hollister	MO	65673	(417) 334-3329
MFA Petroleum Co[(1)]	2410 Missouri Blvd	Jefferson City	MO	65109	(573) 635-5950
MFA Petroleum Co[(1)]	1614 Jefferson St	Jefferson City	MO	65109	(573) 634-5685
MFA Petroleum Co[(1)]	700 NW Englewood Rd	Kansas City	MO	64118	(816) 455-4030
MFA Petroleum Co[(1)]	13521 Madison Ave	Kansas City	MO	64145	(816) 941-8888
MFA Petroleum Co[(1)]	9501 NE 83rd Ter	Kansas City	MO	64158	(816) 792-8230
MFA Petroleum Co[(1)]	8820 Skyview Ave	Kansas City	MO	64154	(816) 382-3821
MFA Petroleum Co[(1)]	7622 Wornall Rd	Kansas City	MO	64114	(816) 444-3081
MFA Petroleum Co[(1)]	1701 W Elm St	Lebanon	MO	65536	(417) 532-4027
MFA Petroleum Co[(1)]	1125 SW Oldham Pkwy	Lee's Summit	MO	64081	(816) 246-8585
MFA Petroleum Co[(1)]	1407 N Massey Blvd	Nixa	MO	65714	(417) 725-6730
MFA Petroleum Co[(1)]	4712 Jayhawk St	Osage Beach	MO	65065	(573) 348-4600
MFA Petroleum Co[(1)]	5533 N 22nd St	Ozark	MO	65721	(417) 485-3864
MFA Petroleum Co[(1)]	1901 W Foxwood Dr	Raymore	MO	64083	(816) 322-7500
MFA Petroleum Co[(1)]	2120A N Bishop Ave	Rolla	MO	65401	(573) 426-5599

MFA Petroleum Co[(1)]	653 Old Route 66	Saint Robert	MO	65584	(573) 336-4995
MFA Petroleum Co[(1)]	4106 West Broadway	Sedalia	MO	65301	(660) 826-5070
MFA Petroleum Co[(1)]	2020 N Glenstone Ave	Springfield	MO	65803	(417) 831-1540
MFA Petroleum Co[(1)]	1503 W Republic Rd	Springfield	MO	65807	(417) 890-5000
MFA Petroleum Co[(1)]	3033 E Sunshine St	Springfield	MO	35804	(417) 877-2010
MFA Petroleum Co[(1)]	423 E Young St	Warrensburg	MO	64093	(660) 362-1688
Montana					
Episode I, LLC	620 N 7th Ave	Bozeman	MT	59715	(406) 522-8969
*Gus & Jack's Tire Shop	1117 7th St S	Great Falls	MT	59405	(406) 454-3407
North Dakota					
Ideal Tire LLC	2801 Memorial Hwy	Mandan	ND	58554	(701) 557-2446
No Rest For The WerRe, LLC	701 21st Avenue SE	Minot	ND	58701	(701) 578-8844
Nebraska					
Sagebrook Tire and Auto, Inc.	2135 N Diers Ave	Grand Island	NE	68803	(308) 384-0589
Sagebrook Tire and Auto, Inc.	116 W 56th St	Kearney	NE	68847	(308) 236-5099
New Mexico					
Jamco Tires LLC	621 N White Sands Blvd	Alamogordo	NM	88310	(575) 437-1125
South Valley Tires, Inc.	3808 Isleta Blvd SW	Albuquerque	NM	87105	(505) 877-5644
Leeds West Investment Group Iv LLC	6519 Menaul Blvd NE	Albuquerque	NM	87110	(505) 888-8584
Leeds West Investment Group Iv LLC	1141 Juan Tabo Blvd NE	Albuquerque	NM	87112	(505) 293-2967
Tcwaller LLC	1549 W Aztec Blvd	Aztec	NM	87410	(505) 334-5575
Leeds West Investment Group Iv LLC	965 W Hwy 550	Bernalilo	NM	87004	(505) 867-0016
Candor Tires, LLC	4212 National Parks Hwy	Carlsbad	NM	88220	(575) 628-3202
Slash W., Inc.	1715 E Pine St	Deming	NM	88030	(575) 544-2446
WallerTire, LLC	901 San Juan Blvd	Farmington	NM	87401	(505) 327-0374
Rubber, Inc.	1330 El Paseo Rd	Las Cruces	NM	88001	(575) 524-3548
Legacy Tire LLC	4145 White Sage Blvd	Las Cruces	NM	88011	(575) 524-3549
Jcr Auto LLC	1820 1/2 7TH ST	Las Vegas	NM	87701	(505) 426-1506
Leeds West Investment Group Iv LLC	1820 Main St NW	Los Lunas	NM	87031	(505) 565-4800
Leeds West Investment Group Iv LLC	1610 Rio Rancho Dr SE	Rio Rancho	NM	87124	(505) 892-2664
Temor Tires, LLC	1305 N Main St	Roswell	NM	88201	(575) 623-3071
Denar Tires LLC	26131 US Hwy 70	Ruidoso Downs	NM	88346	(575) 378-0078
Leeds West Investment Group Iv LLC	3153 Cerrillos Rd	Santa Fe	NM	87507	(505) 424-2220
Slash W, Inc.	2706 32nd St Bypass	Silver City	NM	88061	(575) 388-1521
Nevada					
2TTIRES, LLC	330 11th St	Elko	NV	89801	(775) 738-2877
Desert Tires Investments LLC	1331 Waterloo Lane	Gardnerville	NV	89410	(775) 392-5211
Western Automotive Group LLC	170 N Pecos Rd	Henderson	NV	89074	(702) 263-9333
Western Automotive Group LLC	15 S Gibson Rd	Henderson	NV	89012	(702) 558-3171
Western Automotive Group LLC	828 S Boulder Hwy	Henderson	NV	89015	(702) 558-2121
Western Automotive Group LLC	10127 W Charleston Blvd	Las Vegas	NV	89135	(702) 869-8299
Western Automotive Group LLC	6060 Centennial Center Blvd	Las Vegas	NV	89149	(702) 396-4241
Western Automotive Group LLC	4520 N Rancho Dr	Las Vegas	NV	89149	(702) 656-7499

Western Automotive Group LLC	2061 Rock Springs Dr	Las Vegas	NV	89128	(702) 360-9800
Western Automotive Group LLC	3625 S Fort Apache Rd	Las Vegas	NV	89147	(702) 562-2213
Western Automotive Group LLC	3415 S Maryland Pkwy	Las Vegas	NV	89169	(702) 735-7187
Western Automotive Group LLC	787 N Nellis Blvd	Las Vegas	NV	89110	(702) 438-3282
Western Automotive Group LLC	7145 S Rainbow Blvd	Las Vegas	NV	89119	(702) 263-0411
Virgin Valley Tire, Inc.	136 N Sandhill Blvd	Mesquite	NV	89027	(702) 346-1188
High Desert Tires, Inc.	3090 Kietzke Ln	Reno	NV	89502	(775) 827-5000
Preferred Automotive & Tires, Inc.	12270 Old Virginia Rd	Reno	NV	89521	(775) 851-2446
Preferred Automotive & Tires, Inc.	5130 Mae Anne Ave	Reno	NV	89523	(775) 787-3222
Bighorn NV, LLC	1604 Pyramid Way	Sparks	NV	89431	(775) 359-5592
Snow Snail LLC	580 Hanson St	Winnemucca	NV	89445	(775) 623-4089
Ohio					
Leeds West Investment Group Iv, LLC	6565 Winford Ave	Hamilton	OH	45011	(513) 737-4900
Oklahoma					
Okc, LLC	904 S Broadway	Edmond	OK	73034	(405) 348-2440
Leeds West Investment Group IV, LLC	4212 W Owen K Garriott Rd	Enid	OK	73703	(580) 233-2172
Leeds West Investment Group IV, LLC	401 N Mustang Rd	Mustang	OK	73064	(405) 237-3232
Leeds West Investment Group IV, LLC	1481 Alameda St	Norman	OK	73071	(405) 701-4988
Leeds West Investment Group IV, LLC	1100 W Vandament Ave	Yukon	OK	73099	(405) 354-6968
Oklahoma					
Boice Business Investments, Inc.	2545 NW Stewart Pkwy	Roseburg	OR	97471	(541) 672-2848
Tennessee					
BKS Farragut Inc.	10800 Kingston Pike	Farragut	TN	37934	(865) 671-4441
BKS Enterprises Inc.[(2)]	2440 Callahan Dr	Knoxville	TN	37912	(865) 859-0971
BKS Cedar Bluff Inc.	1015 Old Cedar Bluff Rd	Knoxville	TN	37923	(865) 470-7773
JBC Auto 2 LP	3307 Memorial Blvd	Murfreesboro	TN	37129	(615) 907-2326
BKS Sevierville, Inc.[(2)]	121 River Blvd North	Sevierville	TN	37862	(865) 630-4274
Texas					
JBC Auto 1, LTD	2319 Texas Ave	College Station	TX	77840	(979) 696-3200
World Tire Unlimited Inc.	2424 S Padre Island Dr	Corpus Christi	TX	78415	(361) 854-4718
World Tire Unlimited Inc.	15106 NW Blvd	Corpus Christi	TX	78410	(361) 387-8473
World Tire Unlimited Inc.	5745 NW Loop 410	Leon Valley	TX	78238	(210) 684-6000
World Tire Unlimited Inc.	13080 N US Hwy 281	San Antonio	TX	78216	(210) 490-8473
World Tire Unlimited Inc.	6563 Babcock Rd	San Antonio	TX	78247	(210) 588-0078
World Tire Unlimited Inc.	6407 W Loop 1604 N	San Antonio	TX	78254	(210) 688-9009
World Tire Unlimited Inc.	2939 SW Military Dr	San Antonio	TX	78224	(210) 921-4941
World Tire Unlimited Inc.	8161 Agora Pkwy	Selma	TX	78154	(210) 566-1000
Utah					
Petersen Tire Of American Fork Inc.	748 E State Rd	American Fork	UT	84003	(801) 756-6000
Crossroads Tire, Inc.	1501 E Hwy 40	Ballard	UT	84066	(435) 722-5561
All Around Tire And Services LLC	1360 N Main St	Beaver	UT	84713	(435) 438-6138
BB Tire, Inc.	25 S 500 W	Bountiful	UT	84010	(801) 295-9425
D & D Business Investements, LLC	390 S Main St	Brigham City	UT	84302	(435) 734-9429

Cedar City Tire, Inc.	721 S Main St	Cedar City	UT	84720	(435) 586-4200
Cznp LLC	1022 E Draper Pkwy	Draper	UT	84020	(801) 523-9300
Windy City Tires Inc.	346 W State St	Hurricane	UT	84737	(435) 359-4910
Bft, Inc.	320 N Main St	Kaysville	UT	84037	(801) 546-1326
Ian Ashcroft Tires Inc.	1365 N Main St	Layton	UT	84041	(385) 245-1940
Lehi Pioneer Tire Inc.	144 N 850 E	Lehi	UT	84043	(801) 766-1806
Raw Tire, Inc.	240 E 1400 N	Logan	UT	84341	(435) 752-4622
Coley, Inc.	4745 S State St	Murray	UT	84107	(801) 262-2436
Hamilton Tires LLC	855 E 100 N	Nephi	UT	84648	(435) 623-0300
J&J Tires and Service LLC	1893 N 400 E	North Ogden	UT	84414	(801) 737-4781
Clm Management LLC	5734 S Harrison Blvd	Ogden	UT	84403	(801) 476-7066
Triple J Tires LLC	458 Washington Blvd	Ogden	UT	84404	(801) 393-8481
H & N Management, LLC	3190 Wall Ave	Ogden	UT	84401	(801) 399-4449
Randco, Inc.	703 N State St	Orem	UT	84057	(801) 224-1177
Rds, Inc.	620 East 800 South	Orem	UT	84097	(801) 802-0541
J&A Hamilton Tires LLC	921 S Turf Farm Rd	Payson	UT	84651	(801) 465-9934
WSDS LLC	945 S State Rd	Pleasant Grove	UT	84062	(801) 785-6555
Castle Country Tires, Inc.	790 W Price River Dr	Price	UT	84501	(435) 613-2446
Marshh Inc.	218 S Hwy 165	Providence	UT	84332	(435) 754-7528
Squire Tire, Inc.	1461 N State St	Provo	UT	84604	(801) 374-1177
Color Country Tires, Inc.	208 S Main St	Richfield	UT	84701	(435) 896-8473
KC Tire Inc.	4689 W 12600 S	Riverton	UT	84096	(801) 254-0237
River Tire, Inc.	2158 W 12600 S	Riverton	UT	84065	(385) 557-6800
Southern Utah Tire, Inc.	1055 S Bluff St	Saint George	UT	84770	(435) 628-6404
Ms Sunset Tire, Inc.	1732 W Sunset Blvd	Saint George	UT	84770	(435) 634-1800
BLVD Tires Inc.	825 E St George Blvd	Saint George	UT	84770	(435) 628-4404
CC Tires, Inc.	924 S 300 W	Salt Lake City	UT	84101	(801) 322-1043
Buker Downtown, Inc.	178 E South Temple	Salt Lake City	UT	84111	(801) 519-8241
Bk Tires, LLC	2002 E 3300 S	Salt Lake City	UT	84109	(801) 487-1028
Yeti Tires LLC	3120 S Highland Dr	Salt Lake City	UT	84106	(801) 467-5461
EE Tire, LLC	2284 E Fort Union Blvd	Salt Lake City	UT	84121	(801) 733-4242
JJ Tire, LLC	4546 S 900 E	Salt Lake City	UT	84117	(801) 262-4626
AA Tire, LLC	8835 S 700 E	Sandy	UT	84070	(801) 566-1177
J&A Hamilton Automotive LLC	55 S Highland Dr	Santaquin	UT	84655	(801) 877-5833
Utah Tire Centers LLC	10227 S Redwood Rd	South Jordan	UT	84095	(801) 446-5444
J&A Hamilton Industries LLC	570 N Main St	Spanish Fork	UT	84660	(801) 798-9827
CJG Tires, Inc.	495 S 1750 W	Springville	UT	84663	(801) 489-5577
Colton Family Enterprises, LLC	3725 W 5400 S	Taylorsville	UT	84129	(801) 964-9935
Deep Creek Tire, LLC	855 N Main St	Tooele	UT	84074	(435) 882-4061
High Country Tire, Inc.	55 N 300 E	Tremonton	UT	84337	(435) 257-3395
Kart LLC	2045 W Hwy 40	Vernal	UT	84078	(435) 781-2446
Coleman Tire Inc.	7761 S 3200 W	West Jordan	UT	84088	(801) 565-0031
Le Master Management, Inc.	2830 W 3500 S	West Valley City	UT	84119	(801) 967-7166

WVC Tire, Inc.	3557 S 5600 W	West Valley City	UT	84120	(801) 967-6404
Virginia					
Penguin Tires LLC[2]	8817 W Broad St	Henrico	VA	23294	(804) 965-0100
Penguin Tires SM, LLC[2]	7301 Staples Mill Rd	Richmond	VA	23228	(804) 571-2446
Washington					
C&S Automotive Group LLC	602 Auburn Way S.	Auburn	WA	98002	(253) 205-0889
C&S Automotive Group LLC	19710 State Route WA-410	Bonnry Lake	WA	98391	(253) 750-0769
Rising Way Inc.	60 NW Gilman Blvd	Issaquah	WA	98027	(425) 391-4161
Drifting Lotus, Inc.	809 Vernon Rd	Lake Stevens	WA	98258	(425) 335-7944
C&S Automotive Group LLC	1352 State Ave.	Marysville	WA	98270	(360) 283-5577
West Coast Tire Pro Inc.	10658 SE 180th St	Renton	WA	98055	(425) 235-9417
C&S Automotive Group LLC	13303 Pacific Avenue South	Tacoma	WA	98444	(253) 203-6110
Wyoming					
S & S Tire, Inc.	2727 Cy Ave	Casper	WY	82604	(307) 234-2446
Tara Enterprise	3714 East Lincolnway	Cheyenne	WY	82001	(307) 637-4294
Spare Tire Enterprises, Inc.	5510 Yellowstone Rd	Cheyenne	WY	82009	(307) 635-2905
Lcrw, Inc.	607 W Cheyenne Dr	Evanston	WY	82930	(307) 789-1130
Wyoming Tire & Service, LLC	402 E Lakeway Rd	Gillette	WY	82718	(307) 686-4884
B&G Jackson LLC	530 S Hwy 89	Jackson	WY	83001	(307) 733-8325

*** Denotes a PDF Big O Tires Store.**

[1] These outlets have been opened and are operated under two Area Development Agreements signed by the franchisee's affiliated company MFA Petroleum Company, One Ray Young Drive, Columbia, Missouri 65201, (573) 876-0469.

[2] Each of these outlets has been opened and is operated under an Area Development Agreement signed by the franchisee.

Franchisees who have signed Area Development Agreements, but who had not opened any outlets under those Area Development Agreements for business as of March 31, 2023:

Business Name	Address	City	State	Zip	Phone
None					

Franchisees who have signed a Franchise Agreement for outlets not yet opened as of March 31, 2023:

Business Name	Address	City	State	Zip	Phone
E&E Holdings Group Inc.	34018 North 43rd Street	Cave Creek	AZ	85331	(602) 881-5980
South Goodyear Tire & Auto, LLC	951 Tornasol Circle East	Litchfield Park	AZ	85340	(623) 293-0252
Surprise North Tire and Auto, LLC	951 Tornasol Circle East	Litchfield Park	AZ	85340	(623) 293-0252
Rubber Meets The Road, LLC	3205 Lakeside Village Drive	Prescott	AZ	86301	(928) 713-6006
Turning Point Automotive, LLC	17470 North Pacesetter Way	Scottsdale	AZ	85255	(928) 486-6942
Top Notch Auto, Inc.	8050 South Broadway	Littleton	CO	80122	(303) 877-5895
OOFTA, LLC	430 Eagle Ridge Boulevard	Pueblo	CO	81008	(719) 671-7007
Desert Tires Investments, LLC	10 North Desert Springs	Sparks	NV	89496	(775) 842-4830

Tire and Wheels Corp, Inc.	20 Bronze Crest Lane	El Paso	TX	79902	(915) 497-6491
Round Here, LLC	4704 College Avenue	Snyder	TX	79549	(325) 207-0177
Eagle Mountain Tire Center, LLC	2996 Vista Circle	Bountiful	UT	84010	(435) 770-3011
Triple J. Tires, LLC	4100 West	Ogden	UT	84404	(385) 238-7474
Hurricane Ridge, LLC	924 South 300 West	Salt Lake City	UT	84101	(801) 725-4906

EXHIBIT “K-2”

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

Name	City	State	Phone
Mike Mcclure	Green Valley	Arizona	(520) 625-9414
Charles Hepworth	Page	Arizona	(928) 645-2608
Mark Denton	Healdsburg	California	(707) 433-6644
Steven Trudeau	Murrieta	California	(951) 600-0160
Edris Ahmadi	Placerville	California	(530) 622-6956
Mehran Rezaei	Rancho Cucamonga	California	(909) 948-0111
Kenneth McKellar, Mario Toscano	San Leandro	California	(510) 357-8473
Michael Toumayan	Temecula	California	(951) 296-9070
Robert Lynn	Aurora	Colorado	(303) 680-5500
Robert Canady Jr.	Broomfield	Colorado	(303) 466-4117
Jerry Schroppel	Conifer	Colorado	(303) 816-7088
Dana Foote, Laura Foote	Loveland	Colorado	(970) 667-6074
Timothy Sawin	Boise	Idaho	(208) 376-3422
Richard Willis	Altoona	Iowa	(515) 957-0500
Ronald Tryon	Topeka	Kansas	(785) 271-0194
Jim Anderson	Reno	Nevada	(775) 851-2446
Micheal Westbroek	North Ogden	Utah	(801) 737-4781
Loy Dobson	Saint George	Utah	(435) 628-4404
Phil Gibbons	Salt Lake City	Utah	(801) 467-5461
Derek Edwards, Jared Edwards	Salt Lake City	Utah	(801) 262-4626
Robert Miller	Tooele	Utah	(435) 882-4061
Bob Cochran	Henrico	Virginia	(804) 965-0100

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
4992 Allison Parkway, Suite F
Vacaville, California 95688
(707) 446-4444
Attn: Bryan Edwards, Chairman
Email Address: none
Web Address: none

EXHIBIT "M"

Table of Contents for Manual

Franchise Policies & Standards Manual

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01 Product and Service Selection

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0002 Approved Tire Products
0003R Required Inventory
0004 Approved Equipment Vendor
0005R Return Merchandise
0006R Speed Lane
0007 National Tire Repair and Maintenance

02 Warranties and Adjustments

0001R Big O/TK/Merchant's/NTB Cross Warranty
0002 Violation of Warranty Adjustment Procedures
0003 Warranty Adjustment Audit Form Dispersal
0004 [RESERVED for Honoring Installed Parts & Services Warranty]
0005 Big O Brand Tires Full and Limited Lifetime Warranties
0006 Non-Big O Tire Warranty Program
0007 Inter-Store Honoring of the Tire Protection Package Warranty

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0002 Uniforms and Image Communication
0003 Store Hours of Operation
0004 [RESERVED for Building Paint Scheme]

02 Customer Experience

0001 Telephone Techniques Standard
0002 VIP Standard

03 MARKETING

01 Licensed Marks and Trade Dress

0001 Use of Licensed Marks
0002 Issuance of Press Releases and Media Contact
0003 [RESERVED for Tagline Usage]
0004 Vehicle Graphics

03 MARKETING, CONT'D.

0005 [RESERVED for Approved Outdoor Signage]

0006 [RESERVED for Website]

02 Advertising

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0002 Print Advertising Templates
0003 Point of Purchase Packages
0004 Community Involvement
0005R National Marketing Program
0006R Local Group Policy
0007 Approved Advertising Expenditures
0008 [RESERVED for Advertising and Marketing Approval]

04 ADMINISTRATIVE/TRAINING

01 Administrative

0001 [RESERVED for Franchisee Quarterly Financial Statements]
0002 Franchisee Insurance Requirements
0003 Human Resources/Legal Compliance
0004 Attendance Requirements for Promotional and Other Incentive Trips
0005 Franchise System Email
0006R Franchise Advisory Council Selection and Operation
0007 Fill Rate
0008 Meeting Attendance
0009 National Accounts
0010 Customer Tire Registration Policy
0011 Adjustment Reporting Exemption
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The Franchise Policies & Standards Manual is made available to you online in electronic format, but when printed the total length is approximately 103 pages.

EXHIBIT “N”

FINANCIAL STATEMENTS

TBC Holdings, LLC and Subsidiaries

(A Joint Venture of Michelin North America, Inc. and Sumitomo Corporation of Americas)

Consolidated Financial Statements

March 31, 2023 and 2022

TBC Holdings, LLC and Subsidiaries

(A Joint Venture of Michelin North America, Inc. and Sumitomo Corporation of Americas)

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March 31, 2023 and 2022

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Report of Independent Auditors

To the Management of TBC Holdings, LLC

Opinion

We have audited the accompanying consolidated financial statements of TBC Holdings, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive income, of members' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases for the year ended March 31, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Hallandale Beach, Florida
May 30, 2023

TBC Holdings, LLC and Subsidiaries
(A Joint Venture of Michelin North America, Inc. and Sumitomo Corporation of Americas)
Consolidated Balance Sheets
March 31, 2023 and 2022

(USD in thousands)	2023	2022
Assets		
Current assets		
Cash	$ 89,693	$ 47,068
Accounts and notes receivable, net of allowance for doubtful accounts of $5,395 and $6,864	289,580	368,850
Inventories, net	1,185,752	1,380,083
Assets held for sale	-	4,521
Other current assets	27,277	19,658
Current assets of discontinued operations	761,067	95,603
Total current assets	2,353,369	1,915,783
Property and equipment, net	256,589	289,767
Finance lease assets, net	73,902	27,908
Operating lease assets, net	411,001	464,682
Intangible assets, net	436,404	457,752
Goodwill	34,682	34,682
Other assets	32,076	29,444
Long-term assets of discontinued operations	-	635,861
Total assets	$ 3,598,023	$ 3,855,879
Liabilities and Members' Equity		
Current liabilities		
Accounts payable	$ 467,562	$ 519,133
Due to parents and affiliates	283,084	303,723
Accrued expenses and other liabilities	76,012	92,150
Accrued payroll and related costs	21,251	67,814
Accrued freight	21,180	154,305
Current portion of long-term debt, parents	200,000	-
Current portion of other long-term debt	-	1,993
Current portion of finance lease liabilities	15,816	5,430
Current portion of operating lease liabilities	84,350	90,376
Current liabilities of discontinued operations	611,362	176,949
Total current liabilities	1,780,617	1,411,873
Long-term debt, parents	-	200,000
Other noncurrent liabilities	39,326	33,779
Long-term finance lease liabilities	61,115	23,905
Long-term operating lease liabilities	346,973	400,822
Deferred income taxes	135,565	122,494
Long-term liabilities of discontinued operations	-	467,747
Total liabilities	2,363,596	2,660,620
Commitments and contingencies (Note 12 and 17)		
Members' equity		
Members' investment	1,265,600	1,265,600
Accumulated other comprehensive income	4,837	632
Retained deficit	(36,010)	(70,973)
Total members' equity	1,234,427	1,195,259
Total liabilities and members' equity	$ 3,598,023	$ 3,855,879

The accompanying notes are an integral part of these consolidated financial statements.

TBC Holdings, LLC and Subsidiaries

(A Joint Venture of Michelin North America, Inc. and Sumitomo Corporation of Americas)

Consolidated Statements of Operations and Comprehensive Income

Years Ended March 31, 2023 and 2022

(USD in thousands)	2023	2022
Net revenues	$ 3,558,490	$ 3,582,659
Costs and expenses		
Cost of sales	2,771,825	2,631,394
Selling, administrative, and retail store expenses	800,703	864,717
Total costs and expenses	3,572,528	3,496,111
Gain on sale of business operations	2,498	-
Impairment on closure of business	-	(15,554)
(Loss) income from continuing operations	(11,540)	70,994
Other income and expenses		
Interest expense, net	(20,027)	(13,037)
Other income, net	11,405	22
(Loss) income from continuing operations before income taxes	(20,162)	57,979
Income tax (benefit) provision	(8,342)	20,557
Net (loss) income from continuing operations	(11,820)	37,422
Income from discontinued operations, net of income taxes	46,783	12,602
Net income	34,963	50,024
Other comprehensive income, net of tax		
Foreign currency translation adjustments	4,205	1,878
Net comprehensive income	$ 39,168	$ 51,902

The accompanying notes are an integral part of these consolidated financial statements.

TBC Holdings, LLC and Subsidiaries
(A Joint Venture of Michelin North America, Inc. and Sumitomo Corporation of Americas)
Consolidated Statements of Members' Equity
Years Ended March 31, 2023 and 2022

(USD in thousands)	Members' Investment	Accumulated Other Comprehensive (Loss) Income	Retained (Deficit) Earnings	Total Members' Equity
Balances at March 31, 2021	$ 1,265,600	$ (1,246)	$ (121,413)	$ 1,142,941
Foreign currency translation adjustments, net of tax	-	1,878	-	1,878
Lease accounting adoption	-	-	416	416
Net income	-	-	50,024	50,024
Balances at March 31, 2022	1,265,600	632	(70,973)	1,195,259
Foreign currency translation adjustments, net of tax	-	4,205	-	4,205
Net income	-	-	34,963	34,963
Balances at March 31, 2023	$ 1,265,600	$ 4,837	$ (36,010)	$ 1,234,427

The accompanying notes are an integral part of these consolidated financial statements.

TBC Holdings, LLC and Subsidiaries
(A Joint Venture of Michelin North America, Inc. and Sumitomo Corporation of Americas)
Consolidated Statements of Cash Flows
Years Ended March 31, 2023 and 2022

(USD in thousands)	2023	2022
Cash flows from operating activities		
Net (loss) income from continuing operations	$ (11,820)	$ 37,422
Income from discontinued operations, net of income tax	46,783	12,602
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation	52,208	63,704
Amortization of intangible assets	19,893	21,467
Amortization of finance lease assets	12,331	7,597
Amortization of operating lease assets	89,820	93,802
Provision for doubtful accounts and notes	486	1,406
Gain on sale of business operations	(2,498)	-
(Gain) loss on disposal of property and equipment and store closures	(10,127)	1,545
Impairment on closure of business	-	15,554
Deferred income taxes	(8,281)	3,812
Foreign currency transactions	7,403	1,670
Changes in operating assets and liabilities		
Accounts and notes receivable	81,477	(52,395)
Inventories	200,655	(376,221)
Other current assets	(8,772)	22,055
Other assets	(11,068)	2,282
Accounts payable	(59,051)	56,608
Due to parents and affiliates	(20,639)	45,175
Accrued expenses and other liabilities	(16,837)	25,356
Accrued payroll and related costs	(46,759)	4,116
Accrued freight	(133,291)	82,448
Lease liabilities	(88,150)	(93,821)
Other noncurrent liabilities	3,105	(31,656)
Net Cash provided by (used in) continuing operating activities	50,085	(68,074)
Net Cash provided by discontinued operating activities	15,938	67,235
Net Cash provided by (used in) operating activities	66,023	(839)
Cash flows from investing activities		
Purchases of property and equipment	(21,797)	(25,663)
Proceeds from sale of business operations	6,565	-
Proceeds from dispositions of property and equipment	15,476	1,922
Net Cash used in continuing investing activities	244	(23,741)
Net Cash used in discontinued investing activities	(10,635)	(18,610)
Net Cash used in investing activities	(10,391)	(42,351)
Cash flows from financing activities		
Proceeds from TBC de Mexico bank loans	-	7,460
Payments under TBC de Mexico bank loans	(2,004)	(5,578)
Proceeds from revolving facility	1,433,301	171,571
Payments under revolving facility	(1,433,301)	(171,549)
Payments of long-term debt, parents	-	(200,000)
Payments of finance leases	(12,431)	(10,209)
Net cash used in financing activities	(14,435)	(208,305)
Effect of exchange rate on cash	1,200	258
Net increase (decrease) in cash	42,397	(251,237)
Cash balances		
Beginning of year	48,014	299,251
End of year	$ 90,411	$ 48,014
Less: Cash of discontinued operations	718	946
Cash of continuing operations at end of year	$ 89,693	$ 47,068
Supplemental disclosures of cash flow information		
Cash paid for interest, net of capitalized interest	$ 17,234	$ 11,826
Cash paid (received) for income taxes, net	22,900	(3,950)
Leased assets obtained in exchange for new finance lease liabilities	61,403	17,454
Leased assets obtained in exchange for new operating lease liabilities	80,335	1,084,350
Purchases of property and equipment from total current liabilities	5,490	3,797

The accompanying notes are an integral part of these consolidated financial statements.

(USD in thousands, unless otherwise noted)

1. Nature of Business and Basis of Presentation

Operations

TBC Holdings, LLC and subsidiaries ("Holdings" or the "Company") is one of the United States' largest independent marketers of tires for the automotive replacement market. The Company's operating activities are comprised of its 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, National Tire & Battery, Big O Tires ("Big O") and Midas. 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, NTW, and TBC de Mexico. As of March 31, 2023, the Company had a total 2,246 retail locations consisting of 595 Company-operated locations included in discontinued operations, 28 Company-operated included with continuing operations, 2 mobile operations and 1,621 franchised stores. The Company operated 151 warehouse locations as of March 31, 2023. As of March 31, 2022, the Company had a total 2,254 retail locations consisting of 592 Company-operated locations included in discontinued operations, 61 Company-operated included with continuing operations, 2 mobile operations and 1,599 franchised stores. The Company operated 153 warehouse locations as of March 31, 2022.

Ownership Structure

On January 2, 2018, a definitive merger agreement was entered into between Michelin North America, Inc. ("MNAI") and Sumitomo Corporation of Americas ("SCOA"), also referred to as ("Members") to form a joint venture under the name of TBC Holdings, LLC and Subsidiaries. The joint venture formed through SCOA contributing TBC Corporation ("TBC") to Holdings for 50% joint venture ownership and MNAI contributing Tire Centers, LLC ("TCi"), its wholesale company, and $457.4 million in cash for 50% joint venture ownership.

On April 5, 2018, the joint venture transaction closed, and the Members entered into an operating agreement, which provides each Member 50% of the Membership Interest in Holdings. Each Member shall be liable only to make such Member's capital contribution to the Company and certain other payments expressly provided within the operating agreement. The Company is to be managed by a joint Board of Managers (the "Board"), consisting of three designated MNAI managers and three designated SCOA managers.

Definition of Fiscal Year

As used in these consolidated financial statements and related notes to consolidated financial statements, "Fiscal 2022," refers to the year ended March 31, 2023, and "Fiscal 2023", "Fiscal 2024", "Fiscal 2025" and "Fiscal 2026" refer to the years ending March 31, 2024, 2025, 2026, and 2027, respectively.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of TBC Holdings, LLC and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

(USD in thousands, unless otherwise noted)

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, revenue, and expenses, as well as certain consolidated financial statement disclosures.

Actual results could differ from those estimates. Significant estimates relate primarily to the realizability of accounts receivable, inventory excess and obsolescence reserves, impairment assessments of intangible assets, goodwill, lease assets and long-lived assets inventory assessment of lower of cost and net realizable value, workers compensation, auto, and general insurance accruals.

Cash and Cash Equivalents

The Company's cash consists of balances in the Company's operating bank accounts. The Company maintains cash in financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). All highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Accounts and Notes Receivables and Allowance for Doubtful Accounts

As of March 31, 2023 and 2022, the Company's accounts and notes receivable included approximately 88% of domestic and 12% of international customer accounts, which vary in terms and become due periodically until Fiscal 2023. 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 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, 2023 and 2022, 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. For the years ended March 31, 2023 and 2022, bad debt expense is $486 and $1,406, respectively.

Inventories

Inventories, consisting of tires and other automotive products held for resale, are valued at the lower of cost and net realizable value, under the weighted average cost method. In addition, 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. Any adjustments are evaluated and determined based upon current market conditions, aging of inventories, and product offering changes.

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.

(USD in thousands, unless otherwise noted)

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.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits in excess of FDIC-insured limits. In addition, the Company invests excess funds in an overnight investment account with Wells Fargo Bank, N.A. While the funds in the overnight investment account are not federally insured, the account selected by the Company invests only in government-backed securities.

Property and Equipment
Depreciation and amortization are computed using the straight-line method, over the lesser of the useful life or, in the case of leasehold improvements, the lease term of the asset. The useful life for buildings and leasehold improvements ranges from 7 to 40 years or coincides 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 as incurred, and expenditures for major renewals and betterments are capitalized.

The Company applied Accounting Standards Codification ("ASC") Subtopic 350-40, *Internal-Use Software*, to certain software development costs and capitalized approximately $3,130 and $7,949 as of March 31, 2023 and 2022, respectively, which have been placed in service and included in the accompanying consolidated balance sheets in property and equipment. The useful life of capitalized software varies between 3 to 10 years. The Company capitalized certain software not yet placed in service of approximately $4,884 and $1,208 as of March 31, 2023 and 2022, respectively, which is included in the accompanying consolidated balance sheets in property and equipment; however, it is not being depreciated.

Goodwill and Intangible Assets
The Company elected to early adopt Accounting Standards Update ("ASU") 2017-04, *Intangibles Goodwill and Other* (Topic 350) as of March 31, 2020. The ASU modifies the measurement of a goodwill impairment loss from the portion of the carrying amount of goodwill that exceeds its implied fair value to the excess of the carrying amount of a reporting unit that exceeds its fair value. This eliminates step two of the goodwill impairment test under current guidance

The Company performs its annual impairment assessment of its three reporting units as of September 30 of each fiscal year unless circumstances dictate more frequent assessments. For the years ended March 31, 2023 and 2022, the Company performed its annual impairment assessment and determined there was no impairment of goodwill.

The Company presents definite-lived intangible assets, net of accumulated amortization on the consolidated balance sheets. The intangible assets are amortized on a straight-line basis over their estimated useful lives, which approximates the pattern of expected economic benefit.

The Company reviews intangible assets for impairment annually, or more frequently if changes in circumstances or the occurrence of events suggest an impairment exists. The Company has evaluated impairment for intangible assets as of March 31, 2023 and 2022 and determined that no impairments exist.

(USD in thousands, unless otherwise noted)

Long-Lived Assets
The Company periodically reviews the recoverability of intangible and other long-lived assets. If facts or circumstances indicate 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 did not identify any other facts or circumstances that indicated an impairment of recorded intangible and long-lived assets during Fiscal 2022 and Fiscal 2021.

Net Revenues
Topic 606 outlines basic criteria for recognizing revenue, including on a basis of timing related to the transfer of goods and services. Net revenues include sales of products and services, franchise and royalty fees charged to Big O and Midas franchisees, and rental income from sublease agreements with franchisees and third parties, less returns and customer rebates. These revenue streams can be disaggregated into performance obligations satisfied over time and at a point in time, as discussed below.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services. For product sales, transfer of control occurs at a point in time, either upon transfer to the third-party carrier or upon delivery to the customer. For automotive and tire services, the transfer of control and satisfaction of the performance obligation occurs at the time the customers take possession of their vehicles. Performance obligations for extended service agreements sold to retail customers, such as road hazard, are satisfied over time and the related revenue is recognized based on a pattern of when the associated costs are expected to be incurred in performing such services. Revenues for franchise and royalty fees are recognized over time as the Company satisfies its performance obligations to its franchisees, as described below. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. The Company records reductions to revenue for customer programs and incentive offerings including special pricing agreements, certain promotions, and other volume-based incentives.

Franchising revenue consists primarily of royalties, national advertising fund contributions, and initial and renewal franchise fees. The basic terms of the franchise agreements are as follows: the initial franchise fee is due upon the signing of the franchise agreement, royalty fees are due from franchisees monthly and are equal to a percentage of gross sales for the previous month, the initial term of the agreement is 10 to 20 years with the ability to renew for an additional 10 to 20 years subject to certain conditions and a renewal fee, and the location must be pre-approved.

Monthly royalty fees are earned and recognized when franchisee sales occur. During Fiscal 2022 and 2021, Big O franchise and royalty fees typically ranged between 3.5% and 5% and 2% and 6%, respectively, of franchisees' adjusted gross sales. Midas royalty fees ranged between 2% and 10% of net sales for both periods presented. Under Topic 606, our franchisees' contributions to national advertising funds specified in the franchise agreements are reported gross as part of the royalty revenues because the advertising services were determined not to be distinct from the symbolic franchise right.

The Company expenses costs related to securing initial franchise agreements and performing the required services under such agreements as incurred.

(USD in thousands, unless otherwise noted)

Revenues for lease income are accounted for in accordance with applicable accounting guidance for leases and are excluded from the scope of Topic 606.

Under various arrangements with vendors, the Company receives a delivery commission and reimbursement for the cost of tires that it delivers to customers on their behalf. The commission earned from these transactions is as an agent and the net amount retained is recorded as revenues. The Company recognizes its delivery commission at the time of acceptance of delivery of the product.

Sales Taxes
The Company presents revenues net of sales taxes and value-added tax ("VAT").

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, 2023 and 2022:

	2023	2022
Warranty allowance, beginning of year	$ 3,092	$ 2,844
Allowances established	449	547
Allowances utilized	(502)	(299)
Warranty allowance, end of year	$ 3,039	$ 3,092

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.

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.

(USD in thousands, unless otherwise noted)

The following table is a reconciliation of the changes in the Company's warranty liability under the current Midas program for the years ended March 31, 2023 and 2022:

	2023	2022
Warranty allowance, beginning of year	$ 9,060	$ 8,629
Warranty fees charged to franchisees and Company-operated shops	1,305	1,378
Warranty credits issued to franchisees and Company-operated shops	(988)	(947)
Warranty allowance, end of year	$ 9,377	$ 9,060

The Company's total obligation under its warranty programs is included in accrued expenses and other liabilities and other noncurrent liabilities in the accompanying consolidated balance sheets.

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. The liability for future performance obligations related to the Company's extended service agreements totaled approximately $10,713 and $4,964 as of March 31, 2023 and 2022, respectively. Direct costs of these contracts are expensed as incurred. The Company recognizes revenue over the expected service life of the contract.

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 ASC Subtopic 705-20, *Accounting for Consideration Received from a Vendor*, 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 sales 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.

Cost of Sales
Cost of sales includes the cost of tire and parts products sold in the Company's retail locations, cost of products such as tires and equipment delivered from the Company's wholesale locations, and costs attributable to franchise operations such as product and warranties.

(USD in thousands, unless otherwise noted)

Selling, Administrative, and Retail Store Expenses
The Company records direct payroll and payroll related costs for retail store employees who provide services to the Company's customers within selling, administrative, and retail store expenses in the accompanying consolidated statements of operations and comprehensive income. For the years ended March 31, 2023 and 2022, these expenses totaled $2,211 and $3,658, respectively.

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 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 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.

Leases
Lessee arrangements
The Company leases certain equipment, vehicles, furniture, office space, and property yards under various operating and finance leases. The Company determines if an arrangement is or contains a lease at the lease inception date by evaluating whether the arrangement conveys the right to use an identified asset and whether the Company obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. Leases with an initial term of twelve months or less are not recorded on the balance sheets.

At the lease commencement date, the Company recognizes a lease liability and right-of-use ("ROU") asset, representing its right to use the underlying asset over the lease term. The initial measurement of the lease liability is calculated based on the present value of the remaining lease payments and the ROU asset is measured on the basis of this liability, adjusted by prepaid and accrued rent, lease incentives, and initial direct costs. The subsequent measurement of a lease is dependent on whether the lease is classified as an operating lease or a finance lease. Operating lease cost is recognized on a straight-line basis over the lease term, with the cost presented as a component of Selling, administrative, and retail store expenses in the accompanying consolidated statements of operations and comprehensive income. Finance lease cost is comprised of a separate interest component and amortization component and is presented in the Interest expense, net and Selling, administrative, and retail store expenses line items, respectively, in the accompanying consolidated statements of operations and comprehensive income.

(USD in thousands, unless otherwise noted)

The Company's leases require other payments such as costs related to service components, real estate taxes, common area maintenance, and insurance. These costs are generally variable in nature and based on the actual costs incurred and required by the lease. As the Company has elected to not separate lease and non-lease components for all classes of underlying assets, all variable costs associated with the lease are expensed in the period incurred and presented and disclosed as variable lease costs. The Company's lease agreements do not contain any material residual value guarantees or material restrictive financial covenants.

The Company utilizes the provisions of ASU No. 2016-02, *Leases* which includes ASC Topic 842 ("Topic 842"). As of the application date of Topic 842, the Company's leases have remaining terms ranging from 1 to 21 years, with some of those leases including options that grant the Company the ability to renew or extend the lease term. When determining the lease term, the Company does not include renewal options unless the renewals are deemed to be reasonably certain of being exercised at the lease commencement date.

Topic 842 requires that a lessee use the rate implicit in the lease when measuring the lease liability and ROU asset, unless that rate is not readily determinable. Alternatively, the Company is permitted to use its incremental borrowing rate which is defined as the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Since the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate when measuring its leases. The Incremental Borrowing Rate ("IBR") is calculated by utilizing the daily treasury yield curve rates, as published by the U.S. Department of the Treasury, adjusted with a risk-based spread.

Lessor arrangements
The Company, as part of its business, enters into lease arrangements with its customers that grants the customer the right to use certain retail space. These leases are in the form of leases of owned properties or subleases of leased properties. The Company determines if an arrangement with its customer is or contains a lease at the lease inception date by evaluating whether the arrangement conveys the right to use an identified asset and whether the customer obtains substantially all of the economic benefits from and has the ability to direct the use of the asset.

If it is determined that the contract is or contains a lease, the Company then assesses lease classification considering the lease term and assumptions that exist at the lease commencement date. Depending on this assessment, the Company will account for its lease agreements as either an operating, direct financing, or sales-type lease, with the resulting accounting dependent on this lease classification. The Company's leases of owned properties and subleases of leased properties are classified as operating leases. There are no leases that are classified as direct financing leases.

For leases classified as operating leases, the underlying property is recorded on the Company's consolidated balance sheets and continues to be depreciated in accordance with the Company's depreciation polices for similar assets. Rental income for operating leases is recognized on a straight-line basis over the lease term.

(USD in thousands, unless otherwise noted)

The Company's lease agreements with its customers include fixed lease payments and, in certain scenarios, variable lease payments based on a percentage of gross sales. In addition to the lease payments, certain of the Company's contracts include non-lease components which come in various forms, such as common area maintenance, utilities, and parking. Topic 842 requires that the consideration in the contract be allocated between lease and non-lease components on a relative standalone selling price basis unless a provided practical expedient is elected. Specifically, Topic 842 includes a practical expedient that permits a lessor, as an accounting policy election by underlying asset class, to choose not to separate non-lease components from lease components when the lease component, if accounted for separately, would be classified as an operating lease and when the timing and pattern of transfer for the lease and non-lease components associated with the lease component are the same. The Company has elected this practical expedient for all customer lease agreements that meets these conditions.

The Company assesses the lease term at the lease commencement date. The lease term is defined as the noncancelable period plus any period subject to a renewal option that is deemed reasonably certain of being exercised or subject to a termination option that is reasonably certain of not being exercised. Certain of the Company's lease contracts do include renewal options that allow the customer to extend the lease term for an additional period of 1 to 5 years. The Company does not include the renewal options as part of the lease term as it does not believe that it is reasonably certain that such options will be exercised. In addition, lease agreements do not include purchase options.

The Company has included additional disclosures about its leases in Note 12.

The Company owns real estate in the United States (U.S.) and Canada that is leased to franchisees and third parties. A majority of franchise leases and Company owned real estate are subleased to franchisees as well as third parties and are recorded within net sales in the consolidated statements of operations and comprehensive income.

Foreign Currency Translation
Under ASC Topic 830, *Foreign Currency Matters*, the financial statements of foreign subsidiaries are translated into U.S. dollars at current exchange rates, except for revenue, 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 net income and are credited or charged to a separate component of other comprehensive income within the accompanying consolidated statements of members' equity.

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 recorded as a component of selling, administrative, and retail store expenses in the accompanying consolidated statements of operations and comprehensive income. For the years ended March 31, 2023 and 2022, freight costs incurred to ship merchandise to customers totaled $106,472 and $89,865, respectively.

(USD in thousands, unless otherwise noted)

Fair Value of Financial Instruments – Short-Term Assets and Liabilities
The fair values of accounts receivable, accounts payable, due to parents and affiliates, accrued expenses, and other current liabilities approximate their carrying values because of their short-term nature.

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.

Advertising
General advertising costs are charged to expense when incurred. General advertising costs were $6,210 and $9,071 for the years ended March 31, 2023 and 2022, respectively.

The Company expenses the expected accrued advertising costs for the period specifically related to the advertising funds. Advertising expenses specifically related to the Company's advertising funds were $74,225 and $70,184, respectively, for the years ended March 31, 2023 and 2022.

Pre-Store Opening Expenses
Pre-store opening expenses, which consist primarily of payroll and occupancy related costs, are expensed as incurred.

Asset Retirement Obligations
The Company utilizes the provisions of ASC Topic 410, *Asset Retirement and Environmental Obligations* ("ASC 410"). 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 their 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 lease termination and requires that these costs be recorded at their fair value at lease inception.

As of March 31, 2023 and 2022, the Company had a liability pertaining to the asset retirement obligation of $4,270 and $4,960, respectively, 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 and comprehensive income. From time to time, the Company reviews its methodology and costs associated with asset retirement primarily for its retail locations and head lease obligation locations.

(USD in thousands, unless otherwise noted)

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, the Company believes that it will ultimately be responsible for incurring costs for environmental remediation at many locations, although there is the right to subrogate against the dealer for payment remediation. As of March 31, 2023 and 2022, the accrued balance of the liability was $3,914 and $4,173, respectively, and is included in other noncurrent liabilities in the accompanying consolidated balance sheets. The company recorded $113 and $148, respectively, of environmental expense within the statements of operations and comprehensive income for the years ended March 31, 2023 and 2022.

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 as disposal of hazardous substances.

Recent Accounting Pronouncements
On December 18, 2019, the FASB issued ASU No. 2019-12, *Income Taxes* (Topic 740): *Simplifying the Accounting for Income Taxes* ("ASC 740"). The ASU removes certain exceptions from the guidance in ASC 740 related to intra-period tax allocations, interim calculations, and the recognition of deferred tax liabilities for outside basis differences and clarifies and simplifies several other aspects of accounting for income taxes. Different transition methods apply to the various income tax simplifications. For all non-public entities, the guidance is effective for fiscal years beginning after December 15, 2021, and for interim periods beginning after December 15, 2022. Early adoption for these entities is also permitted, including adoption in interim or annual periods for which financial statements have not yet been made available for issuance. The Company adopted this guidance on April 1, 2022. The adoption of this guidance did not have a material impact on the consolidated financial statements and related disclosures for the year ended March 31, 2023.

Reclassifications
Certain prior-period amounts have been reclassified in the consolidated statement of operations and comprehensive income to conform to current-year presentation.

New Accounting Standards
ASU No. 2016-02, Leases, that added Topic 842, is designed to increase transparency and comparability among organizations with leasing activities. The most significant provision of the new lease accounting standard is the requirement that lessees recognize on the balance sheet ROU assets and lease liabilities for leases that have a term greater than 12 months. Additionally, Topic 842 aligns certain of the underlying principles of lessor accounting with those in ASC Topic 606. The new lease accounting standard also includes significantly enhanced disclosures.

The Company adopted Topic 842 on April 1, 2021 using the modified retrospective approach as permitted in ASU No. 2018-11. In accordance with this approach, the effective date of Topic 842 is also the application date of the new requirements, with the prior comparative periods presented in the financial statements in accordance with the legacy requirements of ASC Topic 840, Leases

("Topic 840"). Topic 842 includes various transition practical expedients that are available when adopting the new lease accounting standard. The Company elected the package of practical expedients which allows for the carryforward of certain accounting conclusions for arrangements that qualified as a lease under Topic 840. As a result, the Company was not required to nor did it reassess (i) whether existing or expired contracts met the definition of a lease, (ii) lease classification for any existing or expired leases, or (iii) whether lease origination costs qualified as initial direct costs. The Company did not elect the practical expedient to use hindsight in determining the lease term and in assessing impairment conclusions on the ROU assets.

Topic 842 similarly includes various other practical expedients that can be elected for new leases that are executed after the adoption of the new requirements. The Company elected the lessee practical expedient to not separate lease and non-lease components. In addition, the Company elected the lessor practical expedient for certain of its customer contracts. The Company also elected to apply the short-term lease recognition exemption which eliminates the requirement to present on the consolidated balance sheets leases with a term of 12 months or less. These practical expedients were elected for all classes of underlying assets. For those arrangements where the Company is acting in the role of a lessee, the adoption of Topic 842 resulted in the recognition of $1,050,509 and $1,021,712, respectively, in operating lease liabilities and operating lease ROU assets on the consolidated balance sheets as of April 1, 2021. The impact of adopting Topic 842 did not have a material impact on the Company's consolidated statements of operations and comprehensive income, consolidated statements of members' equity, and consolidated statements of cash flows. Similarly, the adoption of Topic 842 did not have a material impact on the accounting for those arrangements where the Company is acting in the role as lessor (Note 12).

3. Acquisitions and Dispositions

In November, 2022, Big O Tires, LLC entered into an asset purchase agreement with an existing franchisee to assume the leases, purchase inventory and fixed assets and operate 13 of the company operated Big O Retail stores under a Big O Franchise agreement. The assets and liabilities from the company operated stores were assumed by the franchisee who paid total consideration of $6,565. The Company recorded a pre-tax gain on disposition of $2,498 which is recorded in gain on sale of business operations in its consolidated statements of operations and comprehensive income.

Effective March 31, 2022 the Company disposed of its subsidiary, Tire America, LLC, an ecommerce retail seller of tires. The assets derecognized as part of this sale included, but were not limited to, intangible assets related to the software development that was associated with the functionality of the website specifically for Tire America, LLC. The Company recorded a pre-tax loss on disposition of $15,554 which is recorded in impairment on closure of business in its consolidated statements of operations and comprehensive income.

(USD in thousands, unless otherwise noted)

4. Discontinued Operations

On April 18, 2023, the Company entered into a stock purchase agreement with Mavis Tire Supply LLC ("Mavis Discount Tire") to sell all of its shares of TBC Retail Group, Inc. ("TBC Retail") for an initial purchase price of $525,000, subject to certain adjustments specified in the purchase agreement, including adjustments for indebtedness, cash, working capital and transaction expenses of TBC Retail at the closing of the transaction. The sale is expected to be completed on May 31, 2023.

In connection with the sale of TBC Retail, the Company entered into a transition service agreement with Mavis Discount Tire pursuant to which the Company is providing services, including, but not limited to, business support services for TBC Retail after the divestiture, for monthly fees of $1,222. These agreements will commence with the close of the transaction and have minimum initial terms ranging of three months and can be extended if agreed upon by both parties two weeks prior to expiration.

The financial results of TBC Retail are presented as income from discontinued operations, net of income taxes on our consolidated statements of operations and comprehensive income. The following table presents financial results of TBC Retail for the year ending March 31, 2023 and 2022:

	Fiscal 2022	Fiscal 2021
Net revenues	$ 909,344	$ 873,836
Costs and expenses		
Cost of sales	414,176	360,022
Selling, administrative, and retail store expenses	427,147	495,825
Total costs and expenses	841,323	855,847
Income from operations of discontinued operations	68,021	17,989
Other income and expenses		
Interest expense, net	(2,220)	(2,229)
Other income, net	219	244
Income from discontinued operations before income taxes	66,020	16,004
Income tax provision	19,237	3,402
Income from discontinued operations, net of income taxes	$ 46,783	$ 12,602

(USD in thousands, unless otherwise noted)

The following table presents the aggregate carrying amounts of held for sale assets and liabilities related to TBC Retail in the consolidated balance sheet as of March 31, 2023:

Cash	$	718
Accounts and notes receivable, net		10,212
Inventories, net		70,877
Other current assets		4,061
Property and equipment, net		107,800
Finance lease assets, net		33,874
Operating lease assets, net		479,786
Intangible assets, net		34,424
Goodwill		10,501
Other assets		8,814
Current assets of discontinued operations	$	761,067
Accounts payable		47,281
Accrued expenses and other liabilities		64,252
Accrued payroll and related costs		7,580
Accrued freight		859
Current portion of other long-term debt		163
Current portion of finance lease liabilities		1,917
Current portion of operating lease liabilities		62,377
Other noncurrent liabilities		12,526
Long-term finance lease liabilities		34,601
Long-term operating lease liabilities		379,806
Current liabilities of discontinued operations	$	611,362

(USD in thousands, unless otherwise noted)

The following table presents the aggregate carrying amounts of held for sale assets and liabilities related to TBC Retail in the consolidated balance sheet as of March 31, 2022:

Cash	$	946
Accounts and notes receivable, net		11,882
Inventories, net		74,587
Other current assets		8,188
Current assets of discontinued operations		95,603
Property and equipment, net		98,587
Finance lease assets, net		30,967
Operating lease assets, net		455,900
Intangible assets, net		34,660
Goodwill		10,501
Other assets		5,246
Long-term assets of discontinued operations	$	635,861
Accounts payable		43,892
Accrued expenses and other liabilities		55,839
Accrued payroll and related costs		9,299
Accrued freight		1,117
Current portion of other long-term debt		481
Current portion of finance lease liabilities		1,975
Current portion of operating lease liabilities		64,346
Current liabilities of discontinued operations		176,949
Other noncurrent liabilities		18,660
Long-term finance lease liabilities		33,229
Long-term operating lease liabilities		415,858
Long-term liabilities of discontinued operations	$	467,747

(USD in thousands, unless otherwise noted)

5. Revenue Recognition

The following table provides information about disaggregated revenues by business operational unit and major products and services categories for the years ended March 31, 2023 and 2022:

	Fiscal 2022			
	Wholesale	**Retail**	**Franchise**	**Total**
Products				
Tires	$ 2,704,546	$ -	$ 408,261	$ 3,112,807
Equipment	37,863	-	9,768	47,631
Services				
Automotive	-	22,198	-	22,198
Tires	91,972	28,364	-	120,336
Royalties	-	-	186,098	186,098
Rental income and other	14,435	-	54,985	69,420
	$ 2,848,816	$ 50,562	$ 659,112	$ 3,558,490

	Fiscal 2021			
	Wholesale	**Retail**	**Franchise**	**Total**
Products				
Tires	$ 2,736,376	$ -	$ 378,220	$ 3,114,596
Equipment	40,445	-	10,273	50,718
Services				
Automotive	-	36,332	-	36,332
Tires	101,249	45,196	-	146,445
Royalties	-	-	173,613	173,613
Other	567	-	60,388	60,955
	$ 2,878,637	$ 81,528	$ 622,494	$ 3,582,659

Products Revenue
Products revenue includes the sale of (1) tires and tire related items and (2) automotive service-related equipment. The Company sells these products through both their wholesale and franchise operational businesses through delivery trucks and distribution locations.

Services Revenue
Substantially all of the Company's service revenue offerings under the retail division are automotive and tire services. The Company has determined the performance obligations associated to these two revenue streams are completed upon installation and acceptance by the end customer at the time of the delivery of the vehicle, with the exception of extended service agreements, which are deferred and recognized over time. Tire service revenues for the wholesale business represent delivery commissions received for arrangements with vendors where the Company delivers tires to customers on their behalf. See Note 2.

(USD in thousands, unless otherwise noted)

6. Related Parties and Major Suppliers

Related Parties
The Company's operations are managed through its executive officers and Board of Managers. Upon formation of the joint venture, the Company had a total of $400,000 of long-term debt due equally to SCOA and Compagnie Financiere Michelin SCmA ("CFM"). The Company also executed two credit facilities with SCOA and CFM for $100,000 each, respectively, (Note 11). As of March 31, 2023 and 2022, the balances of these loans are $200,000 and $200,000, respectively.

The Company also had accrued interest as of March 31, 2023 and 2022 of approximately $3,296 and $1,138, respectively, due to SCOA and CFM, $1,648 and $569, respectively, to each party, which is included in due to parents and affiliates in the accompanying consolidated balance sheets.

The Company has an income tax receivable from parents of $0 and $714 as of March 31, 2023 and 2022, respectively included in other current assets. The majority of the receivable balance is from SCOA related to the tax sharing agreement prior to the joint venture transaction which has been fully paid during fiscal year 2022.

Delivery commissions earned through our 'express' order arrangement with MNAI totaled approximately $75,845 and $74,370 of consolidated net revenues for the years ended March 31, 2023 and 2022, respectively. As of March 31, 2023 and 2022, the accounts receivable balance resulting from these sales was $24,188 and $43,622, respectively, and was reflected as a reduction to the account payable balance due to MNAI primarily for tire purchases and is included in the accompanying consolidated balance sheets within due to parents and affiliates.

During Fiscal 2022 and 2021, the Company purchased inventory from MNAI, Sumitomo Rubber Industries, Inc. ("SRI"), a SCOA affiliated entity, and SCOA. Additionally, the Company purchased customs brokerage services from Sumisho Global Logistics, a SCOA affiliated entity. Inventory purchased from MNAI includes purchases sold under the fulfillment order arrangement.

The following table provides information for each:

	Related Party	Fiscal 2022	Fiscal 2021
Inventory purchases	MNAI	$ 1,612,894	$ 1,626,216
Inventory purchases	Sumitomo Corporation	183,158	250,987
Inventory purchases	SCOA	-	131
		$ 1,796,052	$ 1,877,334

(USD in thousands, unless otherwise noted)

The Company has certain payables with related parties, which are included in due to parents and affiliates in the accompanying consolidated balance sheets as of March 31, 2023 and March 31, 2022, as follows:

	Related Party	2023	2022
Inventory purchases	MNAI	$ 221,959	$ 189,496
Inventory purchases	Sumitomo Corporation	57,829	113,089
Interest payable	SCOA	1,648	569
Interest payable	CFM	1,648	569
		$ 283,084	$ 303,723

Major Supplier
During Fiscal 2022 and 2021, the Company had one major supplier, MNAI, which represented approximately 30.4% and 30.0%, respectively, of the Company's inventory purchases.

7. Other Assets

Other assets consist of the following as of March 31, 2023 and 2022:

	2023	2022
Prepaid expenses	$ 7,950	$ 9,170
Income tax receivable from parents	-	714
Income tax receivable - non parent	14,662	-
Other assets	4,665	9,774
Total other assets - current	$ 27,277	$ 19,658
Deposits	$ 2,172	$ 2,178
Deferred compensation	10,560	13,746
Other assets	19,344	13,520
Total other assets - noncurrent	$ 32,076	$ 29,444

(USD in thousands, unless otherwise noted)

8. Property and Equipment

Property and equipment, net consist of the following as of March 31, 2023 and 2022:

	2023	2022
Land	$ 55,028	$ 57,934
Building and leasehold improvements	131,112	134,437
Furniture and equipment	356,921	347,363
	543,061	539,734
Less: Accumulated depreciation	(286,472)	(249,967)
Property and equipment, net	$ 256,589	$ 289,767

Depreciation expense of $52,208 and $63,704 was recognized related to property and equipment for the years ended March 31, 2023 and 2022, respectively.

9. Goodwill and Intangible Assets

Goodwill

The changes in the carrying amount of goodwill during Fiscal 2022 and 2021 are as follows:

Balance as of March 31, 2021	$ 34,682
Activity during the year	
Effect of foreign currency translation	-
Balance as of March 31, 2022	34,682
Activity during the year	
Effect of foreign currency translation	-
Balance as of March 31, 2023	$ 34,682

(USD in thousands, unless otherwise noted)

Acquired Intangible Assets

The carrying amount of intangible assets as of March 31, 2023 and March 31, 2022 is as follows:

	2023			
	Weighted Average Amortization Period	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount
Trademarks	30 years	$ 324,999	$ (54,166)	$ 270,833
Franchise agreements	25 years	29,500	(5,833)	23,667
Customer lists	20 years	162,700	(40,675)	122,025
Exclusivity agreement	25 years	23,801	(4,970)	18,831
Internally developed software	10 years	3,710	(2,676)	1,034
Other intangible assets	4 years	21	(7)	14
		$ 544,731	$ (108,327)	$ 436,404

	2022			
	Weighted Average Amortization Period	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount
Trademarks	30 years	$ 324,999	$ (43,333)	$ 281,666
Franchise agreements	25 years	29,500	(4,650)	24,850
Customer lists	20 years	162,700	(32,540)	130,160
Exclusivity agreement	25 years	23,801	(3,950)	19,851
Internally developed software	10 years	2,000	(792)	1,208
Other intangible assets	4 years	22	(5)	17
		$ 543,022	$ (85,270)	$ 457,752

Aggregate amortization expense for amortizing intangible assets was $21,548 and $23,025 for the years ended March 31, 2023 and 2022, respectively.

The total estimated amortization expense of intangible assets in each of the next 5 years and thereafter is as follows:

Fiscal year	
2023	$ 22,488
2024	22,484
2025	22,484
2026	22,484
2027	22,484
Thereafter	323,980
	$ 436,404

(USD in thousands, unless otherwise noted)

The carrying amount of leasehold interest as of March 31, 2023 and March 31, 2022 is as follows:

	2023		
	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount
Total favorable leasehold interest	$ 8,093	$ (5,530)	$ 2,563
Total unfavorable leasehold interest	(23,178)	14,958	(8,220)
Total net unfavorable leasehold interest	$ (15,085)	$ 9,428	$ (5,657)

	2022		
	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount
Total favorable leasehold interest	$ 13,718	$ (6,105)	$ 7,613
Total unfavorable leasehold interest	(24,383)	13,434	(10,949)
Total net unfavorable leasehold interest	$ (10,665)	$ 7,329	$ (3,336)

The Company presents its unfavorable leasehold interest, net of favorable, in the accompanying consolidated balance sheets as of March 31, 2023 and 2022 as follows:

	2023	2022
Accrued expenses and other liabilities	$ (1,122)	$ (914)
Other noncurrent liabilities	(4,535)	(2,422)
Total net unfavorable leasehold interest	$ (5,657)	$ (3,336)

Amortization for leasehold interests was $(1,512) and $(1,644) for the years ended March 31, 2023 and 2022, respectively.

(USD in thousands, unless otherwise noted)

The total estimated amortization of leasehold interests in each of the next 5 years and thereafter is as follows:

Fiscal year	
2023	$ (1,122)
2024	(911)
2025	(705)
2026	(654)
2027	(456)
Thereafter	(1,809)
	$ (5,657)

10. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consists of the following as of March 31, 2023 and 2022:

	2023	2022
Workers' compensation reserve - current	$ 6,732	$ 6,112
General insurance reserve - current	5,917	5,731
Deferred revenue - current	1,352	1,563
National marketing fund - current	17,201	20,584
Real estate taxes - current	2,826	4,260
Health insurance reserve - current	3,048	3,025
Other accruals - current	38,936	50,875
	$ 76,012	$ 92,150

11. Debt

Debt consists of the following as of March 31, 2023 and 2022:

(a) Revolving Credit Facility

The Company entered into a revolving credit facility on July 27, 2018 with a third-party financial institution. The credit facility was amended on October 28, 2022 to extend the expiration date to July 26, 2024. The current capacity of the credit facility is $300 million with the base rate based on 'prime rate' for the daily revolving needs and monthly loans at 'SOFR' plus a spread of 125 basis points. A specific annual interest rate of 1.25% is applied for letters of credit dedicated amounts. There are commitment fees for unused balances at a fixed rate of 0.20%. The revolving credit facility is asset-based and collateralizes a portion of U.S. Inventories and AR. Available amounts that can be borrowed at any given time are based on percentages of certain outstanding U.S. accounts receivable, credit card receivables, and inventory. The revolving credit facility is subject to certain financial covenant requirements. The Company will maintain a Fixed Charge Coverage Ratio, calculated for each twelve month period ending on the first day of any Covenant Testing Period and the last day of each fiscal month occurring until the end of any Covenant Testing Period (including the last day thereof), in each case of at least 1.00 to 1.00.

(USD in thousands, unless otherwise noted)

As of March 31, 2023 and 2022, the Company had approximately $273,892 and $274,792, respectively, available to borrow under the credit facility. In addition, the Company had approximately $26,108 and $25,208 representing outstanding standby letters of credit as of March 31, 2023 and 2022, respectively. These letters of credit relate to performance and payment guarantees with certain vendors.

(b) Line of Credit Facilities

On April 5, 2018, the Company executed two credit facilities with SCOA and CFM for $100,000 each, respectively. On June 8, 2020, credit facilities were executed with SCOA and CFM for $100,000 each, which both matured on June 8, 2022. Both credit facilities have an interest rate equal to LIBOR plus 459 basis points and a commitment fee of 153 basis points per annum charged on the undrawn and current amount of the facilities, payable quarterly in arrears. The outstanding balance for both facilities was $0 as of March 31, 2022.

The Company's wholly owned subsidiary, TBC de Mexico, has several working capital revolver credit lines with various lenders up to $33,293 at 'TIIE' rate +200 basis points with each tranche maturing 365 days from issuance. As of March 31, 2023 and 2022, the Company had $0 and $1,993, respectively, included within the current portion of other long-term debt in the accompanying consolidated balance sheets. In addition, the Company had approximately $6,700 representing outstanding standby letters of credit as of March 31, 2023 and 2022, respectively. These letters of credit relate to performance and payment guarantees with certain vendors.

The Company's wholly owned subsidiary, TBC Retail, has a financing arrangement for equipment that matures in May 2023. As of March 31, 2023 and 2022, the Company had $163 and $464, respectively, included within the current liabilities of discontinued operations in the accompanying consolidated balance sheets.

(c) Term Loans

The Company has two respective term loans with SCOA and CFM as of the JV formation date maturing April 5, 2023. Each of the two term loans includes long term periodic floating interest of Libor plus a spread of 220 basis points. As of March 31, 2023 and 2022, the effective interest rate was 5.2% and 2.8%. In June 2021 and December 2021, TBC repaid to each shareholder $50,000, respectively, reducing the total term loan debt from $400,000 to $200,000, which was subsequently paid in full, April 5, 2023. The balances of the term loans were $100,000 due to each of SCOA and CFM to combine to a total term loan balance of $200,000 as of March 31, 2023 and 2022, which is included in current portion of long-term debt, parents as of March 31, 2023 and long-term debt, parents as of March 31, 2022 in our consolidated balance sheets. No breakage fees nor anticipated payment fees were applied as agreed upon by shareholders.

(d) Intercompany loans

The Company's wholly owned subsidiary, TBC de Mexico, has an intercompany credit facility with TBC Services for up to $25,000 maturing 365 days after loan date. As of March 31, 2023 and 2022, the amounts drawn on the facility totaled $18,500 and $20,000, respectively, at a fixed annual interest rate of 7%.

(USD in thousands, unless otherwise noted)

The Company's wholly owned subsidiary, Midas Inc., has an intercompany loan with Midas Canada Inc. As of March 31, 2023 and 2022, the outstanding loan balance was $0 and $6,999, respectively, at a fixed annual interest rate of 5%, which fully eliminates in consolidation.

The Company's wholly owned subsidiary, TBC Corporation, has two intercompany loans with TBC Holdings LLC for $375,000 each or a total of $750,000. As of March 31, 2023 and 2022, the outstanding balance on the loan had a combined $750,000 and $0, respectively, at an annual interest rate of SOFR + 230 basis points, which fully eliminates in consolidation.

The Company's wholly owned subsidiary, TBC Guatemala, has an intercompany loan with TBC de Mexico. As of March 31, 2023 and 2022, the outstanding balance on the loan was $3,850 and $3,850, respectively, at a fixed annual interest rate of 7% which fully eliminates in consolidation.

All intercompany loans eliminate upon consolidation.

Long-term debt obligations are summarized as follows:

	2023	2022
Term loan facilities	$ 200,000	$ 200,000
Notes payable	-	1,993
Total debt	200,000	201,993
Less: Current portion	200,000	1,993
Total long-term debt	$ -	$ 200,000

12. Leases

Leases as Lessee
The Company lease certain real estate, equipment, vehicles, furniture, and property yards under various third-party operating and finance lease agreements. The leases are non-cancelable and expire on various terms through September 2043. The amount in the tables below for the period ending March 31, 2022 does not yet reflect payments for two leases that have not yet commenced in the amount of $5,400.

The following tables present information about and the components of our right-of-use assets and liabilities related to leases and their classification in our consolidated balance sheet at March 31, 2023 and 2022:

(USD in thousands, unless otherwise noted)

Lease Counts

	2023			
	Finance	**Operating**	**Mixed**	**Total**
Opening Lease Count	89	902	8	999
Leases Added	59	195	-	254
Leases Expired/Cancelled	25	165	-	190
Closing Lease Count	123	932	8	1,063

	2022			
	Finance	**Operating**	**Mixed**	**Total**
Opening Lease Count	123	932	8	1,063
Leases Added	916	8	-	924
Leases Expired/Cancelled	42	142	1	185
Closing Lease Count	997	798	7	1,802

The components of lease costs for the year ended March 31, 2023 and 2022, were as follows:

	2023	**2022**
Operating lease cost[1]	$ 110,211	$ 117,101
Finance lease cost:	15,448	8,821
Amortization of right-of-use assets	12,522	7,605
Interest on lease liabilities	2,926	1,216
Variable lease cost:	9,716	13,566
Sublease income	(40,142)	(44,659)
Total lease expense	$ 95,233	$ 94,829

[1] Includes short-term leases, which are immaterial.

The following table includes the weighted-average lease terms and discount rates for operating and finance leases as of March 31, 2023 and 2022:

	2023	**2022**
Weighted average remaining lease term:		
Operating leases	6.52 years	7.16 years
Finance leases	5 years	6.61 years
Weighted average discount rate		
Operating leases	4.57%	4.44%
Finance leases	5.41%	5.04%

(USD in thousands, unless otherwise noted)

Maturities of operating and finance lease liabilities were as follows:

	2023		
Year ended March 31	**Operating Lease**	**Finance Lease**	**Total**
2024	$ 101,729	$ 19,707	$ 121,436
2025	91,014	18,921	109,935
2026	79,090	18,475	97,565
2027	59,295	17,924	77,219
2028	48,238	7,287	55,525
Thereafter	125,028	5,963	130,991
Total lease payments	504,394	88,277	592,671
Less: Liability accretion / imputed interest	(73,071)	(11,346)	(84,417)
Total lease liabilities	431,323	76,931	508,254
Less: Current lease liabilities	(84,350)	(15,816)	(100,166)
Total long-term lease liabilities	$ 346,973	$ 61,115	$ 408,088

Leases as Lessor
The Company as part of its core business leases retail space to its customers by executing lease agreements as described in Note 2.

Operating lease agreements
Principally, all rental income is the result of lease agreements with franchisees and is recognized on a straight-line basis over the lease term.

The income earned from operating leases for the years ended March 31, 2023 and 2022 was as follows:

	2023	2022
Rental Income - straight line lease payments	$ 39,455	$ 41,133
Rental income - variable lease payments	15,530	19,256
Total rental income - Operating Leases	$ 54,985	$ 60,389

(USD in thousands, unless otherwise noted)

As of March 31, 2023, the maturity analysis of the lease payments to be received under ASC 842 on an annual basis was as follows:

Year ended March 31	Owned Property	Subleased Property	Totals
2024	$ (9,452)	$ (25,684)	$ (35,136)
2025	(8,862)	(23,034)	(31,896)
2026	(8,409)	(19,842)	(28,251)
2027	(7,965)	(12,268)	(20,233)
2028	(7,809)	(7,017)	(14,826)
Thereafter	(71,241)	(17,105)	(88,344)
Total lease payments	$ (113,738)	$ (104,950)	$ (218,688)

13. Income Taxes

Income tax expense (benefit) for the years ended March 31, 2023 and 2022 was as follows:

	2023	2022
Current		
Federal	$ (3,862)	$ 8,545
State	1,362	3,619
Foreign	2,439	4,581
Current income tax (benefit) provision	(61)	16,745
Deferred		
Federal	(6,145)	3,878
State	(1,630)	(316)
Foreign	(506)	250
Deferred income tax (benefit) provision	(8,281)	3,812
Income tax (benefit) provision	$ (8,342)	$ 20,557

The provision for income taxes differs from the statutory federal rate of 21% mainly due to state taxes, taxation of foreign income and tax credits.

(USD in thousands, unless otherwise noted)

The major components of deferred tax assets and liabilities in the accompanying consolidated balance sheets are summarized as follows:

	2023	2022
Deferred tax assets		
Allowance for doubtful accounts	1,199	$ 1,472
Warranty-related reserves	3,150	3,069
Insurance-related accruals	8,799	8,808
Compensation and retirement-related accruals	6,218	5,189
Deferred revenue	5,124	3,459
Inventories	11,850	16,159
Loss carryforwards and tax credits	31,985	29,458
Right of Use Liability	227,881	245,865
Environmental accrual	995	1,059
Other	-	1,164
Total gross deferred tax assets	297,201	315,702
Less: Valuation allowance	(16,537)	(14,549)
Net deferred tax assets	280,664	301,153
Deferred tax liabilities		
Intangible assets	(113,672)	(115,849)
Property and equipment	(62,626)	(69,307)
Operating lease asset	(232,286)	(233,524)
Foreign partnership investment basis difference	(4,245)	(3,539)
Other	(1,679)	-
Total deferred tax liabilities	(414,508)	(422,219)
Net deferred tax liabilities	$ (133,844)	$ (121,066)
Consolidated balance sheet presentation		
Noncurrent deferred tax assets, net	1,721	$ 1,428
Noncurrent deferred tax liabilities, net	(135,565)	(122,494)
Net deferred tax liabilities	$ (133,844)	$ (121,066)

In assessing the realization of the Company's deferred tax assets, the Company considers whether it is more likely than not 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 $16,537 and $14,549 is necessary as of March 31, 2023 and March 31, 2022, respectively. The net change in the valuation allowance was $1,988 for the year ended March 31, 2023.

The Company had $382,643 and $384,533 of gross state net operating loss carryforwards as of March 31, 2023 and March 31, 2022. The Company has determined that a valuation allowance of

(USD in thousands, unless otherwise noted)

approximately $172,326 and $194,607 is necessary against the balance of gross state net operating loss carryforwards. State loss carryforwards expire in various years between 2022 through 2037 with certain net operating losses having an unlimited carryforward period. The Company had $3,027 and $2,365 of Canadian net operating loss carryforwards as of March 31, 2023 and March 31, 2022. These losses can be carried forward 20 years and will expire between 2029 and 2037.

The Company had $8,699 and $4,552 of gross federal tax credit carry forwards with valuation allowances of $8,699 and $4,552 as of March 31, 2023 and March 31, 2022. These credits can be carried forward up to 20 years and will expire between 2029 and 2038.

As of March 31, 2023 and March 31, 2022, withholding taxes and income taxes on basis differences were not provided on the Company's Canadian foreign subsidiaries, as the Company has invested or expects to invest the undistributed earnings indefinitely. If in the future these entities are sold or dividends are paid then additional tax provisions may be required. It is not practical to determine the amount of unrecognized deferred tax liabilities on the undistributed earnings.

The U.S. tax provision for the period beginning April 5, 2018 and non-U.S. tax provisions for all periods have been determined on a stand-alone basis affiliate. The Company is open to future examinations by the IRS for tax years 2017 through 2019. The Company and its subsidiaries' state income tax returns are open to audit under the statute of limitations for the years 2015 through 2019. The Company and its subsidiaries' foreign income tax returns are open to audit under the statute of limitations for the years 2009 through 2019.

ASC Subtopic 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 expenses of $11 and $23 for the years ended March 31, 2023 and 2022, respectively. As of March 31, 2023 and 2022, the liability for uncertain tax positions, including interest and penalties, is recorded in the accompanying consolidated balance sheets within other current liabilities.

(USD in thousands, unless otherwise noted)

The following table summarizes the activity related to the Company's unrecognized tax benefits, exclusive of interest and penalties:

Balance at March 31, 2021	$	603
Additions based on tax positions related to the current year		753
Additions for tax positions of prior years		161
Reductions for tax positions of prior years		-
Statute expirations		(30)
Settlements		(294)
Balance at March 31, 2022		1,193
Additions based on tax positions related to the current year		468
Additions for tax positions of prior years		-
Reductions for tax positions of prior years		24
Statute expirations		(272)
Settlements		-
Balance at March 31, 2023	$	1,413

14. Retirement Plans - 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 85% of their eligible pay, subject to certain IRS 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 $6,259 and $6,541 for the years ended March 31, 2023 and 2022, respectively, which are included in selling, administrative and retail store expenses.

15. Other Benefit Plans

Long-Term Incentive Plans

As of April 1, 2018, the Company established the Long-Term Incentive Compensation Plan "the Plan". The Plan is administered by the Nominations and Compensation Committee of the board of managers and allows for grants of Long-Term Incentive Awards. The Plan's Performance Measurement period is three consecutive fiscal years over which the awards vest and are payable at the end of the third and final fiscal year (certain exceptions are applicable for death, retirement, disability, or a change in control). Targeted Incentive Awards are based upon specified corporate financial metrics. Performance measures and relative weights are set annually.

The Company recorded a liability of $4,581 and $9,346 as of March 31, 2023 and 2022, respectively, in the accompanying consolidated financial statements related to this plan. Bonus income of $831 and bonus expense of $7,373 was recorded for the years ended March 31, 2023 and 2022, respectively, which was classified within selling, administrative, and retail store expenses in the accompanying consolidated statements of operations and comprehensive income.

(USD in thousands, unless otherwise noted)

Deferred Compensation Plan

The Company adopted the TBC Holdings, LLC 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, 2023 and 2022, the Company had a liability of $7,444 and $7,408 and an asset of $10,351 and $13,503, 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 sheet.

16. Financial Guarantees and Credit Risks

From time to time, the Company's franchise business unit provides certain financial guarantees associated with franchisee's real estate leases and certain financing items. 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, 2023 and 2022, there were no contractual amounts owed as it related to these guarantees to the Company by any franchisee or by the Company on behalf of any franchisee. These various guarantees that are in place have remaining terms that range from 1 to 16 years.

17. Commitments and Contingencies

The Company is involved in various legal proceedings, which are routine to the conduct of its business. None of the ongoing legal claims against the Company had a material impact to the financial results as of and for the year ended March 31, 2023 and March 31, 2022, nor does the Company believe that any such litigation will have a material adverse effect on its consolidated financial position or results of operations in future periods.

18. Subsequent Events

The Company has reviewed and evaluated material subsequent events from the balance sheet date as of March 31, 2023 through the financial statement issuance date, or May 30, 2023.

TBC Holdings, LLC and Subsidiaries

(A Joint Venture of Michelin North America, Inc. and Sumitomo Corporation of Americas)

Consolidated Financial Statements

March 31, 2022 and 2021

TBC Holdings, LLC and Subsidiaries
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Report of Independent Auditors

To the Management of TBC Holdings, LLC

Opinion

We have audited the accompanying consolidated financial statements of TBC Holdings, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, and the related consolidated statements of statement of operations and comprehensive income (loss), of members' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases due to the adoption of ASC Topic 842 for the year ended March 31, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Hallandale Beach, Florida
May 27, 2022

TBC Holdings, LLC and Subsidiaries
(A Joint Venture of Michelin North America, Inc. and Sumitomo Corporation of Americas)
Consolidated Balance Sheets
March 31, 2022 and 2021

(USD in thousands)	2022	2021
Assets		
Current assets		
Cash	$ 48,014	$ 299,251
Accounts and notes receivable, net of allowance for doubtful accounts of $7,182 and $9,094	380,732	328,368
Inventories, net	1,454,670	1,093,954
Assets held for sale	4,521	5,043
Other current assets	27,846	49,653
Total current assets	1,915,783	1,776,269
Property and equipment, net	388,354	428,595
Finance lease assets, net	58,875	51,522
Operating lease assets, net	920,582	-
Intangible assets, net	492,412	530,402
Goodwill	45,183	45,183
Other assets	34,690	40,831
Total assets	$ 3,855,879	$ 2,872,802
Liabilities and members' equity		
Current liabilities		
Accounts payable	$ 563,025	$ 506,464
Due to parents and affiliates	303,723	258,548
Accrued expenses and other liabilities	147,989	134,124
Accrued payroll and related costs	77,113	80,047
Accrued freight	155,422	73,802
Current portion of other long term debt	2,474	177
Current portion of finance lease liabilities	7,405	9,561
Current portion of operating lease liabilities	154,722	-
Total current liabilities	1,411,873	1,062,723
Long-term debt, parents	200,000	400,000
Other noncurrent liabilities	52,439	102,932
Long-term finance lease liabilities	57,134	47,321
Long-term operating lease liabilities	816,680	-
Deferred income taxes	122,494	116,885
Total liabilities	2,660,620	1,729,861
Commitments and contingencies (Note 11 and 16)		
Members' equity		
Members' investment	1,265,600	1,265,600
Accumulated other comprehensive income (loss)	632	(1,246)
Retained deficit	(70,973)	(121,413)
Total members' equity	1,195,259	1,142,941
Total liabilities and members' equity	$ 3,855,879	$ 2,872,802

The accompanying notes are an integral part of these consolidated financial statements.

TBC Holdings, LLC and Subsidiaries

(A Joint Venture of Michelin North America, Inc. and Sumitomo Corporation of Americas)

Consolidated Statements of Operations and Comprehensive Income (Loss)

Years Ended March 31, 2022 and 2021

(USD in thousands)	2022	2021
Net revenues	$ 4,456,495	$ 3,737,468
Costs and expenses		
Cost of sales	2,991,416	2,530,005
Selling, administrative, and retail store expenses	1,360,542	1,230,790
Assets held for sale impairment	-	5,243
Total costs and expenses	4,351,958	3,766,038
Gain on sale of business operations	-	9,205
Impairment on closure of business	(15,554)	-
Income (loss) from operations	88,983	(19,365)
Other income and expenses		
Interest expense, net	(15,266)	(17,846)
Other income, net	266	4,949
Income (loss) before income taxes	73,983	(32,262)
Income tax provision (benefit)	23,959	(3,225)
Net income (loss)	50,024	(29,037)
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	1,878	6,684
Net comprehensive income (loss)	$ 51,902	$ (22,353)

The accompanying notes are an integral part of these consolidated financial statements.

TBC Holdings, LLC and Subsidiaries
(A Joint Venture of Michelin North America, Inc. and Sumitomo Corporation of Americas)
Consolidated Statements of Members' Equity
Years Ended March 31, 2022 and 2021

(USD in thousands)	Members' Investment	Accumulated Other Comprehensive (Loss) Income	Retained (Deficit) Earnings	Total Members' Equity
Balances at March 31, 2020	$ 1,265,600	$ (7,930)	$ (92,376)	$ 1,165,294
Foreign currency translation adjustments, net of tax	-	6,684	-	6,684
Net loss	-	-	(29,037)	(29,037)
Balances at March 31, 2021	1,265,600	(1,246)	(121,413)	1,142,941
Foreign currency translation adjustments, net of tax	-	1,878	-	1,878
Lease accounting adoption	-	-	416	416
Net income	-	-	50,024	50,024
Balances at March 31, 2022	$ 1,265,600	$ 632	$ (70,973)	$ 1,195,259

The accompanying notes are an integral part of these consolidated financial statements.

TBC Holdings, LLC and Subsidiaries
(A Joint Venture of Michelin North America, Inc. and Sumitomo Corporation of Americas)
Consolidated Statements of Cash Flows
Years Ended March 31, 2022 and 2021

(USD in thousands)	2022	2021
Cash flows from operating activities		
Net income (loss)	$ 50,024	$ (29,037)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation	80,379	95,808
Amortization of intangible assets	24,426	30,021
Amortization of finance lease assets	10,101	-
Amortization of operating lease assets	162,169	-
Provision for doubtful accounts and notes	1,953	(1,408)
Gain on sale of business operations	-	(9,205)
Loss on disposal of property and equipment and store closures	1,488	2,599
Impairment on closure of business	15,554	-
Deferred income taxes	5,460	(8,684)
Assets held for sale impairment	-	5,243
Foreign currency transactions	1,670	2,896
Changes in operating assets and liabilities		
Accounts and notes receivable	(53,499)	(38,920)
Inventories	(358,105)	87,814
Other current assets	20,222	2,906
Other assets	6,484	(2,720)
Accounts payable	55,049	272,454
Due to parents and affiliates	45,175	(14,365)
Accrued expenses and other liabilities	17,030	(13,884)
Accrued payroll and related costs	(2,989)	39,706
Accrued freight	81,620	50,527
Lease liabilities	(158,191)	-
Other noncurrent liabilities	(6,859)	11,811
Net cash (used in) provided by operating activities	(839)	483,562
Cash flows from investing activities		
Purchases of property and equipment	(44,687)	(66,842)
Proceeds from sale of business operations	-	20,000
Proceeds from sale leasebacks	-	4,418
Proceeds from dispositions of property and equipment	2,336	2,145
Net cash used in investing activities	(42,351)	(40,279)
Cash flows from financing activities		
Proceeds from TBC de Mexico bank loans	7,460	55,439
Payments under TBC de Mexico bank loans	(5,578)	(80,671)
Proceeds from revolving facility	171,571	931,948
Payments under revolving facility	(171,549)	(1,098,187)
Payments of long-term debt, parents	(200,000)	-
Payments of finance leases	(10,209)	(8,371)
Net cash used in financing activities	(208,305)	(199,842)
Effect of exchange rate on cash	258	(491)
Net (decrease) increase in cash	(251,237)	242,950
Cash balances		
Beginning of year	299,251	56,301
End of year	$ 48,014	$ 299,251
Supplemental disclosures of cash flow information		
Cash paid for interest, net of capitalized interest	$ 11,826	$ 16,550
Cash (received) paid for income taxes, net	(3,950)	1,427
Leased assets obtained in exchange for new finance lease liabilities	17,454	14,094
Leased assets obtained in exchange for new operating lease liabilities	1,084,350	-
Purchases of property and equipment from total current liabilities	3,797	4,230

The accompanying notes are an integral part of these consolidated financial statements.

(USD in thousands, unless otherwise noted)

1. Nature of Business and Basis of Presentation

Operations

TBC Holdings, LLC and subsidiaries ("Holdings" or the "Company") is one of the United States' largest independent marketers of tires for the automotive replacement market. The Company's operating activities are comprised of its 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, National Tire & Battery, Big O Tires ("Big O") and Midas. 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, NTW, and TBC de Mexico. As of March 31, 2022, the Company had a total 2,254 retail locations consisting of 653 Company-operated, 2 mobile operations and 1,599 franchised stores. The Company operated 156 warehouse locations as of March 31, 2022. As of March 31, 2021, the Company had a total 2,269 retail locations consisting of 666 Company-operated, 2 mobile operations and 1,601 franchised stores. The Company operated 159 warehouse locations as of March 31, 2021.

Ownership Structure

On January 2, 2018, a definitive merger agreement was entered into between Michelin North America, Inc. ("MNAI") and Sumitomo Corporation of Americas ("SCOA"), also referred to as ("Members") to form a joint venture under the name of TBC Holdings, LLC and Subsidiaries. The joint venture formed through SCOA contributing TBC Corporation ("TBC") to Holdings for 50% joint venture ownership and MNAI contributing Tire Centers, LLC ("TCi"), its wholesale company, and $457.4 million in cash for 50% joint venture ownership.

On April 5, 2018, the joint venture transaction closed and the Members entered into an operating agreement, which provides each Member 50% of the Membership Interest in Holdings. Each Member shall be liable only to make such Member's capital contribution to the Company and certain other payments expressly provided within the operating agreement. The Company is to be managed by a joint Board of Managers (the "Board"), consisting of three designated MNAI managers and three designated SCOA managers.

Definition of Fiscal Year

As used in these consolidated financial statements and related notes to consolidated financial statements, "Fiscal 2020," refers to the year ended March 31, 2021, and "Fiscal 2021", "Fiscal 2022", "Fiscal 2023" and "Fiscal 2024" refer to the years ending March 31, 2022, 2023, 2024, and 2025, respectively.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of TBC Holdings, LLC and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

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, revenue, and expenses, as well as certain consolidated financial statement disclosures.

Actual results could differ from those estimates. Significant estimates relate primarily to the realizability of accounts receivable, inventory excess and obsolescence reserves, and impairment assessments of intangible assets, goodwill, lease assets and long-lived assets.

Cash and Cash Equivalents
The Company's cash consists of balances in the Company's operating bank accounts. The Company maintains cash in financial institutions insured by the Federal Deposit Insurance Corporation. All highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Accounts and Notes Receivables and Allowance for Doubtful Accounts
As of March 31, 2022 and 2021, the Company's accounts and notes receivable included approximately 89% of domestic and 11% of international, customer accounts, which vary in terms and become due periodically until Fiscal 2023. 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 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, 2022 and 2021, 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. For the years ended March 31, 2022 and 2021, bad debt expense is $1,847 and $6,043, respectively.

Inventories
Inventories, consisting of tires and other automotive products held for resale, are valued at the lower of cost and net realizable value, under the weighted average cost method. In addition, 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. Any adjustments are evaluated and determined based upon current market conditions, aging of inventories, and product offering changes.

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.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits in excess of FDIC-insured limits. In addition, the Company invests excess funds in an overnight investment account with Wells Fargo Bank, N.A. While the funds in

the overnight investment account are not federally insured, the account selected by the Company invests only in government-backed securities.

Property and Equipment
Depreciation and amortization are computed using the straight-line method, over the lesser of the useful life or, in the case of leasehold improvements, the lease term of the asset. The useful life for buildings and leasehold improvements ranges from 7 to 40 years or coincides 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 as incurred, and expenditures for major renewals and betterments are capitalized.

The Company applied Accounting Standards Codification ("ASC") Subtopic 350-40, *Internal-Use Software*, to certain software development costs and capitalized approximately $21,954 and $27,539 as of March 31, 2022 and 2021, respectively, which have been placed in service and included in the accompanying consolidated balance sheets in furniture and equipment. The useful life of capitalized software varies between 3 to 10 years. The Company capitalized certain software not yet placed in service of approximately $1,208 and $1,855 as of March 31, 2022 and 2021, respectively, which is included in the accompanying consolidated balance sheets in property and equipment; however, it is not being depreciated.

Goodwill
The Company elected to early adopt Accounting Standards Update ("ASU") 2017-04, *Intangibles-Goodwill and Other* (Topic 350) as of March 31, 2020. The ASU modifies the measurement of a goodwill impairment loss from the portion of the carrying amount of goodwill that exceeds its implied fair value to the excess of the carrying amount of a reporting unit that exceeds its fair value. This eliminates step two of the goodwill impairment test under current guidance

The Company performs its annual impairment assessment of its three reporting units as of September 30 of each fiscal year unless circumstances dictate more frequent assessments. For the year ended March 31, 2022 and 2021, the Company performed its annual impairment assessment and determined there was no impairment of goodwill.

Long-Lived Assets
The Company periodically reviews the recoverability of intangible and other long-lived assets. If facts or circumstances indicate 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 did not identify any other facts or circumstances that indicated an impairment of recorded intangible and long-lived assets during Fiscal 2021 and Fiscal 2020.

Net Revenues
Topic 606 outlines basic criteria for recognizing revenue, including on a basis of timing related to the transfer of goods and services. Net revenues include sales of product and services, franchise and royalty fees charged to Big O and Midas franchisees, and rental income from sublease agreements with franchisees and third parties, less returns, and customer rebates. These revenue streams can be disaggregated into performance obligations satisfied over time and at a point in time, as discussed below.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services. For product sales, transfer of control occurs at a point in time, either upon transfer to the third-party carrier or upon delivery to the customer. For automotive and tire

services, the transfer of control and satisfaction of the performance obligation occurs at the time the customers take possession of their vehicles. Performance obligations for extended service agreements sold to retail customers, such as road hazard, are satisfied over time and the related revenue is recognized based on a pattern of when the associated costs are expected to be incurred in performing such services. Revenues for franchise and royalty fees are recognized over time as the Company satisfies its performance obligations to its franchisees, as described below. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. The Company records reductions to revenue for customer programs and incentive offerings including special pricing agreements, certain promotions and other volume-based incentives.

Franchising revenue consists primarily of royalties, national advertising fund contributions, and initial and renewal franchise fees. The basic terms of the franchise agreements are as follows: the initial franchise fee is due upon the signing of the franchise agreement, royalty fees are due from franchisees monthly and are equal to a percentage of gross sales for the previous month, the initial term of the agreement is 10 to 20 years with the ability to renew for an additional 10 to 20 years subject to certain conditions and a renewal fee, and the location must be pre-approved.

Monthly royalty fees are earned and recognized when franchisee sales occur. During Fiscal 2021 and 2020, Big O franchise and royalty fees typically ranged between 2% and 6% and 2% and 5%, respectively, of franchisees' adjusted gross sales. Midas royalty fees ranged between 2% and 10% of net sales for both periods presented. Under Topic 606, our franchisees' contributions to national advertising funds specified in the franchise agreements are reported gross as part of the royalty revenues because the advertising services were determined not to be distinct from the symbolic franchise right.

The Company expenses costs related to securing initial franchise agreements and performing the required services under such agreements as incurred.

Revenues for lease income are accounted for in accordance with applicable accounting guidance for leases and are excluded from the scope of Topic 606.

Under various arrangements with vendors, the Company receives a delivery commission and reimbursement for the cost of tires that it delivers to customers on their behalf. The commission earned from these transactions is as an agent and the net amount retained is recorded as revenues. The Company recognizes its delivery commission at the time of acceptance of delivery of the product.

Sales Taxes
The Company presents revenues net of sales taxes, and value-added tax ("VAT").

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, 2022 and 2021:

	2022	2021
Warranty allowance, beginning of year	$ 2,844	$ 3,172
Allowances established	547	232
Allowances utilized	(299)	(560)
Warranty allowance, end of year	$ 3,092	$ 2,844

For certain Midas products, customers are provided a written warranty from Midas for products purchased from Midas shops in North America, namely break 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.

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 the years ended March 31, 2022 and 2021:

	2022	2021
Warranty allowance, beginning of year	$ 8,629	$ 8,213
Warranty fees charged to franchisees and Company-operated shops	1,378	1,203
Warranty credits issued to franchisees and Company-operated shops	(947)	(787)
Warranty allowance, end of year	$ 9,060	$ 8,629

The Company's total obligation under its warranty programs is included in accrued expenses and other liabilities and other noncurrent liabilities in the accompanying consolidated balance sheets.

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. The liability for future performance obligations related to the Company's extended service agreements totaled approximately $22,084 and $23,007 as of March 31, 2022 and 2021, respectively. Direct costs of

these contracts are expensed as incurred. The Company recognizes revenue over the expected service life of the contract.

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 ASC Subtopic 705-20, *Accounting for Consideration Received from a Vendor*, 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 sales 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.

Cost of Sales
Cost of sales includes the cost of tire and parts products sold in the Company's retail locations, cost of products such as tires and equipment delivered from the Company's wholesale locations, and costs attributable to franchise operations such as product and warranties.

Selling, Administrative, and Retail Store Expenses
The Company records direct payroll and payroll related costs for retail store employees who provide services to the Company's customers within selling, administrative, and retail store expenses in the accompanying consolidated statements of operations and comprehensive income (loss). For the years ended March 31, 2022 and 2021, these expenses totaled $95,980 and $96,262, respectively.

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 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 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.

Leases
Lessee arrangements
The Company leases certain equipment, vehicles, furniture, office space, and property yards under various operating and finance leases. The Company determines if an arrangement is or contains a lease at the lease inception date by evaluating whether the arrangement conveys the right to use

an identified asset and whether the Company obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. Leases with initial term of twelve months or less are not recorded on the balance sheets.

At the lease commencement date, the Company recognizes a lease liability and right-of-use ("ROU") asset, representing its right to use the underlying asset over the lease term. The initial measurement of the lease liability is calculated on the basis of the present value of the remaining lease payments and the ROU asset is measured on the basis of this liability, adjusted by prepaid and accrued rent, lease incentives, and initial direct costs. The subsequent measurement of a lease is dependent on whether the lease is classified as an operating lease or a finance lease. Operating lease cost is recognized on a straight-line basis over the lease term, with the cost presented as a component of Selling, administrative, and retail store expenses in the accompanying consolidated statements of operations and comprehensive income (loss). Finance lease cost is comprised of a separate interest component and amortization component and is presented in the Interest expense, net and Selling, administrative, and retail store expenses line items, respectively, in the accompanying consolidated statements of operations and comprehensive income (loss).

The Company's leases require other payments such as costs related to service components, real estate taxes, common area maintenance, and insurance. These costs are generally variable in nature and based on the actual costs incurred and required by the lease. As the Company has elected to not separate lease and non-lease components for all classes of underlying assets, all variable costs associated with the lease are expensed in the period incurred and presented and disclosed as variable lease costs. The Company's lease agreements do not contain any material residual value guarantees or material restrictive financial covenants.

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases* that added ASC Topic 842 ("Topic 842"). As of the application date of Topic 842, the Company's leases have remaining terms ranging from 1 to 21 years, with some of those leases including options that grant the Company the ability to renew or extend the lease term. When determining the lease term, the Company does not include renewal options unless the renewals are deemed to be reasonably certain of being exercised at the lease commencement date.

Topic 842 requires that a lessee use the rate implicit in the lease when measuring the lease liability and ROU asset, unless that rate is not readily determinable. Alternatively, the Company is permitted to use its incremental borrowing rate which is defined as the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Since the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate when measuring its leases. The Incremental Borrowing Rate ("IBR") is calculated by utilizing the daily treasury yield curve rates, as published by the U.S Department of the Treasury, adjusted with a risk base spread.

Lessor arrangements
The Company, as part of its business, enters into lease arrangements with its customers that grants the customer the right to use certain retail space. These leases are in the form of leases that are of owned properties or subleases of leased properties. The Company determines if an arrangement with its customer is or contains a lease at the lease inception date by evaluating whether the arrangement conveys the right to use an identified asset and whether the customer obtains substantially all of the economic benefits from and has the ability to direct the use of the asset.

If it is determined that the contract is or contains a lease, the Company then assesses lease classification considering the lease term and assumptions that exist at the lease commencement

date. Depending on this assessment, the Company will account for its lease agreements as either an operating, direct financing, or sales-type lease, with the resulting accounting dependent on this lease classification. The Company's leases of owned properties and subleases of leased properties are classified as operating leases. There are no leases that are classified as a direct financing lease.

For leases classified as operating leases, the underlying property is recorded on the Company's Consolidated Balance Sheets and continues to be depreciated in accordance with the Company's depreciation polices for similar assets. Rental income for operating leases is recognized on a straight-line basis over the lease term.

The Company's lease agreements with its customers include fixed lease payments and, in certain scenarios, variable lease payments based on a percentage of gross sales. In addition to the lease payments, certain of the Company's contracts include non-lease components which comes in various forms, such as common area maintenance, utilities, and parking. Topic 842 requires that the consideration in the contract be allocated between lease and non-lease components on a relative standalone selling price basis, unless a provided practical expedient is elected. Specifically, Topic 842 includes a practical expedient that permits a lessor, as an accounting policy election by underlying asset class, to choose not to separate non-lease components from lease components when the lease component, if accounted for separately, would be classified as an operating lease and when the timing and pattern of transfer for the lease and non-lease components associated with the lease component are the same. The Company has elected this practical expedient for all of its customer lease agreements that meets these conditions.

The Company assess the lease term at the lease commencement date. The lease term is defined as the noncancelable period plus any period subject to a renewal option that is deemed reasonably certain of being exercised or subject to a termination option that is reasonably certain of not being exercised. Certain of the Company's lease contracts do include renewal options that allow the customer to extend the lease term for an additional period of 1 to 5 years. The Company does not include the renewal options as part of the lease term as it does not believe that it is reasonably certain that such options will be exercised. In addition, lease agreements do not include purchase options.

The Company has included additional disclosures about its leases in Note 11.

The Company owns real estate in the United States (U.S.) and Canada that is leased to franchisees and third parties. A majority of franchise leases and Company owned real estate are subleased to franchisees as well as third parties and are recorded within net sales in the consolidated statements of operations and comprehensive income (loss).

Foreign Currency Translation
Under ASC Topic 830, *Foreign Currency Matters*, the financial statements of foreign subsidiaries are translated into U.S. dollars at current exchange rates, except for revenue, 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 net income (loss) and are credited or charged to a separate component of other comprehensive income (loss) within the accompanying consolidated statements of members' equity.

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 recorded as a component of selling, administrative, and retail store expenses in the accompanying consolidated statements of operations and comprehensive income (loss). For the years ended March 31, 2022 and 2021, freight costs incurred to ship merchandise to customers totaled $99,986 and $76,379, respectively.

Fair Value of Financial Instruments – Short-Term Assets and Liabilities
The fair values of accounts receivable, accounts payable, due to parents and affiliates, accrued expenses, and other current liabilities approximate their carrying values because of their short-term nature.

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.

Advertising
General advertising costs are charged to expense when incurred. General advertising costs were $37,575 and $39,295 for the years ended March 31, 2022 and 2021, respectively.

The Company expenses the expected accrued advertising costs for the period specifically related to the advertising funds. Advertising expenses specifically related to the Company's advertising funds was $70,184 and $56,596, respectively for the years ended March 31, 2022 and 2021, respectively.

Pre Store Opening Expenses
Pre store opening expenses, which consist primarily of payroll and occupancy related costs, are expensed as incurred.

Asset Retirement Obligations
The Company utilizes the provisions of ASC Topic 410, *Asset Retirement and Environmental Obligations* (ASC 410). 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, 2022 and 2021, the Company had a liability pertaining to the asset retirement obligation of $12,535 and $13,000, respectively, 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 certain wholesale and retail store expense in the accompanying consolidated statements of operations and comprehensive income (loss). From time to time, the Company reviews its methodology and costs associated to asset retirement primarily for its retail locations and head lease obligation locations.

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 the Company believes that it will ultimately be responsible for incurring costs for environmental remediation at many locations, although there is the right to subrogate against the dealer for payment remediation. As of March 31, 2022 and 2021, the accrued balance of the liability was $4,173 and $4,849, respectively, and is included in other noncurrent liabilities in the accompanying consolidated balance sheets. The company recorded $228 and $862, respectively, of environmental expense within the statements of operations and comprehensive income (loss) for the years ended March 31, 2022 and 2021.

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 as disposal of hazardous substances.

Recent Accounting Pronouncements
On December 18, 2019, the FASB issued ASU No. 2019-12, *Income Taxes* (Topic 740): *Simplifying the Accounting for Income Taxes*. The ASU removes certain exceptions from the guidance in ASC 740 related to intra-period tax allocations, interim calculations and the recognition of deferred tax liabilities for outside basis differences and clarifies and simplifies several other aspects of accounting for income taxes. Different transition methods apply to the various income tax simplifications. For all non-public entities, the guidance is effective for fiscal years beginning after December 15, 2021, and for interim periods beginning after December 15, 2022. Early adoption for these entities is also permitted, including adoption in interim or annual periods for which financial statements have not yet been made available for issuance. The Company has not adopted the standard and does not anticipate that the adoption of the new standard will have a material impact to its financial statements.

COVID-19
Since COVID-19 was first reported in December 2019, it has extensively impacted the global health and economic environment, with the World Health Organization characterizing COVID-19 as a global pandemic on March 11, 2020. As a result, the Company's operations were impacted by varying degree depending on location based on the exercise of emergency executive authority invoked by state and local governments in order to combat the spread of COVID-19.
The Company is closely monitoring pandemic-related developments and has taken, and continue to take, numerous steps to address them. As the facts and circumstances surrounding the COVID-19 pandemic remain fluid, the Company is actively managing its response and has assessed potential impacts to its financial position and operating results for Fiscal 2021. The extent of the effect on the Company's future operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, and governmental, regulatory and private sector responses, all of which are uncertain and difficult to predict.

Reclassifications
Certain prior-period amounts have been reclassified in the consolidated statement of operations and comprehensive income (loss) to conform to current-year presentation.

New Accounting Standards

ASU No. 2016-02, Leases, that added Topic 842, is designed to increase transparency and comparability among organizations with leasing activities. The most significant provision of the new lease accounting standard is the requirement that lessees recognize on the balance sheet ROU assets and lease liabilities for leases that have a term greater than 12 months. Additionally, Topic 842 aligns certain of the underlying principles of lessor accounting with those in ASC Topic 606. The new lease accounting standard also includes significantly enhanced disclosures.

The Company adopted Topic 842 on April 1, 2021 using the modified retrospective approach as permitted in ASU No. 2018-11. In accordance with this approach, the effective date of Topic 842 is also the application date of the new requirements, with the prior comparative periods presented in the financial statements in accordance with the legacy requirements of ASC Topic 840, Leases ("Topic 840"). Topic 842 includes various transition practical expedients that are available when adopting the new lease accounting standard. The Company elected the package of practical expedients which allows for the carryforward of certain accounting conclusions for arrangements that qualified as a lease under Topic 840. As a result, the Company was not required to nor did it reassess (i) whether existing or expired contracts met the definition of a lease, (ii) lease classification for any existing or expired leases, or (iii) whether lease origination costs qualified as initial direct costs. The Company did not elect the practical expedient to use hindsight in determining the lease term and in assessing impairment conclusions on the ROU assets.

Topic 842 similarly includes various other practical expedients that can be elected for new leases that are executed after the adoption of the new requirements. The Company elected the lessee practical expedient to not separate lease and non-lease components. In addition, the Company elected the lessor practical expedient for certain of its customer contracts. The Company also elected to apply the short-term lease recognition exemption which eliminates the requirement to present on the consolidated balance sheets leases with a term of 12 months or less. These practical expedients were elected for all classes of underlying assets. For those arrangements where the Company is acting in the role of a lessee, the adoption of Topic 842 resulted in the recognition of $1,050,509 and $1,021,712, respectively, in operating lease liabilities and operating lease ROU assets on the consolidated balance sheets as of April 1, 2021. The impact of adopting Topic 842 did not have a material impact on the Company's consolidated statements of operations and comprehensive income (loss), consolidated statements of members' equity, and consolidated statements of cash flows. Similarly, the adoption of Topic 842 did not have a material impact on the accounting for those arrangements where the Company is acting in the role as lessor (see Note 11).

3. Acquisitions and Dispositions

Effective March 31, 2022 the Company disposed of its subsidiary, Tire America, LLC, an ecommerce retail seller of tires. The assets derecognized as part of this sale included, but were not limited to, intangible assets related to the software development that was associated with the functionality of the website specifically for Tire America, LLC. The Company recorded a pre-tax loss on disposition of $15,554 which is recorded in impairment on closure of business in its consolidated statements of operations and comprehensive income (loss).

On February 16, 2021, the Company completed the sale of R.O. Writer, the franchise operations shop management software, for net consideration of $25,000. Of the $25,000 net consideration, $20,000 in cash was received at closing with the remaining $5,000 to be received as five contingent installment payments over the next five fiscal periods. The assets derecognized as part of this sale included, but were not limited to, property and equipment, other intangibles and accounts receivable. The Company recorded a pre-tax gain on disposition of $7,141 which is recorded in gain on sale of business operations in its consolidated statements of operations and comprehensive income (loss).

4. Revenue Recognition

The following table provides information about disaggregated revenues by business operational unit and major products and services categories for the years ended March 31, 2022 and 2021:

	Fiscal 2021			
	Wholesale	**Retail**	**Franchise**	**Total**
Products				
Tires	$ 2,736,376	$ -	$ 378,220	$ 3,114,596
Equipment	40,445	-	10,273	50,718
Technology	-	-	-	-
Services				
Automotive	-	425,752	-	425,752
Tires	101,249	529,612	-	630,861
Royalties	-	-	173,613	173,613
Other	567	-	60,388	60,955
	$ 2,878,637	$ 955,364	$ 622,494	$ 4,456,495

	Fiscal 2020			
	Wholesale	**Retail**	**Franchise**	**Total**
Products				
Tires	$ 2,216,010	$ -	$ 321,737	$ 2,537,747
Equipment	36,386	-	12,011	48,397
Technology	-	-	8,759	8,759
Services				
Automotive	-	411,342	-	411,342
Tires	71,311	504,782	-	576,093
Royalties	-	-	141,123	141,123
Other	298	-	13,709	14,007
	$ 2,324,005	$ 916,124	$ 497,339	$ 3,737,468

Products Revenue
Products revenue includes the sale of (1) tires and tire related items, (2) automotive service-related equipment, and (3) software technology utilized by Midas franchisees and sold to other third parties. Revenue from software technology utilized by Midas franchisees and sold to other third parties was included for Fiscal 2020 prior to the sale of this technology.

The Company sells these products through both their wholesale and franchise operational businesses through delivery trucks and distribution locations and through its dedicated sales force for the software technology.

Services Revenue
Substantially all of the Company's service revenue offerings, the majority in its retail business operations, are automotive and tire services. The Company has determined the performance obligations associated to these two revenue streams are completed upon installation and acceptance by the end customer at the time of the delivery of the vehicle, with the exception of extended service agreements, which are deferred and recognized over time. Tire service revenues for the wholesale business represent delivery commissions received for arrangements with vendors where the Company delivers tires to customers on their behalf. See Note 2.

5. Related Parties and Major Suppliers

Related Parties
The Company's operations are managed through its executive officers and Board of Managers. Upon formation of the joint venture, the Company had a total of $400,000 of long-term debt due equally to SCOA and Compagnie Financiere Michelin SCmA ("CFM"). The Company also executed two credit facilities with SCOA and CFM for $100,000 each, respectively, (Note 10). As of March 31, 2022 and 2021, the balances of these loans are $200,000 and $400,000, respectively.

The Company also had accrued interest as of March 31, 2022 and 2021 of approximately $1,138 and $2,303, respectively, due to SCOA and CFM, $569 and $1,151, respectively, to each party, which is included in due to parents and affiliates in the accompanying consolidated balance sheets.

The Company has an income tax receivable from parents of $714 and $17,213 as of March 31, 2022 and 2021, respectively. The majority of the receivable balance is from SCOA related to the tax sharing agreement prior to the joint venture transaction.

Delivery commissions earned through our 'express' order arrangement with MNAI totaled approximately $74,370 and $54,423 of consolidated net revenues for the years ended March 31, 2022 and 2021, respectively. As of March 31, 2022 and 2021, accounts receivable balance resulting from these sales was $43,622 and $35,741, respectively, and was reflected as a reduction to the account payable balance due to MNAI for primarily tire purchases and is included in the accompanying consolidated balance sheets within accounts payable.

During Fiscal 2021 and 2020, the Company purchased inventory from MNAI, Sumitomo Rubber Industries, Inc. ("SRI"), a SCOA affiliated entity, and SCOA. Additionally, the Company purchased customs brokerage services from Sumisho Global Logistics, a SCOA affiliated entity. Inventory purchased from MNAI includes purchases sold under the fulfillment order arrangement.

The following table provides information for each:

	Related Party	2022	2021
Inventory purchases	MNAI	$ 1,626,216	$ 1,041,947
Inventory purchases	Sumitomo Corporation	250,987	259,767
Inventory purchases	SCOA	131	298
		$ 1,877,334	$ 1,302,012

The Company has certain payables with related parties, which are included in due to parents and affiliates in the accompanying consolidated balance sheets, as follows:

	Related Party	2022	2021
Inventory purchases	MNAI	$ 189,496	$ 118,232
Inventory purchases	Sumitomo Corporation	113,089	137,882
Inventory purchases	SCOA	-	132
Interest payable	SCOA	569	1,151
Interest payable	CFM	569	1,151
		$ 303,723	$ 258,548

Major Supplier
During Fiscal 2021 and 2020, the Company had one major supplier, MNAI, which represented approximately 30.0% and 24.4%, respectively, of the Company's inventory purchases.

6. Other Assets

Other assets consists of the following as of March 31, 2022 and 2021:

	2022	2021
Prepaid expenses	$ 11,091	$ 17,071
Income tax receivable from parents	714	17,213
Other assets	16,041	15,369
Total other assets - current	$ 27,846	$ 49,653
Deposits	$ 7,181	$ 11,549
Deferred compensation	13,746	13,416
Other assets	13,763	15,866
Total other assets - noncurrent	$ 34,690	$ 40,831

7. Property and Equipment

Property and equipment, net consist of the following as of March 31, 2022 and 2021:

	2022	2021
Land	$ 64,524	$ 64,181
Building and leasehold improvements	198,664	188,785
Furniture and equipment	423,155	408,484
	686,343	661,450
Less: Accumulated depreciation	(297,989)	(232,855)
Property and equipment, net	$ 388,354	$ 428,595

Depreciation expense of $80,379 and $95,808 was recognized related to property and equipment for the years ended March 31, 2022 and 2021, respectively.

8. Goodwill and Intangible Assets

Acquired Intangible Assets

The carrying amount of intangible assets as of March 31, 2022 and March 31, 2021 is as follows:

	2022			
	Weighted Average Amortization Period	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount
Trademarks	30 years	$ 353,576	$ (47,527)	$ 306,049
Franchise agreements	25 years	29,500	(4,650)	24,850
Customer lists	20 years	162,700	(32,540)	130,160
Exclusivity agreement	25 years	23,801	(3,950)	19,851
Developed technology	10 years	-	-	-
Internally developed software	10 years	19,000	(7,521)	11,479
Other intangible assets	4 years	98	(75)	23
		$ 588,675	$ (96,263)	$ 492,412

	2021			
	Weighted Average Amortization Period	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount
Trademarks	30 years	$ 355,576	$ (35,757)	$ 319,819
Franchise agreements	25 years	29,500	(3,467)	26,033
Customer lists	20 years	162,700	(24,405)	138,295
Exclusivity agreement	25 years	23,801	(2,930)	20,871
Developed technology	10 years	17,000	(5,029)	11,971
Internally developed software	10 years	19,000	(5,621)	13,379
Other intangible assets	4 years	98	(64)	34
		$ 607,675	$ (77,273)	$ 530,402

Aggregate amortization expense for amortizing intangible assets was $25,984 and $26,935 for the years ended March 31, 2022 and 2021, respectively.

The total estimated amortization expense of intangible assets in each of the next 5 years and thereafter is as follows:

Fiscal year	
2022	$ 24,217
2023	24,214
2024	24,210
2025	24,210
2026	24,210
Thereafter	371,351
	$ 492,412

The carrying amount of leasehold interest as of March 31, 2022 and March 31, 2021 is as follows:

	2022		
	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount
Total favorable leasehold interest	$ 13,718	$ (6,105)	$ 7,613
Total unfavorable leasehold interest	(24,383)	13,434	(10,949)
Total net unfavorable leasehold interest	$ (10,665)	$ 7,329	$ (3,336)

	2021		
	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount
Total favorable leasehold interest	$ 109,236	$ (59,680)	$ 49,556
Total unfavorable leasehold interest	(114,690)	44,916	(69,774)
Total net unfavorable leasehold interest	$ (5,454)	$ (14,764)	$ (20,218)

The Company presents its unfavorable leasehold interest, net of favorable, in the accompanying consolidated balance sheets as of March 31, 2022 and 2021 as follows:

	2022	2021
Other current assets	$ -	$ 2,886
Accrued expenses and other liabilities	(914)	-
Other noncurrent liabilities	(2,422)	(23,104)
Total net unfavorable leasehold interest	$ (3,336)	$ (20,218)

Amortization expense for leasehold interests was $(1,644) and $3,086 for the years ended March 31, 2022 and 2021, respectively.

The total estimated amortization expense of leasehold interests in each of the next 5 years and thereafter is as follows:

Fiscal year	
2022	$ (914)
2023	(574)
2024	(363)
2025	(148)
2026	(96)
Thereafter	(1,241)
	$ (3,336)

Goodwill
The changes in the carrying amount of goodwill during Fiscal 2021 and 2022 are as follows:

Balance as of March 31, 2020	$	45,031
Activity during the year		
Effect of foreign currency translation		152
Balance as of March 31, 2021		45,183
Activity during the year		
Effect of foreign currency translation		-
Balance as of March 31, 2022	$	45,183

9. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consists of the following as of March 31, 2022 and 2021:

	2022	2021
Workers' compensation reserve - current	$ 18,804	$ 17,688
General insurance reserve - current	16,193	14,447
Deferred revenue - current	9,126	13,977
National marketing fund - current	20,584	10,074
Real estate taxes - current	9,640	8,424
Health insurance reserve - current	7,316	7,590
Other accruals - current	66,326	61,924
	$ 147,989	$ 134,124

10. Debt

The Company has a revolving credit facility with a third party financial institution with a balance of $0 for both March 31, 2022 and 2021, respectively. The Company has two term loans, each with an outstanding balance of $100.0 million and $100.0 million, along with two lines of credit facilities, each with an available borrowing capacity of $100.0 million and $100.0 million, with SCOA and CFM as of March 31, 2022 and 2021, respectively.

(a) Revolving Credit Facility

The Company entered into a revolving credit facility on July 27, 2018 with a third party financial institution. The credit facility will expire on January 23, 2023 if there is a Member pending debt, if not, maturity is July 27, 2023. The current capacity of the credit facility is $300 million with the base rate of 3.25% for the daily revolving needs and monthly loans at LIBOR plus a spread of 125 basis points. A specific annual interest rate of 1.25% is applied for letters of credit dedicated amounts. There are commitment fees for unused balance at a fixed rate of 0.20%. The revolving credit facility is asset-based and collateralizes a portion of US Inventories and AR. Available amounts that can be borrowed at any given time are based on percentages of certain outstanding US accounts receivable, credit card receivables, and inventory. The revolving credit facility is subject to certain financial covenant requirements. The Company will maintain a Fixed Charge Coverage Ratio, calculated for each 12 month period ending on the first day of any Covenant Testing Period and the last day of each fiscal month occurring until the end of any Covenant Testing Period (including the

last day thereof), in each case of at least 1.00 to 1.00. The Company is in compliance with covenant requirements for fiscal 2021 and 2020 years presented.

As of March 31, 2022 and 2021, the Company had approximately $274,792 and $273,873, respectively, available to borrow under the credit facility. In addition, the Company had approximately $25,208 and $26,044 representing outstanding standby letters of credit as of March 31, 2022 and 2021, respectively. These letters of credit relate to performance and payment guarantees with certain vendors.

(b) **Line of Credit Facilities**

On April 5, 2018, the Company executed two credit facilities with SCOA and CFM for $100,000 each, respectively. On June 8, 2020, credit facilities were executed with SCOA and CFM for $100 million each. Both credit facilities, which mature on June 8, 2022, have an interest rate equal to LIBOR plus 459 basis points and a commitment fee of 153 basis points per annum charged on the undrawn and current amount of the facilities, payable quarterly in arrears. The outstanding balance for both facilities was $0 as of March 31, 2022 and March 31, 2021.

The Company's wholly owned subsidiary, TBC de Mexico, has several working capital revolver credit lines with various lenders up to $30,000. As of March 31, 2022 and 2021, the Company had $2,010 and $67, respectively, included within the current portion of other long-term debt in the accompanying consolidated balance sheets. In addition, the Company had approximately $6,700 representing outstanding standby letters of credit as of March 31, 2022 and 2021, respectively. These letters of credit relate to performance and payment guarantees with certain vendors. The outstanding balance was $0 as of March 31, 2022 and March 31, 2021.

The Company's wholly owned subsidiary, TBC Retail, has a financing arrangement for equipment that matures in May 2023. As of March 31, 2022 and 2021, the Company had $464 and $0, respectively, included within the current portion of other long-term debt in the accompanying consolidated balance sheets.

(c) **Term Loans**

The Company has two respective term loans with SCOA and CFM as of the JV formation date. As of March 31, 2022, there are no current principal payments due on these loans. The two individual term loans mature and are payable on April 5, 2023, in the amounts of $100,000, respectively. Each of the two term loans includes long term periodic floating interest of Libor plus a spread of 220 basis points. As of March 31, 2022 and 2021, the effective interest rate was 2.8% and 2.8%. In June 2021 and December 2021, TBC repaid to each shareholder $50,000, reducing the total term loan debt from $400,000 to $200,000. No breakage fees nor anticipated payment fees were applied as agreed upon by shareholders.

(d) **Intercompany loans**

The Company's wholly owned subsidiary, TBC de Mexico, has an intercompany credit facility with TBC Services for up to $25,000. As of March 31, 2022 and 2021, the Company had $20,000 and $0, respectively, at a fixed annual interest rate of 5%.

The Company's wholly owned subsidiary, Midas Inc., has an intercompany loan with Midas Canada Inc. As of March 31, 2022 and 2021, the Company had $6,999 and $0, respectively, at a fixed annual interest rate of 5%.

Long-term debt obligations are summarized as follows:

	2022	2021
Term loan facilities	$ 200,000	$ 400,000
Notes payable	2,474	177
Total debt	202,474	400,177
Less: Current portion	2,474	177
Total long-term debt	$ 200,000	$ 400,000

Maturities of long-term debt obligations are as follows:

Fiscal year	
2022	$ 2,474
2023	200,000
	$ 202,474

11. Leases

Leases as Lessee:

The Company lease certain real estate, equipment, vehicles, furniture, and property yards under various third-party operating and finance lease agreements. The leases are noncancelable and expire on various terms through September 2043. The amounts in the tables below do not reflect payments for two leases that have not yet commenced in the amount of $5.4M.

The following table presents information about and the components of our right-of-use assets and liabilities related to leases and their classification in our consolidated balance sheet at March 31, 2022:

Lease Counts

	Finance	Operating	Mixed	Total
Opening Lease Count	120	1,495	8	1,623
-Leases Added	59	195	-	254
-Leases Expired/Cancelled	25	165	-	190
Closing Lease Count	154	1,525	8	1,687

The components of lease costs for the year ended March 31, 2022, were as follows:

	2022
Operating lease cost[1]	$ 205,172
Finance lease expense:	$ 13,544
Amortization of leased assets	10,101
Interest on lease liabilities	3,443
Variable lease cost:	$ 13,566
Sublease income	(44,659)
Total lease expense	$ 187,623

[1] Includes short-term leases, which are immaterial.

The following table includes the weighted-average lease terms and discount rates for operating and finance leases as of March 31, 2022:

Weighted average remaining lease term:	
Operating leases	8.30 years
Finance leases	11.02 years
Weighted average discount rate	
Operating leases	4.38%
Finance leases	5.82%

Maturities of operating and finance lease liabilities were as follows:

Year ended March 31	Operating Lease	Finance Lease	Total
2023	$ 193,133	$ 10,814	$ 203,947
2024	173,773	9,678	183,451
2025	146,256	8,618	154,874
2026	127,907	8,227	136,134
2027	103,879	8,377	112,256
Thereafter	436,167	43,926	480,093
Total lease payments	1,181,115	89,640	1,270,755
Less liability accretion / imputed interest	(209,713)	(25,101)	(234,814)
Total lease liabilities	971,402	64,539	1,035,941
Less: Current lease liabilities	154,722	7,405	162,127
Total long-term lease liabilities	$ 816,680	$ 57,134	$ 873,814

Real Estate Sale and Leaseback Transaction

During Fiscal 2020, the Company sold two of its owned real estate properties to a real estate company and realized approximately $4,418 in net proceeds. Simultaneous with the sales, the Company leased these properties from the same real estate company. Annual lease payments with escalations will be made through the expiration of the lease obligations in 2035. There were no Sale and Leaseback transactions during Fiscal 2021.

Leases as Lessor:

The Company as part of its core business leases retail space to its customers by executing lease agreements as described in Note 2.

Operating lease agreements
Principally, all rental income is the result of lease agreements with the franchisees and is recognized on a straight-line basis over the lease term.

The income earned for operating leases during the periods ended March 31, 2022 was as follows:

	2022
Rental Income - straight line lease payments	$ 41,133
Rental income - variable lease payments	19,256
Total rental income - Operating Leases	$ 60,388

As of March 31, 2022, the maturity analysis of the lease payments to be received under ASC 842 on an annual basis was as follows:

Year ended March 31	Owned Property	Subleased Property	Totals
2023	$ (8,653)	$ (23,562)	$ (32,215)
2024	(8,149)	(19,856)	(28,005)
2025	(7,564)	(16,812)	(24,376)
2026	(7,135)	(13,649)	(20,784)
2027	(6,912)	(7,118)	(14,030)
Thereafter	(61,771)	(17,064)	(78,835)
Total lease payments	$ (100,184)	$ (98,061)	$ (198,245)

12. Income Taxes

Income tax expense (benefit) for the years ended March 31, 2022 and 2021 was as follows:

		2022	2021
Current			
Federal		$ 10,866	$ 17
State		3,052	1,212
Foreign		4,581	4,230
	Current income tax expense	18,499	5,459
Deferred			
Federal		4,696	(8,130)
State		514	7
Foreign		250	(561)
	Deferred income tax provision (benefit)	5,460	(8,684)
	Income tax provision (benefit)	$ 23,959	$ (3,225)

The provision for income taxes differs from the statutory federal rate of 21% mainly due to state taxes, taxation of foreign income and tax credits.

The major components of deferred tax assets and liabilities in the accompanying consolidated balance sheets are summarized as follows:

	2022	2021
Deferred tax assets		
Allowance for doubtful accounts	$ 1,472	$ 2,218
Warranty-related reserves	3,069	2,929
Insurance-related accruals	8,808	8,336
Compensation and retirement-related accruals	5,189	3,285
Lease accruals and related arrangements	-	847
Deferred revenue	3,459	2,708
Closed store accrual	-	2,180
Inventories	16,159	11,254
Loss carryforwards and tax credits	29,458	65,674
Operating lease liability	245,865	-
Environmental accrual	1,059	1,243
Other	1,164	2,483
Total gross deferred tax assets	315,702	103,157
Less: Valuation allowance	(14,549)	(13,911)
Net deferred tax assets	301,153	89,246
Deferred tax liabilities		
Intangible assets	(119,736)	(121,304)
Property and equipment	(65,420)	(80,501)
Operating lease asset	(233,524)	-
Foreign partnership investment basis difference	(3,539)	(2,856)
Total deferred tax liabilities	(422,219)	(204,661)
Net deferred tax liabilities	$ (121,066)	$ (115,415)
Consolidated balance sheet presentation		
Noncurrent deferred tax assets, net	$ 1,428	$ 1,470
Noncurrent deferred tax liabilities, net	(122,494)	(116,885)
Net deferred tax liabilities	$ (121,066)	$ (115,415)

In assessing the realization of the Company's deferred tax assets, the Company considers whether it is more likely than not 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 $14,549 and $13,911 is necessary as of March 31, 2022 and March 31, 2021, respectively. The net change in the valuation allowance was $638 for the year ended March 31, 2022.

The Company had $0 and $118,110 in gross federal net operating loss carryforwards for the years ended March 31, 2022 and March 31, 2021, respectively. The losses relate to operations after the formation of TBC Holdings.

The Company had $384,533 and $472,370 of gross state net operating loss carryforwards as of March 31, 2022 and March 31, 2021. The Company has determined that a valuation allowance of approximately $194,607 and $187,431 is necessary against the balance of gross state net operating loss carryforwards. State loss carryforwards expire in various years between 2021 through 2037 with certain net operating losses having an unlimited carryforward period. The Company had $2,365 and $2,687 of Canadian net operating loss carryforwards as of March 31, 2022 and March 31, 2021. These losses can be carried forward 20 years and will expire between 2029 and 2037.

The Company had $4,552 and $9,480 of gross federal tax credit carry forwards with valuation allowances of $4,552 and $4,675 as of March 31, 2022 and March 31, 2021. These credits can be carried forward up to 20 years and will expire between 2029 and 2038.

As of March 31, 2022 and March 31, 2021, withholding taxes and income taxes on basis differences were not provided on the Company's Canadian foreign subsidiaries, as the Company has invested or expects to invest the undistributed earnings indefinitely. If in the future these entities are sold or dividends are paid then additional tax provisions may be required. It is not practical to determine the amount of unrecognized deferred tax liabilities on the undistributed earnings.

The U.S. tax provision for the period beginning April 5, 2018 and non-U.S. tax provisions for all periods have been determined on a stand-alone basis affiliate. The Company is open to future examinations by the IRS for tax years 2017 through 2019. The Company and its subsidiaries' state income tax returns are open to audit under the statute of limitations for the years 2015 through 2019. The Company and its subsidiaries' foreign income tax returns are open to audit under the statute of limitations for the years 2009 through 2019.

ASC Subtopic 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, de recognition, 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 expenses of $23 and $229 for the years ended March 31, 2022 and 2021, respectively. As of March 31, 2022 and 2021, 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, exclusive of interest and penalties:

Balance at March 31, 2020	$	907
Additions based on tax positions related to the current year		84
Additions for tax positions of prior years		294
Reductions for tax positions of prior years		(410)
Statute expirations		(272)
Settlements		-
Balance at March 31, 2021		603
Additions based on tax positions related to the current year		753
Additions for tax positions of prior years		161
Reductions for tax positions of prior years		
Statute expirations		(30)
Settlements		(294)
Balance at March 31, 2022	$	1,193

13. Retirement Plans - 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 85% of their eligible pay, subject to certain IRS 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 $8,281 and $7,400 for the years ended March 31, 2022 and 2021, respectively.

14. Other Benefit Plans

Long-Term Incentive Plans

As of April 1, 2018, the Company established the Long Term Incentive Compensation Plan "the Plan". The Plan is administered by the Nominations and Compensation Committee of the board of managers and allows for grants of Long Term Incentive Awards. The Plan's Performance Measurement period is three consecutive fiscal years over which the awards vest and are payable at the end of the third and final fiscal year (certain exceptions are applicable for death, retirement, disability, or a change in control). Targeted Incentive Awards are based upon specified corporate financial metrics. Performance measures and relative weights are set annually.

The Company recorded a liability of $9,346 and $1,974 as of March 31, 2022 and 2021, respectively, in the accompanying consolidated financial statements related to this plan. Bonus expense of $7,373 and $2,655 was recorded for the years ended March 31, 2022 and 2021, respectively, which was classified within selling, administrative, and retail store expenses in the accompanying consolidated statements of operations and comprehensive income (loss).

Deferred Compensation Plan

The Company adopted the TBC Holdings, LLC 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, 2022 and 2021, the Company had a liability of $7,409 and $12,100 and an asset of $13,746 and $13,416, 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 sheet.

15. Financial Guarantees and Credit Risks

From time to time, the Company's franchise business unit provides certain financial guarantees associated with franchisee's real estate leases and certain financing items. 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, 2022 and 2021, there were no contractual amounts owed as it related to these guarantees to the Company by any franchisee or by the Company on behalf of any franchisee.

16. Commitments and Contingencies

The Company is involved in various legal proceedings, which are routine to the conduct of its business. None of the ongoing legal claims against the Company had a material impact to the financial results as of and for the year ended March 31, 2022 and March 31, 2021, nor does the Company believe that any such litigation will have a material adverse effect on its consolidated financial position or results of operations in future periods.

17. Subsequent Events

The Company has reviewed and evaluated material subsequent events from the balance sheet date as of March 31, 2022 through the financial statement issuance date, or May 27, 2022.

UNAUDITED FINANCIAL STATEMENTS OF
TBC HOLDINGS, LLC
AS OF DECEMBER 31, 2023

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

TBC Holdings
BALANCE SHEET
AS OF DECEMBER 31, 2023
(In thousands)

	December 31, 2023
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 13,911
Trade Accounts & Notes Receivable, net	399,363
Inventory, net	1,181,613
Other Current Assets	70,069
Total Current Assets	1,664,956
PROPERTY, PLANT, & EQUIPMENT, AT COST	
Land and Improvements	53,258
Buildings and Leasehold Improvements	759,219
Furniture and Equipment	455,219
Total	1,267,697
Accumulated Depreciation	(590,776)
Total Property, Plant & Equipment, net	676,920
Trademarks, net	262,239
Goodwill, net	34,683
OTHER ASSETS	
Other Intangibles, net	152,218
Other Assets	46,702
Total Other Assets	198,920
TOTAL ASSETS	$ 2,837,719
LIABILITIES AND MEMBERS' EQUITY	
CURRENT LIABILITIES	
Outstanding Checks, Net	$ 3,669
Curr Portion Of LTD	432,223
Accounts Payable and Accrued Liabilities	744,924
Warranty Reserve and Deferred Revenue	15,886
Other Current Liabilities	224,595
Total Current Liabilities	1,421,298
Long-Term Debt, Less Current Portion	549,149
Non-Current Liabilities	30,013
Deferred Income Taxes	130,851
MEMBERS' EQUITY	
Additional Paid-In Capital	1,265,600
Other Comprehensive Income	9,980
Retained Earnings	180,827
Total MEMBERS' Equity	706,407
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 2,837,719

TBC Holdings

STATEMENT OF INCOME

FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

(In thousands)

		December 31, 2023
Net Sales		$ 3,378,940
Cost of Sales		2,866,979
Gross Profit		511,961
	Gross Margin	15.2%
Total Operating Expenses		523,537
	% of Sales	15.5%
Operating Income		(11,576)
Other (Income) Expense:		
Interest Expense - Net		35,932
Other Income - Net		4,985
Total Other Expense		40,917
Income Before Income Taxes		(52,493)
Provision for Income Taxes		(12,400)
Net Income / (Loss) Continuting Operations		$ (40,093)
Discontinued Operations:		
Discontinued Operations Gain / (Loss)		$ 332,000
Discontinued Operations Income Tax		75,300
Total Net Income / (Loss)		$ 216,607

(Conformed Copy)

TBC HOLDINGS, LLC GUARANTEE OF PERFORMANCE

For value received, TBC Holdings, LLC, a Delaware limited liability company (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 4300 TBC Way, 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 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with the 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 at Palm Beach Gardens, Florida on the 1st day of June, 2023.

Guarantor:
TBC HOLDINGS, LLC

By: /s/ Scott Hurd
Name: Scott Hurd
TBC Holdings, LLC
Title: Chief Financial Officer

EXHIBIT "O"

RESERVED

EXHIBIT "P"

LEASE AGREEMENT

LEASE SUMMARY

LEASE DATE: _____

LANDLORD:

NAME:	Big O Tires, LLC, a Nevada limited liability company
ADDRESS:	4300 TBC Way 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 Tires, LLC, a Nevada limited liability company, having an address at 4300 TBC Way, Palm Beach Gardens, Florida 33410 , hereinafter referred to as "Landlord," and _____, having an address at _____, and [**or** _____, an individual, having an address at _____], 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 Tenant 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, Lease Administration, 4300 TBC Way, 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"**. Tenant's shareholders or members, as the case may be, shall execute the guaranty attached hereto as **Exhibit "F"**.

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 Tenant, 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 annual or annualized 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. **Indemnification by Tenant**. Tenant will protect, defend, indemnify and save harmless Landlord, its shareholders, directors, officers, agents, employees, representatives, affiliates, subsidiaries, parents 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, subsidiaries, parents 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 Tenant as a duly authorized franchisee of Big O and/or the termination of the Franchise Agreement (described in Section 4).

g. Tenant commits any material breach of the Franchise Agreement; Franchise, or any guarantor of Tenant, commits any material breach of any other instrument or agreement between Big O and Franchise; and/or Tenant, or any guarantor of Tenant, 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, by facsimile to the proper party via the facsimile number stated below, or by overnight courier addressed as follows:

IF TO TENANT:

_____
_____
_____

IF TO LANDLORD:

Big O Tires, LLC
4300 TBC Way
Palm Beach Gardens, Florida 33410
Attention: Lease Administration
Facsimile: (561) 828-8253

With a copy to the attention of General Counsel at the same address and facsimile number

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, deemed given on the day transmitted by facsimile if on a business day, and if not transmitted on a business day, the first business day thereafter, and deemed given one (1) business day after deposit with overnight courier if sent by overnight courier. Each of the parties hereto may designate such other address and/or facsimile number as either of such parties may hereafter specify in writing to the other party.

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; Venue; Waiver of Jury Trial. The Lease shall be construed and governed by the applicable laws of the state where the Leased Premises are located. Landlord and Tenant hereby irrevocably consent to the jurisdiction and proper venue of the state and federal courts of such state. LANDLORD AND TENANT DO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER, UPON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, TENANT'S USE OR OCCUPANCY OF THE LEASED PREMISES AND/OR ANY CLAIM OF INJURY OR DAMAGE.

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.

CALIFORNIA ONLY: 28.20 Required Accessibility Disclosure. The Leased Premises has not undergone an inspection by a Certified Access Specialist (CASp). The parties acknowledge and agree a CASp can inspect the Leased Premises and determine whether the Leased Premises complies with all of the applicable construction-related accessibility standards under California state law. Although state law does not require a CASp inspection of the Leased Premises, Landlord may not prohibit Tenant from obtaining a CASp inspection of the Leased Premises for the occupancy of the Tenant, if requested by Tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Leased Premises. Any necessary repairs or modifications to bring the Leased Premises into compliance with construction-related accessibility standards, which are disclosed by the CASp inspection report, are presumed to be the responsibility of Tenant unless otherwise agreed to by the parties in writing.

IN WITNESS WHEREOF, Landlord and Tenant have signed and sealed this Lease effective on the day and year above written.

LANDLORD:

BIG O TIRES, LLC,
a Nevada limited liability company

Date: _____ By: _____

Name: _____

Title: _____

TENANT:

Date: _____ _____

a _____

By: _____

Name: _____

Title: _____

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 TIRES, LLC,
a Nevada limited liability company

By: _____

Name: _____

Title: _____

TENANT:

Date: _____

_____

a _____

By: _____

Name: _____

Title: _____

_____

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: _____

_____	_____

Your Name(s)_____ _____
(Please Print) (Please Print)

Signature(s) _____ _____

Date Signed _____

EXHIBIT F

GUARANTY OF LEASE

In consideration of, and as an inducement to, the execution of the foregoing Lease by BIG O TIRES, LLC ("Landlord") for the Leased Premises located at _____, the undersigned hereby jointly and severally guarantee unto Landlord that _____ ("Sublessee") will perform and/or pay each and every covenant, payment, agreement, obligation, liability and undertaking on the part of Tenant contained and set forth in or arising out of such Lease (the "Obligations").

Landlord, and any of its subsidiaries, affiliates, related entities, parents and 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 Tenant to Landlord, whether or not Landlord or its successors have 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 Tenant 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 Tenant to Landlord 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 Lease or not.

Each of the undersigned further waives presentment, demand, protest, nonpayment and all other notices whatsoever, including without limitation notice of all defaults, disputes or controversies between Tenant and Landlord resulting from such Lease.

The undersigned jointly and severally agree to pay all expenses paid or incurred by Landlord in attempting to enforce the Obligations and this Guaranty against Tenant 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 Landlord 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.

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.

THIS GUARANTY, THE INTERPRETATION AND CONSTRUCTION OF THIS GUARANTY AND OF ANY PROVISION OF THIS GUARANTY AND OF ANY ISSUE RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY SHALL BE GOVERNED BY THE LAWS OF THE STATE WHERE THE PREMISES THAT ARE THE SUBJECT OF THE SUBLEASE ARE LOCATED. ANY ACTION OR PROCEEDING REGARDING THIS GUARANTY SHALL BE BROUGHT IN THE JURISDICTION OF THE STATE OR FEDERAL COURTS OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS GUARANTY, THE UNDERSIGNED CONSENT TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE UNDERSIGNED WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO VENUE ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH JURISDICTION. SERVICE MAY BE MADE UPON ALL OR ANY OF THE UNDERSIGNED AT THE ADDRESS FIRST SET FORTH BELOW, OR AT THE RESPECTIVE ADDRESSES OF THE UNDERSIGNED SET FORTH BELOW, IN ACCORDANCE WITH THE PROCEDURES PROVIDED UNDER APPLICABLE LAW.

THE UNDERSIGNED HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS GUARANTY, THE TRANSACTIONS CONTEMPLATED HEREBY OR ANY RELATIONSHIP BETWEEN ANY OF THE PARTIES HERETO, ITS AFFILIATES, SUBSIDIARIES, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY KIND BROUGHT BY OR AGAINST ANY OF THE UNDERSIGNED, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH OF THE UNDERSIGNED AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS PARAGRAPH AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS GUARANTY OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY, WHETHER OR NOT SPECIFICALLY SET FORTH THEREIN.

THIS GUARANTY REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

GUARANTORS:

Date: _____

_____
, individually

Date: _____

_____
, individually

EXHIBIT "Q"
Form of Market Reservation Agreement

BIG O TIRES, LLC
4300 TBC Way
Palm Beach Gardens, Florida 33410
Tel: (561) 383-3000

[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”

ROAD HAZARD SERVICE CONTRACT

Big O Tires
Road Hazard Service Contract Program
Franchisee Sales Agreement

This ROAD HAZARD SERVICE CONTRACT FRANCHISEE SALES AGREEMENT ("AGREEMENT") is executed this _____ day of _____, 20_____ (the "Effective Date"), by and between ABS Operations LLC dba. Automotive Business Solutions, located at 10170 Church Ranch Way, Suite 320, Westminster, CO 80021 ("COMPANY") and _____, a Big O Tires Franchisee, ("SELLER"), located at _____, to memorialize in writing practices that exist between COMPANY and SELLER in relation to the operation of SELLER under COMPANY's PROGRAM. The effective date of this AGREEMENT as agreed upon by all parties hereto shall be the date first mentioned above.

NOW, THEREFORE, in consideration of the promises and the mutual covenants herein contained, the parties hereto agree as follows:

Article 1: Definitions

Section 1.1. The term "PROGRAM" means the Road Hazard Service Contract Program administered by COMPANY.

Section 1.2. The terms "CONTRACT" or "CONTRACTS" refer to a road hazard service contract approved by COMPANY and properly sold or provided by SELLER. A copy of the approved CONTRACT(S) are attached hereto as Exhibit 1.

Section 1.3.

(a) The term "CONTRACT HOLDER(S)" refers to the purchaser(s) or proper recipient(s) of a CONTRACT under the PROGRAM.
(b) The term "PRIMARY CONTRACT HOLDER(S)" refers to the purchaser(s) or proper recipients(s) of a CONTRACT from the SELLER.
(c) The term "SECONDARY CONTRACT HOLDER(S)" refers to the purchaser(s) or proper recipients(s) of a CONTRACT from any Big O Tires Franchisee authorized to sell CONTRACTS by COMPANY other than SELLER to whom SELLER provides repair or replacement service under PROGRAM.

Article 2: Responsibilities of Company

Section 2.1. COMPANY agrees to provide printable CONTRACT forms to SELLER. Such CONTRACTS may be provided by COMPANY to SELLER via customized software for the purpose of PROGRAM. All other administrative forms, promotional displays, manuals are the responsibility of SELLER, however COMPANY may assist SELLER from time to time with materials for the PROGRAM.

Section 2.2. COMPANY shall review, adjust, investigate and settle claims submitted by or on behalf of PRIMARY CONTRACT HOLDERS unable to return to SELLER and SECONDARY CONTRACT HOLDERS for repair or replacement service under a CONTRACT which are presented, verified, and approved by COMPANY under the PROGRAM.

Section 2.3. COMPANY, upon proper cancellation of a CONTRACT, shall fulfill its obligations under the CONTRACT and provide refund(s) of its portion of the unearned CONTRACT premium, less cancellation fees, if any, and in accordance with all applicable state laws to SELLER. SELLER will reimburse CONTRACT HOLDERS all applicable fees.

Section 2.4. The COMPANY shall maintain an insurance policy which will provide coverage for all proper claims submitted under the PROGRAM in all states regardless of whether such insurance coverage is required by law.

Section 2.5. All CONTRACTS will be subject to COMPANY's right to reject a CONTRACT or cancel a CONTRACT because:(A) The vehicle or tires were ineligible for coverage and/or term requested, or (B) Fraud in the CONTRACT, or (C) Fraud in the use of the CONTRACT, or (D) Incorrect or no fee remitted, or (E) the CONTRACT does not meet underwriting guidelines as prescribed from time to time by COMPANY.

Section 2.6. COMPANY agrees to use its best efforts to comply with all federal, state, and local laws, rules, and regulations applicable to the PROGRAM and to its activities.

Section 2.7. COMPANY shall hold harmless, indemnify and defend SELLER, its directors, officers, shareholders, employees, agents and assigns against all claims, demands and actions for loss, liability, damage, cost and expenses (including attorneys' fees) caused by any act or omission of COMPANY or its employees in the performance of this AGREEMENT; violation of any applicable law or regulation. Notwithstanding the generality of the foregoing, COMPANY shall hold harmless, indemnify and defend SELLER against any and all claims and actions for loss, liability, damage, cost and expenses (including attorneys' fees) arising, directly or indirectly, from any claim and/or allegation that the CONTRACTS are illusory, constitute an unfair and deceptive and/or are otherwise alleged and/or considered to be contracts of adhesion.

Article 3: Responsibilities of Seller

Section 3.1. SELLER shall use commercially reasonable efforts to sell or provide CONTRACTS to its customers and shall do so only on forms which have been approved and provided by COMPANY. Each CONTRACT shall be sold or provided only for a qualified tire and only in accordance with and subject to COMPANY'S PROGRAM guidelines, coverage, rules and fees.

Section 3.2. COMPANY may at any time and in its sole discretion revise its PROGRAM guidance, coverage, rules and fees, with advance written notice of no less than 30 days, providing that SELLER shall have the right within those 30 days to notify COMPANY that it is not willing to agree to such coverage rules and fees, giving the COMPANY the option to rescind such revisions as to SELLER. COMPANY shall not be obligated to perform administrative services with respect to any CONTRACT sold or provided by SELLER on a form which was not approved

by COMPANY or the use of which has been discontinued by COMPANY or is otherwise sold or provided in violation of this AGREEMENT. In such an event, the COMPANY will refund the SELLER any amount paid to COMPANY for such contract, once the COMPANY receives the cancelled contract. SELLER acknowledges that the PROGRAM has been developed by COMPANY, and that SELLER has been authorized to use the COMPANY and PROGRAM's trade names, promotional material, CONTRACT forms and proprietary procedures associated with COMPANY's PROGRAM only during the term of this AGREEMENT. At the termination of this AGREEMENT, SELLER shall return all such materials and CONTRACT forms to COMPANY and shall discontinue use of the COMPANY and PROGRAM's trade names, promotional material, CONTRACT forms, or proprietary procedures associated with COMPANY's PROGRAM.

Section 3.3. SELLER shall complete any CONTRACT application required by COMPANY, including via integrated sales software, and deliver a copy of the same to the customer. Changes in the application process made by COMPANY will be made only upon 30 days advance written notice. COMPANY understands and agrees that SELLER is not the insurer of such repairs.

Section 3.4. SELLER shall provide repair or replacement service for a covered claim to any CONTRACT HOLDER under PROGRAM. SELLER shall provide COMPANY with a report of repair or replacement service costs for each covered claim.

Section 3.5. The SELLER shall not publish, reproduce, circulate or display any advertisement or other promotional or marketing materials related to the COMPANY and its CONTRACTs or other PROGRAMs, services or products, without the prior written approval of the COMPANY, such approval not to be unreasonably withheld. Neither party shall use the other party's name or logo or the COMPANY's insurance carriers name or logo, including but not limited to in any press release, website, billboard or business card without the prior written approval of the other party or its insurance carrier. Such approval by either party is not to be unreasonably withheld.

Section 3.6. The COMPANY assumes no obligation for the workmanship, quality of repairs or replacement parts; or for any bodily injury or property damage caused directly or indirectly by failure or malfunction, or for any other obligation not specifically provided for in this AGREEMENT or a CONTRACT.

Section 3.7. SELLER agrees to use its commercially reasonable efforts to comply with all federal, state, and local laws, rules, and regulations applicable to the PROGRAM and to SELLER's activities. COMPANY will provide guidance on all such federal, state and local laws, rules and regulations applicable to the PROGRAM and will provide update notices to SELLER of any known changes in such federal, state and local laws, rules and regulations applicable to the PROGRAM.

Section 3.8. SELLER shall hold harmless, indemnify and defend COMPANY, its directors, officers, shareholders, employees, agents and assigns against all claims, demands and actions for loss, liability, damage, cost and expenses (including attorneys' fees) caused by any act or omission of SELLER or its employees in the performance of this AGREEMENT; violation of any applicable law or regulation; or which arise from any CONTRACT sale or application which is both (i) not

reported, and (ii) which arises due to its not having been reported, to COMPANY as required under this AGREEMENT.

Section 3.9. SELLER shall collect and remit all required sales tax for services provided and/or CONTRACTS and products sold and or provided under this program.

Section 3.10. SELLER shall refund to the customer and/or lien holder, as its interest may appear, its portion and COMPANY'S portion of the unearned CONTRACT premium, inclusive of any sales tax paid by the customer, in the event of cancellation of an in-force CONTRACT and as is required by state law. SELLER shall retain and maintain documentation which satisfactorily demonstrates that refunds of unearned premium due to cancelation and have been made. To the extent required by applicable State and/or Federal law, SELLER is fully responsible for maintaining said forms of proof of refund payments made to consumers and shall make available to COMPANY, its agents or assigns, such records within (30) days of request by COMPANY and, if so, SELLER is fully liable for any and all legal liabilities arising from failure to maintain or provide said proof of refunds as herein noted.

Section 3.11. The SELLER shall have no authority to make, alter, modify, waive, or discharge any terms or conditions of any COMPANY administered PROGRAM or CONTRACT, or any performance there under, or to waive any forfeiture, or to incur any liability on behalf of COMPANY or its insurance carrier.

Section 3.12. SELLER shall have no authority other than that expressly granted in this AGREEMENT. Failure of COMPANY to require strict compliance with the terms of this AGREEMENT shall not be construed as or constitute a waiver of any of the terms, conditions or limitations of this AGREEMENT.

Section 3.13. SELLER shall provide notice to COMPANY of any proposed transaction that would result in a change in ownership of the SELLER at least thirty (30) days prior to the propose effective date of such transaction. In the event of such transaction, this AGREEMENT shall terminate immediately upon the effective date of such transaction. Prior to the effective date of the transaction, the SELLER shall establish an escrow account with an amount as agreed upon with COMPANY which amount shall be appropriate to cover SELLER's remaining obligations under the PROGRAM and this AGREEMENT, or, any person(s) who will assume ownership as a result of the transaction must send COMPANY written notification agreeing to assume responsibility for SELLER's remaining obligation under the PROGRAM and this AGREEMENT. Should the SELLER need to establish an escrow account, any unused escrow amount shall be remitted to the maker of the escrow, whether that be i) the SELLER or ii) the person(s) that owned the SELLER prior to the transaction that resulted in a change of ownership. Said unused escrow amount shall be remitted to the appropriate maker within sixty (60) days following the expiration date of the last CONTRACT sold by the SELLER prior to the transaction.

Article 4: Compensation

Section 4.1: Sales Compensation.

(a) COMPANY shall invoice SELLER, on a monthly basis, $1.20 for each CONTRACT sold or provided by the SELLER during the previous month less the amount of COMPANY'S portion of any unearned CONTRACT premium, net of any applicable cancellation fees, owed to SELLER as a result of proper CONTRACT cancellations during the previous month. SELLER shall make payment in full by Automated Clearing House (ACH) transfer directly to COMPANY by the twentieth (20th) day of each month subsequent to the Effective Date. If payment is not made in full by the twentieth (20th) of each month, COMPANY shall provide written notice to SELLER of such default, in which case SELLER shall have five (5) days to cure such default without penalty. In the event that SELLER fails to cure such default within cure period, an interest rate of one and one-half percent (1.5%) shall be applied to the amount outstanding and shall begin to compound monthly starting on expiration of the five (5) day cure period until all amounts outstanding are paid in full.

(b) COMPANY reserves the right to alter the amount identified in section 4.1(a) at any time, but in no event more than i) once per calendar year and ii) the greater of three percent (3.0%) or the percentage year-over-year increase of documented insurance and compliance related expenses, with sixty (60) days' written notice to SELLER.

(c) Any remaining portion of the sales price of the CONTRACT shall be retained by SELLER.

Section 4.2: Claims and Service Compensation.

(a) SELLER shall provide repair or replacement services covered by PROGRAM CONTRACTS to all CONTRACT HOLDERS for covered claims at no cost to CONTRACT HOLDER.

(b) If repair or replacement service is provided by SELLER to a PRIMARY CONTRACT HOLDER, SELLER shall retain an invoice for the cost of the repair or replacement service in its files.

(c) If repair or replacement service is provided by SELLER to a SECONDARY CONTRACT HOLDER, SELLER shall provide COMPANY with copies of the original and subsequent invoices that specify the cost of the repair or replacement service. COMPANY shall provide the amount of the cost of the repair or replacement service to SELLER within five (5) business days of receipt of all proper documentation. For the avoidance of doubt, proper documentation includes i) the original sales invoice, ii) the subsequent sales and/or service invoice, and iii) other documentation as reasonably requested by COMPANY to properly review, adjust, investigate and settle claims submitted by or on behalf of a CONTRACT holder.

Article 5: Term of the Agreement

This Agreement shall commence on the date hereof and shall expire on the third anniversary hereof unless earlier terminated pursuant to the terms of this Agreement. Unless earlier terminated, the term of this Agreement shall be automatically extended for additional terms of one (1) year each,

unless either party delivers to the other party not less than ninety (90) days prior to the expiration of the term, written notice of such party's intention not to extend the term of this Agreement.

Article 6: Termination

Section 6.1. This AGREEMENT shall be effective on date first written above and shall continue in force until terminated by either party giving to the other not less than ninety (90) days prior written notice of such termination. Either party may terminate this AGREEMENT immediately upon the discovery of fraud or material breach of the AGREEMENT by the other party, its agents or employees and/or by operation of Section 3.2. Termination for fraud or material breach shall be effective upon receipt of written notice by the non-terminating party. Termination of this AGREEMENT shall not affect the responsibilities of either party on CONTRACTS issued prior to the effective date of termination.

Section 6.2. Upon the effective date of termination of this AGREEMENT, SELLER shall cease the sale of the PROGRAM and shall promptly remit all CONTRACTs and CONTRACT applications with payment and any other sums due COMPANY. SELLER shall return to COMPANY all forms, applications, brochures, supplies and other property furnished by COMPANY to SELLER. SELLER shall continue to be liable for all refunds due to cancellations until all PROGRAM CONTRACTs sold by SELLER prior to termination of the AGREEMENT have expired.

Article 7: Indemnification

Section 7.1. SELLER shall indemnify, defend and hold COMPANY and its respective officers, directors, shareholders, employees, agents and consultants harmless, from and against any and all liabilities, losses, damages, claims, causes of action and expenses (including reasonable attorneys' fees), not covered by insurance (including self-insured insurance and reserves), whenever arising or incurred, that are caused or asserted to have been caused, directly or indirectly, by or as a result of the performance of any intentional acts, negligent acts or omissions by SELLER and/or its employees and/or subcontractors during the term of this Agreement that are in breach of the terms of this Agreement or that result from a wrongful failure to honor a claim which, by its terms, is covered under the applicable terms and conditions.

Section 7.2. COMPANY shall indemnify, defend and hold SELLER and its officers, shareholders, directors, employees, agents and consultants, harmless from and against any and all liabilities, losses, damages, claims, causes of action and expenses (including reasonable attorneys' fees), not covered by insurance (including self-insured insurance and reserves), whenever arising or incurred, that are caused or asserted to have been caused, directly or indirectly, by or as a result of the performance of any intentional acts, negligent acts or omissions by COMPANY and/or its shareholders, employees and/or subcontractors during the term of this Agreement.

Section 7.3. SELLER shall immediately notify COMPANY of any lawsuit, regulatory inquiry, or complaint about the PROGRAM or a CONTRACT.

Article 8: General Provisions

Section 8.1: Entire Agreement. This AGREEMENT constitutes the entire AGREEMENT of the parties regarding the subject matter hereof, and supersedes all prior AGREEMENTs and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

Section 8.2: Amendments. Except as provided in section 4.1(a), this AGREEMENT shall not be modified or amended except by a written document executed by the parties to this AGREEMENT, and such written modification(s) or amendment(s) shall be attached thereto.

Section 8.3: Waiver of Provisions. Any waiver of any terms and conditions hereof must be in writing and signed by the parties hereto. The waiver of any of the terms and conditions of this AGREEMENT shall not be construed as a waiver of any other terms and conditions hereof.

Section 8.4: Additional Documents. Each of the parties hereto agrees to execute any document or documents that may be requested from time to time by any of the other parties to implement or complete any obligations pursuant to this AGREEMENT.

Section 8.5: Parties in Interest; No Third-Party Beneficiaries. Except as otherwise provided herein, the terms and conditions of this AGREEMENT shall inure to the benefit of and be binding upon the respective heirs, legal representatives, successors and permitted assigns of the parties hereto. Neither this AGREEMENT nor any other AGREEMENT contemplated hereby shall be deemed to confer upon any person not a party hereto or thereto any rights or remedies hereunder or thereunder.

Section 8.6: Confidential Information. Both SELLER and COMPANY acknowledge that in connection with this AGREEMENT each party (the "Recipient") may receive Confidential Information about or from the other party (the "Disclosing Party"), including information furnished before or after the date hereof, both oral and written information. "Confidential Information" as used herein, means, collectively and separately, all information or material relating to the Disclosing Party including information regarding the Disclosing Party's products, services or offerings; planned marketing or promotion of the Disclosing Party's products, services or offerings; the Disclosing Party's business strategies, policies or practices; all customer information, price lists and pricing policies; financial information; and information received from others that the Disclosing Party is obligated to treat as confidential. All Confidential Information provided by the Disclosing Party may not be disclosed by the Recipient, unless required by applicable law or legal process, and may only be used by the Recipient for the specific purposes described in this AGREEMENT.

Section 8.7: Severability. If any provision of this AGREEMENT is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable and this AGREEMENT shall be construed and enforced as if such illegal, invalid or unenforceable provision never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance here from. Furthermore, in lieu of such illegal, invalid or

unenforceable provision, there shall be added automatically as part of this AGREEMENT a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

Section 8.8: Governing Law. This AGREEMENT and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of Delaware without regard to that State's conflict of law principles.

Section 8.9: Communications. SELLER and COMPANY agree that good communication between the parties is essential to the successful performance of this AGREEMENT, and each pledges to communicate fully and clearly with the other(s) on matters relating to the successful operation of the PROGRAM. All notices required to be given under this AGREEMENT must be given in writing and delivered either by hand, by email, by certified mail, return receipt requested, postage pre-paid, or by Federal Express or other recognized overnight delivery service, all delivery charges pre-paid, and addressed to the other party at the addresses listed above.

Section 8.10 Captions. The captions in this AGREEMENT are for convenience of reference only and shall not limit or otherwise affect any of the terms or provisions hereof.

Section 8.11 Gender and Number. When the context requires, the gender of all words used herein shall include the masculine, feminine and neuter and the number of all words shall include the singular and plural.

Section 8.12 Counterparts. This AGREEMENT may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Article 9: Dispute Resolution

Section 9.1. SELLER agrees that any controversy or claim between COMPANY and SELLER arising out of or relating to this AGREEMENT or the breach hereof will be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction. Discovery in any such action shall be conducted under the Federal Rules of Civil Procedure. Should a claim be made by a CONTRACT HOLDER against the SELLER, then COMPANY shall agree to its joinder in any such arbitration and otherwise waive any right, entitlement and/or claim to being joined into such an action.

Section 9.2. If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this AGREEMENT, the prevailing Party will be entitled to reasonable attorneys' fees from the non-prevailing party, which may be set by the court or arbitrator, as the case may be, in the same proceeding or in a separate proceeding brought for that purpose, in addition to any other relief to which that Party may be entitled.

IN WITNESS WHEREOF, this AGREEMENT has been executed by the duly authorized representatives of the parties on the date first set forth above.

COMPANY Representative:_____

Printed Name:_____ Date:_____

SELLER Representative:_____

Printed Name:_____ Date:_____

Exhibit 1 – Road Hazard Service Contract Terms & Conditions

LIMITED ROAD HAZARD PLAN

This Road Hazard Plan ("Plan") is offered by Auto Knight Motor Club, Inc. (also referred to herein as "Obligor", "We", "Us", and "Our"), Administrative Office: 10151 Deerwood Park Blvd., Bldg. 100, Suite 500, Jacksonville, FL 32256, (800) 888-2738, and administered by Automotive Business Solutions ("Program Administrator") P.O. Box 33535, Denver, CO 80233. In the states of Florida (License No. 03698), Louisiana and Oklahoma (License No. 44200929) the Obligor is Lyndon Southern Insurance Company 10151 Deerwood Park Blvd., Bldg. 100, Ste. 500, Jacksonville, FL 32256, Tel: (800) 888-2738. In the state of Florida, LOTSOLUTIONS, INC. an Administrator is providing administration behalf of Lyndon Southern Insurance Company. This Plan covers only the new eligible tires purchased by the original purchaser and installed on the original vehicle identified on the original purchase receipt. This Plan only applies to passenger, light truck, and select commercial tires, which become unserviceable because of a road hazard. A road hazard occurs when a tire fails due to a puncture, bruise or break incurred during the course of normal driving on a maintained road. Nails, glass, and potholes would be the most common examples of road hazard damage.

WHAT YOU MUST DO TO OBTAIN SERVICE

If possible, you should return to the selling dealer where you originally purchased this Plan, for tire repair or replacement. If you are away from the original selling dealer, you must contact the Program Administrator by calling 800-351-8545 for assistance in locating the nearest participating facility. Prior authorization must be obtained to replace a tire damaged by a road hazard. YOU MUST PRESENT THE ORIGINAL INVOICE SHOWING THE PURCHASE OF THE PLAN AND APPLICABLE VEHICLE. The damaged tire must be made available for inspection by the facility and/or the Program Administrator. All claims and any required documentation must be submitted to the Program Administrator within sixty (60) days of the date of road hazard damage and/or service. This Plan does not have a deductible.

WHAT IS COVERED BY THIS PLAN

This Plan is valid for thirty-six (36) months from the purchase date, as stated on the original purchase receipt of your eligible tire(s), or until any portion of the tire is worn to 2/32 of an inch or less, whichever occurs first (the "Coverage Period").

Tire Replacement: If an eligible tire becomes unserviceable because of a road hazard, and cannot be safely repaired per the manufacturer's guidelines, during the Coverage Period, it will be replaced with a new tire. If available, an exact make/model replacement tire will be installed. If not available, this Plan will cover the cost, up to one hundred percent (100%) of the retail price paid (as stated on the original sales invoice) for the original tire, of a comparable quality tire. You will be responsible for any taxes, mounting, balancing, and any other miscellaneous fees. This Plan does not transfer to the replacement tire. You must purchase a new Plan for the new tire.

Tire Repair: If your tire is damaged due to a road hazard and can be safely repaired, the tire will be repaired per manufacturer's guidelines at any participating facility. This Plan will cover up to $25.00 to have the tire repaired. This Plan will remain in effect.

EXCLUSIONS AND LIMITATIONS

The following vehicles and trailers are not eligible for Plan coverage: Vehicles with a manufacturer's load rating capacity of greater than one (1) ton. Trailers with a gross trailer weight greater than twenty-five thousand (25,000) pounds. Vehicles or trailers used for farm or agricultural purpose. Select commercial vehicles and trailers. Coverage excludes damage from off-road use, collision, fire, vandalism, theft, snow chains, manufacturer's defects, abuse and neglect (i.e., improper application, improper inflation, overloading, brake lock up, wheel spinning, torque snags, etc.), cosmetic damage, sidewall abrasions or other appearance items that do not affect the safety or performance of the tire. Tires with torn beads. Also excluded are damages or irregular wear caused by misalignment, mechanical failures or interference with vehicle components, tires that have been repaired in a manner other than per manufacturer's guidelines. This Plan covers only the vehicle registered to the customer and listed during the initial invoice. CONSEQUENTIAL AND INCIDENTAL DAMAGES ARE EXCLUDED.

LEGAL RIGHTS NOTICE: THIS ROAD HAZARD PLAN IN CONJUNCTION WITH THE STATE SPECIFIC REGULATIONS SET FORTH ON THE WEBISTE SET UP BY THE ADMINISTRATOR SETS OUT THE FULL EXTENT OF OUR RESPONSIBILITIES, AND THE EXCLUSIVE REMEDY REGARDING NEW TIRES PURCHASED. ALL IMPLIED WARRANTIES, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE LIMITED TO THE DURATION OF THIS ROAD HAZARD PLAN. NEITHER THE OBLIGOR NOR THE PROGRAM ADMINISTRATOR SHALL NOT BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, EXPENSES ARISING OUT OF THIRD PARTY CLAIMS, LOSS OF USE OF THE VEHICLE, INCONVENIENCE, OR ANY OTHER LOSS), WHETHER OR NOT CAUSED BY OR RESULTING FROM BREACH OF CONTRACT, NEGLIGENCE, OR OTHER WRONGFUL ACT OR OMISSION, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NEITHER THE OBLIGOR NOR THE PROGRAM ADMINISTRATOR AUTHORIZE ANY PERSON, ENTITY OR TIRE DEALER TO CREATE FOR THEM ANY OTHER WARRANTY OBLIGATION OR LIABILITY IN CONNECTION WITH THIS PRODUCT.

Some states do not allow limitations on how long an implied warranty lasts, so the above limitations may not apply to you. In addition, some states do not allow the exclusion or limitation of incidental or consequential damages, so the above limitations or exclusions may not apply to you. This Road Hazard Plan gives you specific legal rights, and you may also have other rights that vary from state to state.

FOR STATE SPECIFIC RIGHTS, PLEASE GO TO YOUR STATE LINK ON WWW.TIREPROTECTION.NET/BOT. You may also print down a copy of your state specific rights from this website. In addition, by obtaining this Plan you agree and consent to conduct the presentation and downloading of the Plan electronically. If you wish to have a paper copy of your state specific rights, please call the Plan Obligor at the telephone number indicated above.

CANCELATION

You may return this Plan to the selling dealer within twenty (20) days of the Plan Purchase Date, if no claim has been made under the Plan, the Plan is void and you shall receive a refund of the full price paid for the Plan. After the first twenty (20) days from the Plan Purchase Date, We or the selling dealer will refund you a pro-rated amount of the Plan Purchase Price, based on the months remaining. The Program Administrator may cancel this Plan for non-payment of Plan Purchase Price by the selling dealer to the Program Administrator, or for material misrepresentation or fraud at time of sale. If the Program Administrator cancels this Plan, the Program Administrator or the selling dealer will refund you 100% of the Plan Purchase Price. **ANY PERSON WHO KNOWINGLY AND WITH THE INTENT TO INJURE, DEFRAUD, OR DECEIVE THE SELLING DEALER, PROGRAM ADMINISTRATOR, OR OBLIGOR, FILES A CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE, OR MISLEADING INFORMATION, MAY BE GUILTY OF A CRIME AND SUBJECT TO CIVIL AND/OR CRIMINAL SANCTIONS.**

TRANSFERABILITY

This Plan is non-transferable.

DISPUTE RESOLUTION/ARBITRATION AGREEMENT and CLASS ACTION WAIVER

Arbitration is a method of resolving any Claim without filing a lawsuit. In this Arbitration Agreement and Class Action Waiver (collectively including all of this section of this Plan), You, We/the Administrator and Obligor (the "Parties") are agreeing to submit any and all Claims to binding arbitration on an individual basis for resolution. This Arbitration Agreement and Class Action Waiver sets forth the terms and conditions of our agreement to binding arbitration. The Parties agree that any and all claims, disputes and controversies related in any way to this Plan, including but not limited to claims related to the underlying transaction giving rise to this Plan, or claims related to the sale, financing or fulfillment of this Plan (collectively, "Claims"), shall be resolved by final and binding arbitration. "Claims" shall be given the broadest meaning possible and includes, without limitation, Claims arising under contract, tort, statute, regulation, rule, ordinance or other rule of law or equity, and Claims against any of Administrator's and Obligor's owners, shareholders, members, affiliates, subsidiaries, divisions, directors, officers, employees, representatives, agents, successors, or assigns. "Claims" does not include a statutory claim for public injunctive relief brought under any California statute enacted for a public reason, provided that you are a California resident or that you received your Plan in California. In arbitration, Claims are resolved by an arbitrator and not by a judge or jury. THE PARTIES, INCLUDING YOU, WAIVE ANY RIGHT TO HAVE CLAIMS DECIDED BY A JUDGE OR JURY. In addition, except as expressly stated in the Class Action Waiver or otherwise expressly stated herein, the arbitrator shall have exclusive authority to decide all issues related to the enforcement, applicability, scope, validity, and interpretation of this Arbitration Agreement, including but not limited to any unconscionability challenge or any other challenge that the Arbitration Agreement is void, voidable or otherwise invalid. Notwithstanding this agreement to arbitrate, each of the Parties retains the right to seek remedies in small claims court to resolve any Claim, on an individual basis, within the jurisdiction of small claims court. You acknowledge your understanding that all Parties hereunder are waiving their rights to go to court, except for small claims court, to resolve any Claims arising under or related to this Plan.

The Parties agree and acknowledge that the transaction evidenced by this Plan affects interstate commerce. The Parties further agree that all issues relating to this Arbitration Agreement and Class Action Waiver, including its enforcement, scope, validity, interpretation, and implementation, will be determined pursuant to federal substantive law and the substantive and procedural provisions of the Federal Arbitration Act ("Act"), 9 U.S.C. §§ 1-16. If federal substantive law holds that state law should apply to any issue relating to this Arbitration Agreement and Class Action Waiver, then the law of the state where you received this Plan through the purchase of your eligible tire shall apply, without regards to conflicts of law.

CLASS ACTION WAIVER. All Claims must be brought solely in an individual capacity, and not as a plaintiff or class member in any purported class action, collective action, representative action, mass action, private attorney general action or action on behalf of the general public, or similar proceeding (any such action is referred to herein as a "Class Action"). NO CLAIM WILL BE ARBITRATED ON A CLASS ACTION BASIS. The Parties, including you, expressly waive any right or ability to bring, assert, maintain, or participate as a class member in any Class Action in court, arbitration, or any other forum, and the right for anyone to do so on Your behalf. The arbitrator may not consolidate more than one person or entity's claims, and may not otherwise preside over any Class Action. The arbitrator shall not have the authority to combine or aggregate multiple persons' or entities' Claims or discovery, to conduct a Class Action or to make an award to any person or entity not a party to the arbitration. Notwithstanding anything to the contrary, the Parties agree that the enforcement, applicability, scope, validity, and/or interpretation of this Class Action Waiver shall be decided by a court of competent jurisdiction and not by an arbitrator. If this Class Action

Waiver is ruled unenforceable or is interpreted to not prevent a Class Action, then the Arbitration Agreement shall be null and void, and any Claims shall proceed in a court of law and not in arbitration. The Parties agree that if an arbitrator renders a decision regarding the enforcement, applicability, scope, validity, and/or interpretation of this Class Action Waiver, or determines that a Class Action may proceed in arbitration, then: (1) the arbitrator has exceeded his powers, pursuant to §10(a)(4) of the FAA, by taking such action; (2) either party may seek immediate review of that decision by a court of competent jurisdiction; and (3) a court of competent jurisdiction shall apply a "de novo" standard of review of that decision if such standard of review is allowed by the common law or statutes of that state. The Parties, including You, agree that if for any reason a Claim proceeds to Court, rather than arbitration, (1) the Claim will proceed solely on an individual, non-class, non-representative basis, and (2) no Party may be a class representative or class member or otherwise participate in any Class Action.

The arbitration shall be administered by the American Arbitration Association ("AAA"). The arbitration shall be conducted pursuant to the AAA Consumer Arbitration Rules (the "Code"). Information on AAA and a copy of the Code may be found at the following number and URL: American Arbitration Association, (800) 778-7879, www.adr.org. The arbitration will be governed by federal substantive law and the substantive and procedural provisions of the Federal Arbitration Act ("Act"), 9 U.S.C. §§ 1-16. If federal substantive law holds that state law should apply to any issue relating to the arbitration, then the law of the state where you originally received this Plan shall apply, without regards to conflicts of law. The arbitration will occur before a single, neutral arbitrator selected in accordance with the Code in effect at the time the arbitration is commenced. If your total damage claims (not including attorney's fees) do not exceed $25,000, then all Claims shall be resolved by the Code's Procedures for the Resolution of Disputes through Document Submission, except that a Party may ask for a hearing or the arbitrator may decide that a hearing is necessary. If a hearing is held, you have a right to attend the arbitration hearing in person, and You may choose to have any arbitration hearing held in the county in which You live, the closest AAA location to Your residence, or via telephone. In the event that the specified arbitration forum is unavailable, the Parties may agree on a substitute arbitration forum. If the Parties cannot agree, a court of competent jurisdiction may appoint a substitute arbitration forum. For information about how to initiate arbitration with the AAA, the Parties may refer to the AAA Code and forms at www.adr.org or call (800) 778–7879. If you initiate arbitration with AAA, You must pay the AAA filing fee in an amount no greater than the fee you would have to pay if you filed a complaint in federal court. The Administrator will pay any remaining Costs of arbitration required by the Code ("Arbitration Costs"); however, if the arbitrator determines that any of your claims are frivolous, You shall bear all of the Arbitration Costs. If the Obligor initiates arbitration against you, the Obligor will pay the AAA filing fee and the Arbitration Costs. Each party will pay his/her/its own attorney's fees, as well as costs relating to proof and witnesses, regardless of who prevails, unless applicable law and/or the Code gives a party the right to recover any of those fees from the other party. An arbitration award may not be set aside except upon the limited circumstances set forth in the Federal Arbitration Act. An award in arbitration will be enforceable under the Federal Arbitration Act by any court having jurisdiction. The time for commencing an arbitration asserting any Claim shall be determined by reference to the applicable statute(s) of limitations, including the applicable rules governing the commencement of the limitations period, and a Claim in arbitration is barred to the same extent it would be barred if it were asserted in court of law or equity rather than in arbitration.

If any portion of this Arbitration Agreement is deemed invalid or unenforceable, all the remaining portions of this Arbitration Agreement shall nevertheless remain valid and enforceable, provided, however, that if any portion of the Class Action Waiver is deemed invalid or unenforceable, then this Arbitration Agreement shall be invalidated and unenforceable in its entirety. In the event of a conflict or inconsistency between this Arbitration Agreement and Class Action Waiver and the other provisions of this Plan or any other agreement, this Arbitration Agreement and Class Action Waiver governs.

OPT-OUT PROVISION. YOU SHALL HAVE THE RIGHT TO OPT OUT OF THIS ARBITRATION AGREEMENT AND CLASS ACTION WAIVER BY PROVIDING WRITTEN NOTICE OF YOUR INTENTION TO DO SO TO THE PROGRAM ADMINISTRATOR OR THE OBLIGOR WITHIN THIRTY (30) DAYS OF THE RECEIPT OF THIS PLAN (THE DATE OF RECEIPT BEING INDICATED ON THE INVOICE FOR YOUR TIRE PURCHASE. To opt out, You must send written notice to either: (1) 10151 Deerwood Park Blvd., Building 100, Suite 500, Jacksonville, FL 32256, Attn: Legal or (2) legal@fortegra.com, with the subject line, "Arbitration/Class Action Waiver Opt Out." You must include in your opt out notice: (a) Your name and address; (b) the date you purchased your Plan; and (c) the selling dealer. If you properly and timely opt out, then all Claims will be resolved in court rather than arbitration.

Privacy Policy: It is Our policy to respect the privacy of Our customers. For information on Our privacy practices, please review Our privacy policy at www.fortegra.com.

INSURANCE STATEMENT

Our obligations to perform under this Limited Warranty are insured under an insurance policy issued by Lyndon Southern Insurance Company 10151 Deerwood Park Blvd., Bldg. 100, Ste. 500, Jacksonville, FL 32256, Tel: (800) 888-2738, except in California, Georgia, New York, Rhode Island and Wisconsin.

In California, the Obligor is insured under an insurance policy issued by the Response Indemnity Company of California, 10151 Deerwood Park Blvd., Bldg. 100, Ste. 500, Jacksonville, FL 32256, Tel: (800) 888-2738.

In Georgia, the Obligor insured under an insurance policy issued by the Insurance Company of the South, 10151 Deerwood Park Blvd., Bldg. 100, Ste. 500, Jacksonville, FL 32256, Tel: (800) 888-2738.

In New York and Wisconsin, the Obligor insured under an insurance policy issued by the Blue Ridge Indemnity Company, 10151 Deerwood Park Blvd., Bldg. 100, Ste. 500, Jacksonville, FL 32256, Tel: (800) 888-2738.

In Rhode Island, the Obligor is insured under an insurance policy issued by Atlantic Specialty Insurance Company, 605 North Highway 169, Suite 800, Plymouth, MN 55441, Tel: (800) 888-2738.

IF THE OBLIGOR FAILS TO PROVIDE SERVICE OR PAY A CLAIM WITHIN SIXTY (60) DAYS AFTER YOU PROVIDE PROOF OF LOSS COVERED BY THIS LIMITED WARRANTY, OR IF THE OBLIGOR BECOMES INSOLVENT OR CEASES TO CONDUCT BUSINESS DURING THE TERM OF THIS LIMITED WARRANTY, YOU MAY SUBMIT YOUR CLAIM DIRECTLY TO THE APPLICABLE INSURER AT THE ABOVE ADDRESS FOR CONSIDERATION.

Road Hazard Plan
PO Box 33535
Denver, CO 80233
800-351-8545

State Disclosures

This Plan is amended to comply with the following state requirements for the Issuing Dealer's state:

Alabama: If You are the original Plan Holder and You cancel this Plan within sixty (60) days of the original Purchase Date, a ten percent (10%) penalty per month shall be added to a refund that is not made within forty-five (45) days of return of this Plan to the Obligor. If Administrator/Obligor cancels this Plan, a written notice will be mailed to You at Your last known address in Administrator/Obligor records at least five (5) days prior to cancellation by us. Prior notice is not required if the reason for cancellation is nonpayment or a material misrepresentation by You to us relating to the covered vehicle or its use. The notice shall state the effective date of the cancellation and the reason for the cancellation.

Alaska: CANCELLATION is deleted and replaced with the following: You may return this Plan to the selling dealer within thirty (30) days of the Plan Purchase Date, if no claim has been made under the Plan, the Plan is void and you shall receive a refund of the full price paid for the Plan. After the first thirty (30) days from the Plan Purchase Date, we or the selling dealer will refund you a pro-rated amount of the Plan Purchase Price, based on the months remaining. The Obligor may cancel this Plan for non-payment of Plan Purchase Price by the selling dealer to Obligor, or for material misrepresentation or fraud at time of sale. If Obligor cancels this Plan, Obligor or the selling dealer will refund you 100% of the Plan Purchase Price.

If Administrator/Obligor does not pay or credit a refund owed within forty-five (45) days after You or we cancel this Plan, a penalty in the amount of ten percent (10%) of the unearned Obligor fee paid by You for each month the refund remains unpaid shall be added to the refund. If we cancel the Plan, written notice of such cancellation will be mailed to You at least five (5) days before cancellation by us. The notice shall state the effective date of the cancellation and the reason for cancellation. Prior notice is not required if the reason for cancellation is nonpayment of the Obligor fee or fraud or a material misrepresentation by You in obtaining this Plan or by You in pursuing a claim under the Plan. We may only cancel this Plan for: (1) non-payment; (2) conviction of the Plan holder of a crime having as one of its necessary elements an act increasing a hazard covered by the Plan; (3) discovery of fraud or material misrepresentation made by the Plan holder or a representative of the Plan holder in obtaining the Plan or by the Plan holder in pursuing a claim under the Plan; (4) discovery of a grossly negligent act or omission by the Plan holder that substantially increases the hazards covered by the Plan; (5) physical changes on the vehicle covered by the Plan that result in the vehicle ineligible for coverage under the Plan; or (6) a substantial breach of duties by the Plan holder related to the covered vehicle.

The Arbitration Provision section of this Plan is stricken in its entirety. The parties to this Plan have the ability to resolve a dispute over the value of a covered loss without the need to go to court. If You and us fail to agree on the amount of a covered first party loss, either may make written demand upon the other to submit the dispute for appraisal. Within ten (10) days of the written demand, the You and us must notify the other of the competent appraiser each has selected. The two appraisers will promptly choose a competent and impartial umpire. Not later than fifteen (15) days after the umpire has been chosen, unless the time period is extended by the umpire, each appraiser will separately state in writing the amount of the loss. If the appraisers submit a written report of agreement on the amount of the loss, the agreed amount will be

binding upon You and us. If the appraisers fail to agree, the appraisers will promptly submit their differences to the umpire. A decision agreed to by one of the appraisers and the umpire will be binding upon You and us. All expenses and fees, not including counsel or adjuster fees, incurred because of the appraisal shall be paid as determined by the umpire.

Arizona: Nothing in this section prevents, limits, or waives Your rights to file a complaint against Auto Knight Motor Club, Inc., or seek remedy available there to, with the Arizona Department of Insurance. You may cancel this Plan by submitting a written request to the Administrator containing a copy of Your Plan and the current mileage on Your vehicle. During the first thirty (30) days from the Plan Purchase Date, we or the Issuing Dealer will refund You one hundred percent (100%) of the Plan Purchase Price with no deductions for any claims or pending claims. After the first thirty (30) days from the Plan Purchase Date, we or the Issuing Dealer will refund You a pro-rated amount of the Plan Purchase Price, based on the months remaining. We may not cancel or void this Plan or any provisions of this Plan due to (1) our acts or omissions in failing to provide correct information or to perform services or repairs in a timely, competent, and workman like manner, (2) A tire replacement/repair that existed prior to the Plan Purchase Date, (3) prior use or unlawful acts relating to the covered vehicle, (4) our misrepresentation, and (5) ineligibility of the vehicle for coverage.

California: We may cancel this Plan during the first thirty (30) days of the Plan Purchase Date for any reason. After thirty (30) days, we may cancel this Plan due to Your material misrepresentation or fraud at time of sale, or Your failure to pay the Plan Purchase Price. If we cancel this Plan, we or the Issuing Dealer will refund You one hundred percent (100%) of the Plan Purchase Price, less any claims paid by us. ARBITRATION section is amended as follows: The arbitrators shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error. All arbitration shall be handled in accordance with the California Arbitration Act (California Code of Civil Procedure, Section 1280). All references to Commercial arbitration rules are replaced with Consumer arbitration rules. The class action waiver is deleted in its entirety. The fees and costs are amended to comply with California Code of Civil Procedure, Section 1284.3. The clause stating, “The Parties agree and acknowledge that the transaction evidenced by this Agreement affects interstate commerce” is removed in its entirety.

Connecticut: Unresolved complaints may be addressed to the State of Connecticut, Insurance Department P.O. Box 816, Hartford, CT 06142-0816, Attention: Consumer Affairs. The complaint shall contain a short and plain description of the nature of the dispute, including a description of any attempts made to resolve the dispute and the results of such attempts. You shall state the purchase price of the item subject to the Plan, the cost of repair of the item and shall include a copy of this Plan. If the Plan period is less than one year, the coverage is automatically extended if the product is being repaired when the Plan expires. You may cancel this Plan at any time for any reason by submitting a written request to the Issuing Dealer containing a copy of Your Plan and the current mileage on Your Plan. You may cancel this Plan if the vehicle is returned, sold, lost, stolen, or destroyed. If You cancel due to the vehicle being lost, stolen or destroyed, the current mileage on Your Plan is not required. If You have filed a claim under this Plan and the Obligor fails to pay or provide service within sixty (60) days of filing such a claim, or if the Obligor becomes insolvent or otherwise financially impaired, You may submit Your claim in writing with a copy of this Plan and the sales receipt for the product to Lyndon Southern Insurance Company at 10151 Deerwood Park Blvd., Bldg. 100, Ste. 500, Jacksonville, FL 32256 or by calling (800) 888-2738. In-home service is not available under this Plan.

Florida: The rate charged for this Agreement is not subject to regulation by the Florida Office of Insurance Regulation. You may cancel this Plan by submitting a written request to the Issuing Dealer containing a copy of Your Plan. During the first sixty (60) days from the Plan Purchase Date, we or the Issuing Dealer will refund You 100% of the Plan Purchase Price, less any claims paid on Your Plan. After the first sixty (60) days from the Plan Purchase Date, we or the Issuing Dealer will refund You a pro-rated amount of the Plan Purchase Price, based on the greater days in force or miles driven on the term selected and the date coverage begins, less any claims. We may cancel this Plan during the first sixty (60) days of the Plan Purchase Date for any reason. After sixty days, we may cancel this Plan for material misrepresentation or fraud at time of sale or for non-payment of Plan Purchase Price, if the vehicle is determined to be ineligible for coverage, if You have failed to maintain the vehicle as prescribed by the manufacturer and if the odometer has been tampered with or disabled and You have failed to repair the odometer. If we cancel this Plan, we or the Issuing Dealer will refund You 100% of the Plan Purchase Price, less any claims paid on Your Plan. If we cancel this Plan for non-payment by You, we shall provide You notice of cancellation by certified mail. ARBITRATION section is amended to add the following: Arbitration proceedings shall be conducted in the county in which the consumer resides.

Idaho: Coverage afforded under this Plan is not guaranteed by the Idaho Insurance Guarantee Association.

Indiana: Your proof of payment to the Issuing Dealer for this Plan shall be considered proof of payment to the Lyndon Southern Insurance Company, which guarantees the Obligor’s obligations to You, providing such insurance was in effect at the time You purchased this Plan. This Plan is not insurance and is not subject to Indiana insurance law.

Iowa: You may contact the Iowa Insurance Commissioner at the following address: Iowa Insurance Department, Two Ruan Center, 601 Locust St., 4th Floor, Des Moines, Iowa 50309. If You are the original Plan holder and You cancel this Plan within sixty (60) days of the original Plan Purchase Date, a ten percent (10%) penalty per month shall be added to a refund that is not made within thirty (30) days of return of this Plan to the Obligor. If we cancel the Plan, written notice of such cancellation will be mailed to You within fifteen (15) days of the date of cancellation.

Louisiana: After sixty (60) days, we cannot cancel this Plan except:

1. If there has been a material misrepresentation or fraud at the time of sale of the Plan;

2. If You failed to maintain the motor vehicle as prescribed by the manufacturer; or

3. For non-payment of the Plan Purchase Price by You, in which case we will provide You notice of cancellation by certified mail.

Maryland: If You are the original Plan holder and You cancel this Plan within forty-five (45) days of the original Plan Purchase Date, and if no claims have been paid, a full refund will be issued. If You are the original Plan holder and You cancel this Plan within sixty (60) days of the original Plan Purchase Date, You will receive a refund within forty-five (45) days of return of this Plan to the Obligor; otherwise a ten percent (10%) penalty per month shall be added to a refund. After forty-five (45) days, we cannot cancel this Plan except:

1. When there exists:

a. A material misrepresentation or fraud at the time of sale of the Plan;

b. A matter or issue related to the risk that constitutes a threat to public safety; or

c. A change in the condition of the risk that results in an increase in the hazard insured against;

2. For non-payment of premium; or

3. Due to the revocation or suspension of the driver's license or motor vehicle registration of the named insured or covered driver under the policy and for reasons related to the driving record of the named insured or covered driver.

ARBITRATION does not apply in Maryland. The Plan is extended automatically when the Obligor fails to perform the services under the Plan. The Plan does not terminate until services are provided in accordance with the terms of the Plan. You may file a direct claim with Lyndon Southern Insurance Company if We fail to pay any claim or make any refund or consideration due within 60 days after the proof is filed with the Us. To do so, please call the following toll-free number for instructions: (800) 888-2738.

Massachusetts: If You are the original Plan holder and You cancel this Plan within sixty (60) days of the original Plan Purchase Date, You will receive a refund within forty-five (45) days of return of this Plan to the Obligor; otherwise a ten percent (10%) penalty per month shall be added to a refund.

Minnesota: If You are the original Plan holder and You cancel this Plan within sixty (60) days of the original Plan Purchase Date, You will receive a refund within forty-five (45) days of return of this Plan to the Obligor; otherwise a ten percent (10%) penalty per month shall be added to a refund. If we cancel the Plan, written notice of such cancellation will be mailed to You within fifteen (15) days of the date of cancellation and will state the effective date and the reason for cancellation; five (5) days written notice will be mailed to You for non-payment of premium, material misrepresentation or substantial breach of duties by You.

Mississippi: This Plan is not supported by a manufacturer or distributor. If You are the original Plan holder and You cancel this Plan within thirty (30) days of the original Plan Purchase Date, a ten percent (10%) penalty per month shall be added to a refund that is not made within forty-five (45) days of return of this Plan to the Obligor. We may only cancel this Plan in instances of non-payment of the Obligor fee, a material misrepresentation by You to us, or a substantial breach of duties by You relating to the covered product or its use. In the event of cancellation by us, for reason other than non-payment of the Obligor fee, we shall refund You one hundred percent (100%) of the unearned pro rata purchase price of the Plan, less the amount of any claims paid.

IMPORTANT NOTICE ABOUT YOUR COVERAGE:

1.) This Plan includes a binding Arbitration agreement.

2.) The Arbitration agreement requires that any dispute related to Your coverage must be resolved by Arbitration and not in a court of law.

3.) The results of the Arbitration are final and binding on You and us.

4.) In an Arbitration, one or more arbitrators, who are independent, neutral decision makers, render a decision after hearing the positions of the parties.

5.) When You become a Plan holder under this Plan You must resolve any dispute related to the Plan by binding arbitration instead of a trial in court, including a trial by jury.

6.) Binding arbitration generally takes the place of resolving disputes by a judge and jury.

7.) Should You need additional information regarding the binding arbitration provision in the Plan, You may contact our toll free assistance line at (866) 830-4189.

Missouri: If we cancel the Plan, notice of such cancellation will be delivered to You by registered mail fifteen (15) days prior to cancellation. The applicable free-look time period on this Plan shall only apply to the original Plan purchaser. If You are the original Plan holder and You cancel this Plan within sixty (60) days of the original Plan Purchase Date, You will receive a refund within forty-five (45) days of return of this Plan to the Obligor; otherwise a ten percent (10%) penalty per month shall be added to a refund.

Nebraska: ARBITRATION section is deleted in its entirety and replaced with the following: Any claim or dispute in any way related to this Plan, by a person covered under this Plan against us or us against a person covered under this Plan, may be resolved by arbitration only upon mutual consent of the parties. Arbitration pursuant to this provision shall be subject to the following:

a) No arbitrator shall have the authority to award punitive damages or attorney's fees;

b) Neither party shall be entitled to arbitrate any claims or disputes in a representative capacity or as a member of a class; and

c) No arbitration shall have the authority, without the mutual consent of the parties, to consolidate claims or disputes in arbitration.

Nevada: You may cancel this Plan by submitting a written request to the Issuing Dealer containing a copy of Your Plan and the current mileage on Your vehicle. During the first thirty (30) days from the Plan Purchase Date, we or the Issuing Dealer will refund You 100% of the Plan Purchase Price. After the first thirty (30) days from the Plan Purchase Date, we will refund You a pro-rated amount of the purchase price of the Plan, within forty-five (45) days after the Plan has been returned to the Obligor. A ten percent (10%) penalty per month shall be added to a refund that is not made within forty-five (45) days of return of this Plan to us. We may cancel this Plan during the first seventy (70) days of the Plan Purchase Date for any reason. After seventy (70) days, we may cancel this Plan for material misrepresentation or fraud by You at time of sale or non-payment of Plan Purchase Price by You. If we cancel this Plan, we or the Issuing Dealer will refund You one hundred percent (100%) of the Plan Purchase Price. No claims paid on Your Plan will ever be deducted from any refund issued pursuant to this Plan in Nevada. If we cancel this Plan, no cancellation will become effective until at least fifteen (15) days after the notice of cancellation is mailed to You. ARBITRATION does not apply in Nevada.

New Hampshire: If You have any questions regarding this Plan, You may contact us by mail or by phone. In the event You do not receive satisfaction under this Plan, You may contact the New Hampshire Insurance Department at the following address: 21 Fruit Street, Suite 14, Concord, New Hampshire 03301.

New Jersey: If You are the original Plan holder and You cancel this Plan within sixty (60) days of the original Plan Purchase Date, You will receive a refund within forty-five (45) days of return of this Plan to the Obligor; otherwise a ten percent (10%) penalty per month shall be added to a refund.

New Mexico: No Plan that has been in effect for at least seventy (70) days will be canceled by us before the expiration of the agreed term or one (1) year after the Plan Purchase Date, whichever occurs first, except on any of the following grounds:

1. Your failure to pay an amount when due;

2. You are convicted of a crime that results in an increase in the service required under the Plan;

3. Discovery of fraud or material misrepresentation by You in obtaining the Plan or in presenting a claim for service there under; or

4. Discovery of either of the following if it occurred after the Plan Purchase Date and substantially and materially increased the service required under the Plan:

a. An act or omission by You; or

b. Your violation of any condition of the Plan.

If we cancel the Plan, notice of such cancellation will be delivered to You by registered mail fifteen (15) days prior to cancellation. The notice of cancellation will state the reason for cancellation and will include any reimbursement required. The cancellation will be effective as of the date of termination as stated in the notice of cancellation. If You are the original Plan holder and You cancel this Plan within sixty (60) days of the original Plan Purchase Date, You will receive a refund within forty-five (45) days of return of this Plan to the Obligor; otherwise a ten percent (10%) penalty per month shall be added to a refund. If You have any concerns regarding the handling of Your claim, You may contact the Office of Superintendent of Insurance at 855-427-5674.

North Carolina: We may only cancel this Plan for non-payment of premium or for a direct violation of the Plan by You.

Oklahoma: Oklahoma service warranty statutes do not apply to commercial use references in service warranty contracts. Coverage afforded under this Plan is not guaranteed by the Oklahoma Insurance Guaranty Association. You may cancel this Plan by submitting a written request to the Issuing Dealer containing a copy of Your Plan. If You cancel during the first thirty (30) days from the Plan Purchase Date, and no claim has been authorized or paid, we or the Issuing Dealer will refund You 100% of the Plan Purchase Price. After the first thirty (30) days from the Plan Purchase Date, or if a claim was made within the first thirty (30) days, we or the Issuing Dealer shall provide a refund of ninety percent (90%) of the unearned pro-rata premium, less the cost of service provided under this Plan. We may cancel this Plan for material misrepresentation or fraud at time of sale or for non-payment of the Plan Purchase Price, or if the vehicle is determined to be ineligible for coverage. If we cancel this Plan, we or the Issuing Dealer will refund You 100% of the Plan Purchase Price, less the cost of service provided under this Plan. ARBITRATION section is amended as follows: While arbitration is mandatory, the outcome of any arbitration shall be non-binding on the parties, and either party shall, following arbitration, have the right to reject the arbitration award and bring suit in district court.

Oregon: ARBITRATION section is amended to add the following: If claim settlement cannot be reached, the parties may elect arbitration by mutual agreement at the time of dispute after the claimant has exhausted all internal appeals and can be binding by Your consent. Arbitration must occur in Oregon and according to Oregon law. ANY DISPUTE REGARDING THE VALIDITY AND EFFECT OF THE CLASS ACTION WAIVER PROHIBITING YOU FROM PARTICIPATING IN OR FILING A CLASS-ACTION IN ANY COURT SHALL BE DETERMINED EXCLUSIVELY BY A COURT.

South Carolina: If You have any questions regarding this Plan, or a complaint against us, You may contact the South Carolina Department of Insurance at P.O. Box 100105, Columbia, SC 29202, (803) 737-6160, info@doi.sc.gov. If You are the original Plan holder and You cancel this Plan within sixty (60) days of the original Plan Purchase Date, You will receive a refund within forty-five (45) days of return of this Plan to the Obligor; otherwise a ten percent (10%) penalty per month shall be added to a refund.

Texas: If You have any questions regarding the regulation of this Plan or a complaint against us, You may contact the Texas Department of Licensing and Regulation at 920 Colorado, Austin, Texas 78701 or P.O. Box 12157, Austin, Texas 78711, (800) 803-9202. If You are the original Plan holder and You cancel this Plan within sixty (60) days of the original Plan Purchase Date, You will receive a refund within forty-five (45) days of return of this Plan to the Obligor; otherwise a ten percent (10%) penalty per month shall be added to a refund. If a covered claim is not paid within forty-five (45) days after You have filed proof of loss with Obligor, You may file a claim directly with the Lyndon Southern Insurance Company. If we cancel this Plan for any reason other than non-payment of the Plan Purchase Price or material misrepresentation by You to us, we shall mail a written notice of cancellation to You at the last known address before the fifth day preceding the effective date of cancellation. The notice will state the effective date of cancellation and the reason for cancellation.

Utah: This Plan is administered by Auto Knight Motor Club, Inc. Administrative Office: 10151 Deerwood Park Blvd., Bldg. 100, Suite 500, Jacksonville, FL 32256. Coverage afforded under this Plan is not guaranteed by the Utah Property and Casualty Guaranty Association. This Plan is subject to limited regulation by the Utah Insurance Department. To file a complaint, contact the Utah Insurance Department. You may cancel this Plan at any time. To cancel, You must submit a written request and return the Plan to the Administrator. If You cancel this Plan within thirty (30) days of the Plan Purchase Date, a 100% refund of the Plan Purchase Price will be made, less any claims paid (where permitted by state law). After the first thirty (30) days from the Plan Purchase Date, we or the Issuing Dealer will refund You a pro-rated amount of the Plan Purchase Price, based on the greater days in force and the date coverage begins. Where permitted by state law any claim incurred or paid will be deducted from the amount of the cancellation refund. We may cancel this Plan for any reason within ninety (90) days of the Plan Purchase Date for the following:

- Material misrepresentation;
- substantial change in risk; or
- substantial breaches of contractual duties.

If we cancel this Plan, we will provide written notice of cancellation, including the actual reason for the cancellation, to the last known mailing address at least:

- Ten (10) days before the effective date of cancellation if cancelled for non-payment of the Plan Purchase Price;
- Forty-five (45) days before the effective date of cancellation if cancelled for any other reason.

A pro-rata refund will be calculated based on the greater days in force and the date coverage begins. Any cancellation, expiration or termination of this Plan, including by You or us, shall not cancel, expire or terminate the Arbitration Agreement and Class Action Waiver of this Plan, which shall remain in effect (unless You opted out of the Arbitration Agreement and Class Action Waiver in a timely and proper manner).

If an emergency occurs which requires a covered repair to be made at a time when Administrator's office is closed and prior authorization for the repair cannot be obtained, You should follow all of the claim procedures.

In the event the Obligor fails to pay any claim within sixty (60) days after proof of loss has been filed, You may file a direct claim with Lyndon Southern Insurance Company. To do so, please call the following toll-free number for instructions: (800) 888-2738.

Virginia: If any promise made in the Plan has been denied or has not been honored within sixty (60) days after Your request, You may contact the Virginia Department of Agriculture and Consumer Services, Office of Charitable and Regulatory Programs at www.vdacs.virginia.gov/food-extended-service-contract-Obligors.shtml to file a complaint.

West Virginia: If a covered claim is not paid within fifteen (15) working days from the agreed upon settlement, You may file a claim directly with the Lyndon Southern Insurance Company.

Wisconsin: THIS CONTRACT IS SUBJECT TO LIMITED REGULATION BY THE OFFICE OF THE COMMISSIONER OF INSURANCE. This Plan is administered by Auto Knight Motor Club, Inc. Administrative Office: 10151 Deerwood Park Blvd., Bldg. 100, Suite 500, Jacksonville, FL 32256. You may cancel this Plan by submitting a written request to the Issuing Dealer containing a copy of Your Plan and the current mileage on Your vehicle. During the first thirty (30) days from the Plan Purchase Date, we or the Issuing Dealer will refund You one hundred percent (100%) of the Plan Purchase Price, less any claims paid on Your Plan. After the first thirty (30) days from Plan Purchase Date, we or the Issuing Dealer will refund You a pro-rated amount of the Plan Purchase Price, based on the lesser of the months remaining. If You are the original Plan holder and You cancel this Plan within thirty (30) days of the original Plan Purchase Date, we, shall pay a ten percent (10%) per month penalty of the refund amount outstanding which we shall add to the amount of the refund that is not made within forty-five (45) days of return of this Plan to the Obligor. You may cancel this Plan at any time in the event of total loss of property covered by this Plan that is not covered by a replacement of the property pursuant to the terms of the Plan. We or the Issuing Dealer will refund You a pro-rated amount of the Plan Purchase Price less any claims paid on Your Plan. We may cancel this Plan for material misrepresentation or fraud at time of sale, substantial breach of duties by the Plan holder relating to Plan coverage, or non-payment of Plan Purchase Price. If we cancel this Plan, we will provide written notice of cancellation, including the effective date of the cancellation and the actual reason for the cancellation, to the last known mailing address at least five (5) days prior to the effective date of the cancellation. If we cancel this Plan, we or the Issuing Dealer will refund You one hundred percent (100%) of the Plan Purchase Price, less any claims paid on Your Plan. ARBITRATION does not apply in Wisconsin.

Wyoming: If You are the original Plan holder and You cancel this Plan within sixty (60) days of the original Plan Purchase Date, a ten percent (10%) penalty per month shall be added to a refund that is not made within forty-five (45) days of return of this Plan to the Obligor. If we cancel this Plan, we will provide written notice of cancellation, including the effective date of the cancellation and the actual reason for the cancellation, to the last known mailing address at least: Ten (10) days before the effective date of cancellation if canceled for any reason other than non-payment of the Plan Purchase Price; a material misrepresentation by You to the Obligor; or a substantial breach of duties by You relating to the covered product or its use. ARBITRATION does not apply in Wyoming.

EXHIBIT “S”

RESERVED

EXHIBIT “T”

RESERVED

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 five (5) 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.

The following provision applies for any Trainees in California:

It is intended that this Agreement shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that Trainee may have against the Released Parties and Trainee expressly waives any and all rights under Section 1542 of the California Civil Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The following provision applies for any Trainees in Montana:

It is intended that this Agreement shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that Trainee may have against the Released Parties and Trainee expressly waives any and all rights under Section 28-1-1602 of the Montana Code Annotated, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF

EXECUTING THE RELEASE, WHICH, IF KNOWN BY THE CREDITOR, MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.

The following provision applies for any Trainees in North Dakota:

It is intended that this Agreement shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that Trainee may have against the Released Parties and Trainee expressly waives any and all rights under Section 9-13-02 of the North Dakota Century Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR, MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.

The following provision applies for any Trainees in South Dakota:

It is intended that this Agreement shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that Trainee may have against the Released Parties and Trainee expressly waives any and all rights under Section 20-7-11 of the South Dakota Codified Laws, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The following provision applies for any Trainees in Washington:

This release does not apply with respect to any claims under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

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. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court.

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.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

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 Maryland franchise law, the Maryland state disclosure addendum would be applicable to you, but if our offer or sale to you of a franchise were not subject to the Maryland franchise law, the Maryland 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.

MARYLAND STATE DISCLOSURE ADDENDUM

The following information applies to prospective Franchisees to whom the Maryland Franchise Registration and Disclosure Law, Annotated Code of Maryland, Title 14, Sections 14-201 through 14-233, applies:

1. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. §§ 101 et seq.).

2. The General Release required as a condition of renewal, sale and/or assignment/transfer, mentioned in Items 17(c) and 17(m), shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17(v) is amended to state: "Colorado (except for litigation of claims arising under the Maryland Franchise Registration and Disclosure Law). Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise. If the Franchise Agreement permits you to file a lawsuit, rather than requiring arbitration, you may file that suit in Maryland."

4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND RIDER TO THE
BIG O TIRES LLC
FRANCHISE AGREEMENT
BETWEEN
BIG O TIRES, LLC
AND

_____

DATED: _____

1. The following language is added at the end of Sections 5.02(d) ("Conditions to Grant of Successor Franchise"), 7.01(c) ("Pre-Opening Assistance"), and 18.04(b)(ii) ("Pre-Conditions to Franchisee's Assignment"):

> (Any release executed in connection herewith will not apply to any claims that may arise under the Maryland Franchise Registration and Disclosure Law.)

2. The following sentence is added to the end of Article 29 ("Arbitration"):

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

3. The following paragraph is added to the end of Section 29.03 ("Arbitration Award"):

> Franchisee may commence any cause of action against Big O in any court of competent jurisdiction, including the state or federal courts of Maryland, unless otherwise governed by the arbitration provisions of this Agreement. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Sections 31(a) through (g) ("Acknowledgements") are deleted in their entirety.

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

BIG O TIRES, LLC

By:_____

Title:_____

_____
FRANCHISEE (Print Name)

By:_____

Title:_____

EXHIBIT “W”

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("Agreement") is made and entered into on the Effective Date (defined below) by and between **BIG O TIRES, LLC**, having a principal business address at 4300 TBC Way, Palm Beach Gardens, FL 33410 ("Franchisor"), and _____, having a principal business address at _____ ("Area Developer").

RECITALS

Franchisor has designed and developed a method of developing and operating a retail automotive business that features the "Big O" brand which utilizes a business format for a total car care automotive shop known as a "Big O Store(s)". A Big O Store sells and installs automotive products and services for consumers. Franchisor has developed, and uses, promotes and licenses (and may in the future develop, use, promote and license additional), certain trademarks, service marks and other commercial symbols for use in operating a Big O Store, including the "Big O" name ("Mark"). Franchisor and Area Developer are signing this Agreement because Area Developer desires the right to develop and operate a number of Big O Stores within a certain geographic area over a certain period of time, and Franchisor is willing to grant Area Developer such rights according to this Agreement's terms. NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement, Franchisor and Area Developer hereby agree as follows:

1. **Grant of Multi-Unit Development Rights**. Subject to Area Developer's compliance with this Agreement, Franchisor hereby grants Area Developer (and/or any of Area Developer's approved Controlled Affiliates) the right to develop _____ (__) new Big O Stores, in addition to any Big O Stores already operating or to be developed and operated under previously signed franchise agreements between Area Developer and Franchisor, according to the mandatory development schedule ("Development Schedule") identified in Section 2 below and within the geographic area described on Exhibit A attached ("Designated Territory"). In this Agreement, the term "Controlled Affiliate" means any corporation, limited liability company or other business entity of which Area Developer or one or more of its majority owners owns at least fifty-one percent (51%) of the total authorized ownership interests, as long as Area Developer or such owner(s) have the right to control the entity's management and policies.

2. **Development Schedule**. Area Developer agrees to sign Franchisor's then-current franchise agreement ("Franchise Agreement") and pay the then-current fees under that Franchise Agreement (except as modified herein and subject to any then-current applicable store incentives offered by Franchisor) for each of _____ (__) Big O Stores within the Designated Territory (which are in addition to any Big O Store Area Developer already has located in the Designated Territory) according to the following Development Schedule:

Big O Store(s) to Be Developed	Date	Cumulative Number of New Big O Stores (by date in Previous Column)

3. **Territorial Rights**. Except as provided below and provided Area Developer and its Controlled Affiliates are in full compliance with this Agreement and all other franchise agreements or other agreements then in effect between Area Developer (or any of the Controlled Affiliates) and Franchisor (or any of its affiliates), then, during this Agreement's term only, except as otherwise provided in this Agreement, neither Franchisor nor its Affiliates will develop a Big O Store the physical premises of which are located within the Designated Territory, nor grant or authorize any other party rights to develop a Big O Store the physical premises of which are located within the Designated Territory. Area Developer hereby acknowledges and agrees that Franchisor shall have the right to, directly itself or through any affiliated party: (i) grant a franchise, a renewal franchise or sign a franchise agreement (and related documents) with any other party for an already existing Big O Store within the Designated Territory as of the Effective Date, whether currently open or designated as temporarily/permanently closed, continue to support any such existing Big O Stores in the Designated Territory, and continue to operate itself any already existing Big O Store within the Designated Territory as of the Effective Date, whether currently open or designated as temporarily/permanently closed, (ii) grant similar rights as provided in this Agreement to a third party outside the Designated Territory, and (iii) exercise any and all of the rights that Franchisor reserves in any franchise agreements (and related documents) for any Big O Store in the Designated Territory, except for the right to open or grant rights to a third party to open a new Big O Store within the Designated Territory. After this Agreement expires or is terminated, regardless of the reason, Franchisor and its affiliates may engage, and allow others to engage, in development activities Franchisor desires within and outside the Designated Territory without any restrictions whatsoever.

4. **Payment of Initial Franchise Fee for First Store**. Simultaneously with signing this Agreement, Area Developer must pay Franchisor the initial franchise fee that is payable under the Franchise Agreement for the first of the Big O Stores that Area Developer agrees to develop under the Development Schedule, in the amount of _____ ($_____).

5. **Development Obligations**. To maintain Area Developer's rights under this Agreement, Area Developer and/or approved Controlled Affiliates must sign Franchisor's then-current Franchise Agreement and related documents, and pay then-current fees under that franchise agreement for the agreed-upon number of Big O Stores within the Designated Territory by the date(s) set forth on the Development Schedule in Section 2 above. Area Developer or a Controlled Affiliate will operate each Big O Store under a separate franchise agreement (and related documents) with Franchisor and Franchisor's affiliates. The franchise agreement (and related documents) that Area Developer or its Controlled Affiliate will sign for each Big O Store will be Franchisor's and Franchisor's affiliates then current form of franchise agreement (and related documents), including, without limitation, personal guarantees and real estate control documents (collectively, the "Franchise Documents"), any or all of the terms of which may differ substantially from the terms contained in any existing agreements between the parties. To retain Area Developer's rights under this Agreement, each Big O Store opened pursuant to this Agreement must operate continuously throughout this Agreement's term.

6. **Sublicensing Rights**. This Agreement does not grant Area Developer any right to license others to operate a Big O Store. Only Area Developer (and its approved Controlled Affiliates) may open and operate a Big O Store pursuant to this Agreement and only under Franchise Documents with Franchisor.

7. **Grant of Franchises**. Area Developer agrees to give Franchisor all information and materials it requests to assess each proposed Big O Store site and Area Developer's (or its Controlled Affiliate's) financial and operational ability to develop and operate each proposed Big O Store and obtain Franchisor's approval thereof. Any site Area Developer proposes must meet Franchisor's then current criteria for population density and other demographic characteristics, traffic patterns, parking, character of neighborhood, competition, accessibility, parking, size, and other physical and commercial

characteristics. Franchisor has the absolute right to disapprove any site that does not meet these criteria. Franchisor shall review and approve or disapprove each site that Area Developer (or its Controlled Affiliate) proposes in accordance with the terms of the applicable Franchise Agreement. After Area Developer (or its Controlled Affiliate) signs the Franchise Documents, their terms and conditions will control the development and operation of the Big O Store.

This Agreement is not a franchise agreement and does not grant Area Developer the right to engage in the business of offering, selling or distributing goods and services under the Mark or to use the Mark in any manner. These rights are granted only by Franchise Documents signed by Area Developer (or its approved Controlled Affiliates) and Franchisor. Subject to Section 9 below, any and all Franchise Documents are independent of this Agreement.

8. **Term**. This Agreement's term begins on the Effective Date and ends on the earlier of the date when (a) the final Big O Store under the Development Schedule has been opened, (b) the deadline set forth in the Development Schedule for Area Developer to execute the Franchise Agreement for the last of its Big O Stores to be developed hereunder occurs, or (c) this Agreement otherwise is terminated.

9. **Termination**. Franchisor may terminate this Agreement and Area Developer's right to develop additional Big O Stores within the Designated Territory at any time, effective upon delivery of written notice of termination, if: (a) Area Developer fails to satisfy either its development obligations under the Development Schedule or any other obligation under this Agreement, which defaults Area Developer has no right to cure; or (b) any currently effective franchise agreement between Franchisor and Area Developer (or any Controlled Affiliate) for a Big O Store is terminated by Franchisor or Area Developer (or the Controlled Affiliate) for any reason. Upon termination of this Agreement pursuant to the foregoing sentence, all remaining development rights granted to Area Developer under this Agreement shall automatically be revoked and shall be null and void. Area Developer shall not be entitled to any refund of any portion of the fee paid pursuant to Section 4 or the initial franchise fee for any other Big O Stores opened pursuant to this Agreement under any circumstances. Area Developer shall have no right to establish or operate any Big O Store for which a Franchise Agreement has not been executed by both Area Developer and Franchisor. If this Agreement is terminated due solely to a failure by Area Developer to meet the Development Schedule, Franchisor and Area Developer agree that such termination shall not constitute a default or result in a termination of any Franchise Agreements executed between Area Developer and Franchisor in effect as of the date of termination of this Agreement. In that case, those Franchise Agreements shall continue in full force and effect notwithstanding the termination of this Agreement. Franchisor and Area Developer agree that any statements to the contrary in the Franchise Agreements executed by them, including any cross-default and cross-termination provisions, will be inapplicable in the situation of a termination of this Agreement based solely on Area Developer's failure to meet the Development Schedule. If this Agreement is terminated by Franchisor for any reason other than a failure by Area Developer to meet the Development Schedule, all Franchise Agreements executed in furtherance of this Agreement and all other agreements between Franchisor and Area Developer or any of Area Developer's affiliates may, at Franchisor's sole option, be terminated. The Designated Territory shall terminate immediately and automatically upon termination of this Agreement or upon full satisfaction of the Development Schedule.

10. **Assignment**. Area Developer (and its owners) acknowledges that Franchisor is granting Area Developer the rights under this Agreement because of Franchisor's perception of Area Developer's (and its owners') individual and collective character, skill, business acumen, financial capability and ability to operate Big O Store according to Franchisor's standards. These rights are personal to Area Developer and its owners. Therefore, Area Developer and its owners may not assign this Agreement or any of Area Developer's ownership interests without Franchisor's prior written approval, which Franchisor may grant or withhold for any or no reason. A condition of Franchisor's approval of a transfer

of this Agreement is that Area Developer must transfer all of its interest under this Agreement, and shall not be permitted to transfer any portion of this Agreement separate and apart from the remainder of this Agreement. Any transfer shall include the rights to all Franchise Agreements entered into between Franchisor and Area Developer hereunder. Area Developer and the transferee shall comply with the requirements under each Franchise Agreement entered into between Franchisor and Area Developer for the transfer of each such Franchise Agreement, including the payment of the applicable transfer fee and training fee for each Franchise Agreement. Franchisor may assign this Agreement or any of Franchisor's ownership interests without restriction.

11. **Area Developer as Independent Contractor**. The parties understand and acknowledge that this Agreement does not establish a fiduciary relationship between Franchisor and Area Developer, that Area Developer (and/or its Controlled Affiliates) is and will be an independent contractor, and that nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose.

No party may make any representation tending to create an apparent partnership, joint venture, fiduciary, parent/subsidiary, principal/agent or employer/ employee relationship between Franchisor and Area Developer. Neither party may act for or on behalf of the other in any manner to create obligations or debts binding on the other party, nor may make any agreement, warranty or representation on behalf of the other party. Neither party is responsible for any obligations, debts or expenses of the other party.

12. **Indemnification**. Area Developer agrees to indemnify Franchisor, its affiliates, successors and assigns, and its partners, shareholders, officers, directors, employees and agents, for any expenses arising out of any claim directly or indirectly related to Area Developer's or any Controlled Affiliate's development or operation of a Big O Store (as contemplated in this Agreement) or Area Developer's or any Controlled Affiliate's performance or lack of performance under this Agreement. Area Developer also must promptly notify Franchisor of any claim by or against Area Developer directly or indirectly related to Area Developer's or any Controlled Affiliate's development or operation of a Big O Store (as contemplated in this Agreement) and, on request, must furnish Franchisor with copies of any filings in any proceeding involving the claim. As used in this Section, the word "expenses" includes all losses, compensatory, exemplary or punitive damages, fines, charges, costs, lost profits, attorneys' fees, accountants' fees, expert witness fees, expenses, court costs, settlement amounts, judgments, compensation for damages to reputation or goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and costs of recall, refunds, compensation and public notices. The indemnification obligations under this Section 12 will survive the expiration or termination of this Agreement for as long as any potential for liability under any applicable law, rule, ordinance, statute or judicial decision remains. In this regard, to the maximum extent permitted by law, the Parties each waive the effect of any statute of limitation which would, by lapse of time, limit these indemnification obligations.

13. **Partial Invalidity**. If any Section of this Agreement is determined to be wholly invalid, that determination will not be deemed to affect the validity of any other Section. The parties agree that the remaining Sections will be deemed to be in full effect as if they had been executed by the parties after removal of the invalid Section. If any Section is determined to be partially invalid, the remainder of that Section will continue to be enforceable if in accordance with the intent of the parties. If any applicable and binding law or rule of any jurisdiction requires greater prior notice of the termination of or refusal to renew the franchise than is required by this Agreement or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure required by Franchisor is invalid or unenforceable, the notice and/or action required by the law or rule will be substituted for the notice or action requirements of this Agreement, or the invalid or unenforceable provision, specification, standard

or operating procedure will be modified to the extent required to be valid and enforceable. The modifications to this Agreement will be effective only in the jurisdiction requiring them, and this Agreement will be enforced as originally made and entered into in all other jurisdictions.

14. **Waiver and Estoppel; Force Majeure**. Neither Franchisor's failure to exercise any right reserved to Franchisor under this Agreement, nor to insist on compliance by Area Developer with any term of this Agreement, nor any custom or practice of the parties at variance with any term of this Agreement, shall constitute a waiver of Franchisor's right to demand compliance with any term of this Agreement. Franchisor's waiver of any default will not affect or impair Franchisor's rights as to any subsequent default of the same or a different nature; nor will any delay, forbearance or omission by Franchisor to exercise any right as to any default of any term of this Agreement affect, impair or be deemed as Franchisor's waiver of any right as to any subsequent default. Franchisor's rights and remedies under this Agreement are cumulative, and its exercise or enforcement of any right or remedy under this Agreement will not preclude it from exercising or enforcing any other right or remedy to which it is entitled.

The parties will not be considered to be in default of any obligations hereunder, other than the obligation of a party to make payment of amounts due to the other, if the failure of performance is due to a force majeure event, including without limitation drought, flood, earthquake, storm, fire, lightening, epidemic, war, riot, civil disturbance, sabotage, theft, vandalism, strike or labor difficulty, or casualty to equipment (collectively, "Force Majeure"). If any party is affected by a Force Majeure event, that party will give written notice within fourteen (14) days to the other stating the nature of the event, its anticipated duration and any action being taken to avoid or minimize its effect. The suspension of performance will be of no greater scope and no longer duration than is required, and the non-performing party will use its best efforts to remedy its inability to perform. The obligation to pay any amount in a timely manner is absolute and will not be subject to these Force Majeure provisions, except to the extent prohibited by governmental rule or regulation.

15. **Covenants**. During the term of this Agreement, Area Developer and its officers, directors, shareholders, partners, members, owners, managers, representatives, and agents and their immediate family members shall be subject to all restrictive covenants as set forth in the initial Franchise Agreement executed pursuant to this Agreement, which covenants by this reference are incorporated herein. Upon termination of this Agreement, Area Developer and its officers, directors, shareholders, partners, members, owners, managers, representatives, and agents and their respective immediate families, shall be subject to all restrictive covenants as set forth in the final Franchise Agreement executed hereunder.

16. **Jurisdiction and Venue**. This Agreement takes effect upon its acceptance and execution by Franchisor and, except to the extent governed by United States federal law, shall be interpreted and construed under the laws of the State of Colorado, U.S.A. Franchisor and Area Developer agree that any dispute between the parties arising out of the terms of this Agreement shall be governed by the applicable provisions of the last Franchise Agreement entered into between Franchisor and Area Developer at the time of the dispute, which terms and conditions are by this reference incorporated herein, and shall apply regardless of whether the applicable Franchise Agreement is in full force and effect at the time of the dispute. Nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

17. **Waiver of Punitive Damage/Waiver of Jury Trial**. EXCEPT FOR AREA DEVELOPER'S OBLIGATION TO INDEMNIFY FRANCHISOR FOR THIRD PARTY CLAIMS UNDER SECTION 12, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER

PARTY UNDER FEDERAL LAW, THE PARTIES WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. EACH OF THE PARTIES IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM.

18. **Construction and Modification**. The Recitals above and any attachments to this Agreement are incorporated as part of this Agreement by this reference. This Agreement constitutes the parties' entire agreement and supersedes all prior oral or written understandings, representations or agreements between the Parties concerning the subject matter of this Agreement. Nothing in this Agreement is intended to disclaim or require Area Developer to waive reliance on any representations Franchisor has made in the most recent disclosure document (including its exhibits and amendments) delivered to Area Developer or its representative. Any words contained in the headings and subheadings of the provisions above are intended solely for the Parties' ease of understanding. This Agreement may only be modified by written agreement signed between the Parties.

19. **Notices**. All written notices, reports, and payments permitted or required to be delivered by this Agreement will be deemed to be delivered:

(a) at the time delivered by hand;

(b) one (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;

(c) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or

(d) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice to Franchisor must be sent to the address specified on the first page of this Agreement, although Franchisor may change this address for notice by giving Area Developer notice of the new address. Any notice that Franchisor sends to Area Developer may be sent only to the address of the Big O Store as stated in this Agreement or any other address Area Developer may specify to Franchisor in writing.

20. **Acceptances, Approvals, Consents, and Effective Date**. Acceptances, approvals and consents required by this Agreement will not be unreasonably withheld or delayed. Whenever this Agreement requires Franchisor's prior acceptance, approval, or consent, Area Developer will make a timely written request to Franchisor, which will be obtained in writing. Franchisor assumes no liability or obligation to Area Developer by providing any acceptance, approval, consent or suggestion to Area Developer, or by delaying action on or denying any request for an acceptance, approval or consent. This Agreement will become effective and binding upon the parties when Franchisor signs and dates this Agreement as written below ("Effective Date").

Each of the undersigned agrees to the terms of this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the Effective Date written below.

FRANCHISOR:	**AREA DEVELOPER**:
Big O Tires, LLC	[*Insert Entity Name*]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date Signed: _____ (the "Effective Date")	Date Signed: _____
	Date Received: _____

EXHIBIT A

The Designated Territory is defined as follows:

_____

_____

_____

_____

_____

_____.

If the Designated Territory is identified by city or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement, notwithstanding any political reorganization or change to the boundaries. The Designated Territory is depicted on the map attached to this Exhibit A. However, if there is an inconsistency between the language in this Exhibit A and the attached map, the language in this Exhibit A shall control. All street boundaries will be deemed to end at the street center line unless otherwise specified.

MAP OF DESIGNATED TERRITORY

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: $5,000.00 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 (the "BIG O Parties"), 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 the 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 (the "BIG O Parties"), 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.

The following provision applies for any ASSIGNORS, ASSIGNEES, and Guarantors of an ASSIGNOR or ASSIGNEE in California:

It is intended that this Agreement shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the BIG O Parties and each party expressly waives any and all rights under Section 1542 of the California Civil Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR

RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The following provision applies for any ASSIGNORS, ASSIGNEES, and Guarantors of an ASSIGNOR or ASSIGNEE in Montana:

It is intended that this Agreement shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the BIG O Parties and each party expressly waives any and all rights under Section 28-1-1602 of the Montana Code Annotated, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY THE CREDITOR, MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.

The following provision applies for any ASSIGNORS, ASSIGNEES, and Guarantors of an ASSIGNOR or ASSIGNEE in North Dakota:

It is intended that this Agreement shall be effective as a bar to each and every action and cause of action related to the released claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the BIG O Parties and each party expressly waives any and all rights under Section 9-13-02 of the North Dakota Century Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR, MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.

The following provision applies for any ASSIGNORS, ASSIGNEES, and Guarantors of an ASSIGNOR or ASSIGNEE in South Dakota:

It is intended that this Agreement shall be effective as a bar to each and every action and cause of action related to the released Claims, whether known or unknown, foreseen or unforeseen, suspected or unsuspected, that each party may have against the BIG O Parties and each party expressly waives any and all rights under Section 20-7-11 of the South Dakota Codified Laws, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The following provision applies for any ASSIGNORS, ASSIGNEES, and Guarantors of an ASSIGNOR or ASSIGNEE in Washington:

This release does not apply with respect to any claims under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

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).

EXHIBIT "Y"

OPTION AND STORE LEASE

This Option and Store Lease, dated _____, 20__, is by and between _____, with an office at _____ ("Lessor"), and Big O Tires, LLC, with an office at 4300 TBC Way, Palm Beach Gardens, Florida 33410 ("Lessee" or "Big O").

WHEREAS, Lessor (or its owner(s)) is, owns or controls, in whole or in part, or is otherwise affiliated with or related to, the "Franchisee" under the Franchise Agreement ("Franchise Agreement") with Lessee for the Big O Store at _____ ("Store"); and

WHEREAS, Big O requires as a condition for the grant of the Franchise Agreement, that Big O (as Lessee) have the right to maintain control of the Store real estate in the event of the termination of the Franchise Agreement in order to ensure the continued presence of the Store; and

WHEREAS, Lessor and Lessee intend for this Option and Store Lease to establish the right and option of Lessee to lease the Store real estate in the event of the termination of the Franchise Agreement and to establish the terms and provisions of such lease.

NOW, THEREFORE, in consideration of the mutual promises and undertakings hereinafter set forth, the sufficiency of which are hereby acknowledged, the parties, intending to be fully and completely bound, hereby agree as follows:

A. RIGHT TO LEASE. Lessor hereby grants to Lessee the right and option to lease ("Option"), on the terms and conditions hereinafter set forth, the real estate commonly known as _____, including the automotive repair facility thereat and the easements, appurtenances, hereditaments, rights and privileges appurtenant thereto, which real estate is legally described on Exhibit A hereto ("Premises"). Lessee may exercise the Option by giving written exercise notice to Lessor ("Exercise Notice") within 30 days following the termination of the Franchise Agreement. If Lessee does not give Lessor an Exercise Notice within such 30-day period, this Option and Store Lease shall automatically terminate. In this agreement the termination of the Franchise Agreement shall include a termination for any reason or due to any cause or circumstance and shall mean the date the termination is effective as opposed to the date of the termination notice. In this Agreement, the term "Franchise Agreement" shall from time to time include, in Lessee's sole discretion, an operating agreement or license under which the Store continues in operation following the termination of the Franchise Agreement. Notwithstanding anything to the contrary contained herein, Lessee shall not be required to exercise the Option when the Franchise Agreement is terminated in association with a transfer approved by Big O and the transferee executes a new Franchise Agreement with Big O.

B. LEASE TERMS. If Lessee exercises the Option, the terms and provisions of the lease ("Lease") shall be those set forth in Sections 1 through 33 of this Option and Store Lease.

C. LIMITATION OF LIABILITY. Lessee shall have no obligations or liabilities with respect to the Premises until the Commencement Date (as hereinafter defined). Lessor shall defend, indemnify and hold Lessee harmless from and against all claims, demands, causes of action and

liabilities arising out of or resulting from the ownership, occupancy, use or maintenance of the Premises prior to the Commencement Date.

D. SUBORDINATION AND NON-DISTURBANCE. Any mortgage or trust deed encumbering title to the Premises at the time of execution of this Option and Store Lease at any time while this Option and Store Lease is in effect or during the Term (as hereinafter defined) of the Lease, herein called a "Mortgage" and the holder of, or the beneficiary under, the Mortgage is herein called a "Mortgagee". Lessor shall use commercially reasonable efforts to cause each Mortgagee to execute and deliver to Lessee an agreement on a form provided by Lessee setting forth the following ("Non-disturbance Agreement"): (i) Mortgagee consents to this Option and Store Lease and the Lease and covenants and agrees that the exercise of any of the rights, options and remedies herein shall not constitute a default under the Mortgage; and (ii) Mortgagee agrees that so long as Lessee has not received written notice of a default in the performance of its obligations under the Lease: (1) Lessee shall not be named or joined as a party to an action to enforce or foreclose the Mortgage unless applicable law requires Lessee to be made a party thereto as a condition to proceeding against Lessor or prosecuting such rights and remedies, in which case Mortgagee may join Lessee as a defendant in such action only for such purpose and not to terminate the Lease or otherwise adversely affect Lessee's rights under such Lease; (2) Lessee's rights under this Option and Store Lease and the Lease, including the right to possession of the Premises if Lessee exercises the Option, shall not be disturbed, affected or impaired, nor will this Option and Store Lease or the Lease be terminated or otherwise affected by any default under the Mortgage or note secured thereby, any suit or action to enforce or foreclose the Mortgage or the note secured thereby, or any judicial sale or execution of the Premises; and (3) all condemnation awards and insurance proceeds paid or payable with respect to the Premises and received by Mortgagee shall be applied and paid for the restoration and/or repair of the Premises in accordance with the Lease except in the case of a condemnation or casualty which results in a termination of the Lease; (iii) Lessee's rights under this Option and Store Lease and the Lease shall be subject and subordinate to the Mortgage without regard to the priority of recording, subject to the other provisions of the Non-disturbance Agreement; (iv) if Mortgagee or its successor becomes owner of the Premises by reason of foreclosure or otherwise, this Option and Store Lease and the Lease shall continue in full force and effect; and (v) Mortgagee or such new owner shall assume the terms, conditions, covenants, obligations and undertakings of the Lessor under this Option and Store Lease the Lease. Provided Mortgagee executes and delivers a Non-disturbance Agreement to Lessee, Lessee agrees that if requested by Mortgagee or such new owner, Lessee will subordinate its interest under this Option and Store Lease and the Lease to the Mortgage and will attorn to Mortgagee or such new owner. If Mortgagee requires, as a condition of executing a Non-disturbance Agreement with respect to a Mortgage which encumbers title to the Premises at the time of execution of this Option and Store Lease, that a memorandum of this Option and Store Lease or the Lease be recorded, Lessee shall pay the recording fee. Notwithstanding the foregoing, the failure of Mortgagee to execute a Non-disturbance Agreement shall not constitute a default by Lessor hereunder.

E. MEMORANDUM OF OPTION AND STORE LEASE. The parties shall execute a recording memorandum contemporaneously with execution of this Option and Store Lease. Lessee may, at its sole option and cost, record such memorandum. Upon expiration of Lessee's rights under this Option and Store Lease or the expiration or termination of the Lease, Lessee shall provide Lessor with a release, in recordable form, of such memorandum.

F. EFFECTIVE PERIOD. This Option and Store Lease and the rights conferred hereunder shall remain valid and enforceable: (i) during the term of the Franchise Agreement, including any extensions thereof, and including any assignments thereof to successor franchisees; (ii) for the 30 days following the termination of the Franchise Agreement; (iii) for any extensions of the franchise relationship under the Franchise Agreement, i.e., during any renewal Big O Franchise Agreement as referenced in Article Nine of the Franchise Agreement; and (iv) for the Term (as hereinafter defined).

G. STORE SALE - LEASE TO BUYER. Subject to Lessee's continuing right and option to lease the Premises under this Option and Store Lease in the event of the termination of the Franchise Agreement (i.e., the Option), Lessor may lease the Premises directly to a buyer of the Store, provided Lessor has complied with all the following conditions: (i) the sale of the Store must be in conjunction with an assignment of the Franchise Agreement to which Big O consents in writing; (ii) Lessor must provide Lessee with a copy of the fully-executed lease at the time of the closing; (iii) said lease must contain an express provision disclosing to the tenant Lessee's rights pursuant to this Option and Store Lease; and (iv) said lease must contain an express provision which provides for the automatic termination of said lease in the event the Franchise Agreement is terminated and Lessee exercises the Option.

H. LESSEE'S RIGHT OF FIRST REFUSAL. (a) Lessor hereby grants Lessee a right of first refusal to purchase the Premises upon the same terms, provisions and conditions as may be contained in any offer for the purchase thereof which Lessor shall be ready and willing to accept at any time prior to Lessee giving its Exercise Notice. Lessor shall give Lessee a full and complete copy of said offer including all terms, provisions and conditions, and Lessee shall have 30 days from and after the receipt of such offer to exercise this right of first refusal by giving written notice to Lessor of its intent to purchase. If Lessee does not so notify Lessor within said 30-day period, the sale of the Premises may be consummated but only on substantially the same terms, provisions and conditions of said offer and to the same party. A reduction of the actual selling price by up to 7.5% of the offer price submitted to Lessee shall be deemed substantially the same terms. If the sale is not so consummated within 120 days after receipt by Lessee of the terms of the offer, the proposed sale shall not thereafter be consummated without Lessor again submitting to Lessee the proposed sale as herein provided, as if such proposed sale had not been previously submitted.

(b) If Lessee fails to exercise its right of first refusal, this Option and Store Lease and Lessee's rights hereunder shall continue in full force and effect. Notwithstanding the foregoing, in the event that Lessee fails to exercise its right of first refusal, Lessee will permit Lessor an option to terminate this Option and Store Lease in conjunction with a termination of the Franchise Agreement between Franchisee and Lessee under the following conditions at the time of closing of the sale of the Premises:

(i) Lessee will permit Franchisee to terminate the Franchise Agreement, and Franchisee will agree to terminate the Franchise Agreement, pursuant to a separate agreement, under which (A) Franchisee must pay Lessee an amount equal to the lost royalties that would be payable based on a termination for Franchisee's default under Section 19.02 of the Franchise Agreement, calculated in accordance with the terms of Section 19.02; (B) Franchisee and all of its owners, officers, and directors provide a general release of Lessee; and (C) Franchisee and all of its owners, officers, and directors agree to comply with all post termination obligations and other

obligations that survive the termination of the Franchise Agreement, including, but not limited to, indemnification, arbitration and confidentiality, as set forth in the Franchise Agreement.

(ii) the purchaser of the Premises executes and delivers to Lessee a covenant (on a form provided by Lessee) prohibiting the use of the Premises for any Automotive Use (defined in Section M.4 below) for a period of five years following the date the purchaser acquires fee title to the Premises. Said covenant shall be recorded in the public records and shall constitute a covenant running with the land.

Upon completion of these items and the consummation of the sale, this Option and Store Lease shall terminate and Lessee shall provide the purchaser a recordable release of the memorandum recorded by Lessee pursuant to Section E hereof, if any.

(c) Lessee's right of first refusal shall not apply to sales or transfers to members of the immediate family of Lessor or Lessor's shareholders, to a different corporation owned or controlled by Lessor or Lessor's shareholders or members of their immediate family, to a partnership comprised of Lessor, Lessor's shareholders or members of their immediate family, or to a trust established by Lessor or Lessor's shareholders and under which members of their immediate family constitute a majority of the beneficiaries.

I. NOTICES. All notices required or permitted hereunder shall be in writing and either (i) personally delivered, (ii) sent Certified U.S. Mail, return receipt requested, (iii) sent to the proper party via the facsimile number stated below, or (iv) sent by reputable, recognized overnight courier service regularly providing proof of delivery, to Lessor at the address designated by Lessor (or in the absence of such designation, at Lessor's address in the heading hereof) and to Lessee at 4300 TBC Way, Palm Beach Gardens, Florida 33410, Facsimile: (561) 828-8253, Attention: Lease Administration, with a copy to the attention of General Counsel at the same address and facsimile number, or at such other place as either party may designate. Notice shall be effective upon delivery (if personally delivered), on the day transmitted by facsimile, if on a business day, and if not transmitted on a business day, the first business day thereafter, or on the delivery date indicated by the post office or courier on its proof of delivery receipt or electronic version thereof.

J. SUCCESSOR AND ASSIGNS. The covenants and conditions hereof shall be binding upon and/or inure to the benefit of the heirs, executors, administrators, successors, sublessees and assigns of the parties hereto, including but not limited to subsequent owners of fee title to the Premises, whether by purchase or otherwise, and shall be and remain covenants running with the land during the term of this Option and Store Lease and the Term which may result from the exercise of the rights herein granted to Lessee. Upon a conveyance of the Premises, Lessor shall be relieved of all further obligations under this Option and Store Lease except as to the obligations set forth in Section C hereof for the period prior to such conveyance by Lessor.

K. ENTIRE AGREEMENT. This Option and Store Lease constitutes the entire agreement between the parties regarding Lessee's right to lease the Premises (when triggered by the termination of the Franchise Agreement) and, excepting any obligations or liabilities that survived the termination or expiration of any prior lease, sublease, option or lease assignment (which obligations/liabilities shall continue to survive), supersedes any prior agreements or understandings relating thereto. Notwithstanding the foregoing, in the event that Lessor was disclosed with a Franchise Disclosure Document by Franchisor in conjunction with executing this Option and Store

Lease ("FDD"), then nothing in this Option and Store Lease is intended to disclaim any representations by Franchisor in such FDD. This Option and Store Lease may be modified or amended by, and only by, a written instrument executed by Lessor and Lessee.

L. ENFORCEMENT. Lessor and Lessee agree that they shall pay the reasonable costs and expenses incurred by the prevailing party in any action or proceeding (not including any rent arbitration pursuant to Section 3 hereof) to enforce the provisions of this Option and Store Lease, including reasonable attorneys' fees.

M. TERMS OF LEASE. Upon Lessee's exercise of the Option, the following shall be the terms and provisions of the Lease:

1. DEMISE OF PREMISES. Lessor, in consideration of the rents and covenants contained herein, hereby leases to Lessee, on the following terms and conditions, the real estate commonly known as _____, including the automotive repair facility thereon and the easements, appurtenances, hereditaments, rights and privileges appurtenant thereto, which real estate is legally described on Exhibit A hereto ("Premises").

2. TERM. (a) The preliminary term of this Lease ("Preliminary Term") shall be 120 days and shall commence when Lessee gives the Exercise Notice ("Commencement Date"). Lessee shall have the right to terminate this Lease by giving Lessor 30 days' notice of termination at any time during the Preliminary Term.

(b) During the Preliminary Term, Lessee, its contractors and invitees, shall have the right of access to the Premises, upon reasonable advance notice to Lessor, for the purpose of franchising and conducting appraisals, inspections, surveys, engineering tests, environmental assessments and tests and for other reasonable purposes and activities ("Tests"). Lessee shall repair any damage to the Premises caused by carrying out the Tests. Upon the Commencement Date, Lessor shall provide Lessee with keys to the Premises. During the Preliminary Term, Lessor shall maintain in full force and effect, and pay for, all Utilities (as hereinafter defined).

(c) In the event Lessee exercises the Option and unless Lessee has terminated this Lease pursuant to Subsection 2(a) during the Preliminary Term: (i) the primary term of this Lease ("Primary Term") shall be five years and shall commence on the day following expiration of the Preliminary Term; and (ii) provided no default by Lessee remains uncured beyond any applicable cure period, Lessee is granted three options to renew this Lease for successive five-year terms upon the same terms and conditions herein, except as to rent, to be exercised by Lessee giving notice to Lessor not later than 270 days prior to expiration of the current term (said notice, hereinafter "Renewal Notice").

(d) Intentionally omitted.

(e) Intentionally omitted.

(f) The Primary Term shall include any renewal terms or extensions of the Primary Term. The Preliminary Term together with the Primary Term shall constitute the "Term".

(g) Notwithstanding the foregoing, Lessee shall not be obligated to pay rent, nor shall it have any other obligations or liabilities (except as provided in Subsection 2(b) hereof) under this Lease, for the Primary Term until Lessor delivers (or causes to be delivered) to Lessee possession of the Premises unencumbered by any possessory rights of Lessor or other parties, without any of Lessor's and any occupant's personal property (unless otherwise directed by Lessee). If, upon commencement of the Primary Term, possession is not delivered to Lessee as required by this subsection, Lessee shall have the right to enter into, and take possession of, the Premises without process of law or to commence an action for entry on account of such wrongful withholding of possession or to pursue any other available legal or equitable remedies.

3. RENT. (a) During the Preliminary Term (and continuing until the rent for the Primary Term has been established), Lessee shall pay Lessor rent in the amount of the larger: (i) $3,500/month; or (ii) one-twelfth of 7% of the Store's Gross Sales (as hereinafter defined) for the previous 12 calendar months. The term "Gross Sales" shall mean all sales of merchandise or products of any kind and all charges for service or labor done in, on and from the Premises for cash or credit regardless of the collection thereof, (excluding sales taxes), less any bona fide refunds and discounts (except for early payment discounts customarily given for prompt payment of accounts). When the rent for the Primary Term has been established, the parties shall make an appropriate adjustment of rent (with Lessee promptly paying any shortfall or promptly receiving a refund of any overpayment) retroactive to the commencement of the Primary Term.

(b) Rent during the Primary Term and each renewal term shall be 100% of "Fair Market Rent", which term shall be defined as the then-current fair market rent for the Premises. Fair Market Rent shall be determined as follows:

(i) upon serving an Exercise Notice or Renewal Notice, as the case may be, Lessee shall make, and submit to Lessor, a written Fair Market Rent proposal for the upcoming renewal term ("Lessee's Proposal");

(ii) Lessor and Lessee shall thereupon conduct good-faith negotiations to mutually agree on the Fair Market Rent. Lessor shall make, and submit to Lessee, a written Fair Market Rent proposal for the upcoming renewal term ("Lessor's Proposal") not later than 210 days prior to expiration of the current term. If Lessor and Lessee mutually agree on the Fair Market Rent, this Lease shall be renewed for the upcoming renewal term at the agreed Fair Market Rent. If Lessor and Lessee have not mutually agreed on the Fair Market Rent, Lessee shall have the right, to be exercised not later than 180 days prior to expiration of the current term, to submit the determination of Fair Market Rent to arbitration to be conducted by the American Arbitration Association ("AAA") in accordance with the process set forth in Subsection 3(d)(iii) hereof ("Submission"). If, 180 days prior to expiration of the current term, Lessor and Lessee have not agreed on the Fair Market Rent and Lessee has not made a Submission, this Lease shall not be renewed for the upcoming renewal term and shall terminate upon expiration of the current term;

(iii) if the Fair Market Rent is to be determined by arbitration, the arbitration shall be conducted:

(1) pursuant to the AAA's "Arbitration Rules for the Real Estate Industry", except as otherwise stated herein;

(2) by a single arbitrator appointed by the AAA; provided, however, either party shall have the right to require that the arbitration be conducted by three arbitrators provided that such right is exercised by Lessee together with the Submission or by Lessor no later than 15 days after the Submission, in which event each party shall select an arbitrator within 15 days following the exercise of such right and the two arbitrators shall appoint a third arbitrator;

(3) in the city of the AAA's local or regional office nearest the Premises;

(4) under the AAA's "Expedited Procedures" process;

(5) without depositions, but with document discovery;

(6) on documents submitted by each party and without a hearing;

(7) in the "baseball arbitration" style with the arbitrator(s) being limited to choosing either Lessee's Proposal or Lessor's Proposal;

(8) without a reasoned opinion;

(9) with the arbitrator(s) being required to issue his/her/their award within 45 days after Submission (or, in the case of a three arbitrator proceeding, within 45 days after Lessee and Lessor select their arbitrators), and, to that end, the arbitrator(s) shall have the right to schedule the arbitration process accordingly;

(10) with each party paying its own costs and expenses (including, but not limited to, appraiser and attorney fees). In a single arbitrator proceeding, Lessee shall pay the arbitrator's fee, the AAA's fee and the administrative costs of the arbitration. In a three arbitrator proceeding, each party shall pay its arbitrator's fee, one-half of the AAA's fee for a single arbitrator proceeding and one-half of the administrative costs of a single arbitrator proceeding, and the party requesting the three arbitrator proceeding shall pay the third arbitrator's fee, any additional fee charged by the AAA for a three arbitrator proceeding and the administrative costs in excess of those for a single arbitrator proceeding; and

(11) with the award of the arbitrator(s) being binding on Lessor and Lessee.

(c) Commencing on the first day of the month following delivery of possession of the Premises to Lessee as required by Subsection 2(g) hereof, Lessee shall pay Lessor, without deduction or offset, monthly rent for the Leased Premises, as provided in Sections 3(a) and (b) herein. If any month during the Preliminary Term or Primary Term shall be less than a complete month, such rent shall be prorated on a thirty (30) day month basis.

(d) Notwithstanding anything herein to the contrary, Lessee shall not be obligated to pay rent under this Lease until delivery of possession of the Premises to Lessee in the condition required by Subsection 2(g) hereof.

(e) In the event Lessor, any legal or beneficial owner, shareholder, member, partner or trustee of Lessor or any entity of which any of the foregoing is an owner, shareholder, member,

partner or trustee (Lessor and any of the foregoing, individually and collectively, "Lessor Party") is in default (as determined by a court's ruling or judgment or an arbitrator's award) of a monetary obligation under the Franchise Agreement or under any other Big O Franchise Agreement or under any lease, sublease, promissory note or guaranty with Big O or any of its subsidiaries or affiliates, Lessee (so long as Lessee is Big O Tires, LLC or its parent or one of its subsidiaries or affiliates (collectively, "BOT")) shall have the right to deduct from the rent and Lessee's other monetary obligations under this Lease the amount of such monetary default (including interest); provided, however, that the amount deducted by Lessee in any given month shall not exceed the lesser of: (i) 25% of the rent and Lessee's other monetary obligations under this Lease for said month; and (ii) $1,000.

4. USE. (a) The Premises may be used by Lessee, its assignees and sublessees for the sale, installation and servicing of tires, automotive systems and parts, brakes and brake parts, shock absorbers, suspension parts, front end parts, alignments, oil changes and chassis lubrication, heating and air conditioning systems and parts, tires and related parts and services, transmissions, engines, washing, waxing, detailing, audio/video systems, other automotive equipment and accessories and/or a general automotive repair Store and/or allied business operating under the Big O name ("Automotive Use").

(b) Lessor covenants that during the Preliminary Term and the first year of the Primary Term, Lessor shall not, directly or indirectly, individually or as a member of any business organization, engage, or have an interest as an employee, owner, operator, investor, partner (inactive or otherwise), agent, stockholder, member, manager, director or officer, or otherwise, in, any business, located within a one-mile radius of the Premises, engaged in the Automotive Use or any part thereof.

(c) Lessor agrees that it will not erect, or permit to remain, on any property owned or controlled by Lessor adjacent to the Premises any structure or improvements which would materially interfere with access to the Premises or obstruct the visibility of the Store or signs identifying the business at the Premises. Further, Lessor will not post, use or display, or permit the posting, use or display of, any signs, advertising or other material on or in the building or the area of which the Premises are a part which are the same or confusingly similar to any names, marks or designs used by Big O or its franchisees.

(d) Notwithstanding the provisions of Subsection 4(a) hereof, Lessee may use or permit the Premises to be used for any lawful purpose, provided that in the event Lessee intends to use or permit the use of the Premises for other than Automotive Use, it shall first notify Lessor in writing. Lessor shall have the right, to be exercised within 30 days after receipt of Lessee's notice, to terminate this Lease by giving Lessee written notice. If Lessor does not terminate this Lease within said 30 days, Lessor shall have no further right to terminate this Lease pursuant to this Subsection 4(d).

5. MAINTENANCE. Except as provided in Sections 11 and 12 hereof, Lessee shall at all times during the Primary Term keep the Premises in a condition substantially equivalent to their condition on the Commencement Date, reasonable wear and use excepted.

6. TAXES AND UTILITIES. (a) Lessee shall pay prior to delinquency all real estate taxes and assessments which may be levied or assessed upon the Premises ("Tax(es)") during the

Term to the end that Lessor shall not be required to pay any Taxes during the Term. Upon request, Lessee will exhibit receipts for Tax payments to Lessor promptly upon payment thereof. Lessee may at its expense contest all Taxes in the name of Lessor if necessary. In the event Lessor is joined in such a proceeding by Lessee, Lessee shall hold Lessor harmless from all costs, expenses and liabilities, including reasonable attorneys' fees associated with such a proceeding.

(b) During the Preliminary Term, Lessor shall maintain in full force and effect, and pay for, the water, gas, electricity, telephone and other utilities services for the Premises ("Utilities"). Lessee shall pay for the Utilities during the Primary Term.

7. LICENSES AND COMPLIANCE WITH LAWS. Lessee shall: (i) maintain and procure at Lessee's own expense and responsibility all licenses, permits, inspection certificates or change of occupancy certificates required by any governmental authority with respect to Lessee's use of the Premises; and (ii) comply with all applicable laws, ordinances and regulations and will not use or permit any use of the Premises in violation thereof (such items in (i) and (ii), collectively, "Laws"). Lessee may contest any Laws and may join Lessor in any such contest, provided that Lessee shall indemnify and hold Lessor harmless from all damages, costs (including reasonable attorney fees), expenses, liabilities, fines, penalties, liens or criminal sanctions against Lessor or the Premises resulting from Lessee's breach of Laws or actions or proceedings to contest them.

8. PUBLIC LIABILITY INSURANCE AND INDEMNITY. (a) Lessee shall during the Primary Term at its expense keep in force, or cause to be kept in force by its sublessee, public liability insurance on the Premises in an amount of not less than $1,000,000 for injury to or death of one person or as a result of one occurrence, not less than $1,000,000 for injury to or death of more than one person as a result of one occurrence, and for damage to property as a result of one occurrence in the amount of $500,000. Said insurance coverage shall insure Lessee and Lessor, and (if requested by Lessor) Mortgagee, as additional insureds against any liability that may accrue against any of them on account of any occurrences in or about the Premises resulting in personal injury, death or property damage. Lessee or its sublessee shall furnish to Lessor certificates for all such insurance in a form commonly in use in the insurance industry within 30 days following the Commencement Date and not later than the expiration date of any policy period.

(b) Lessee agrees to indemnify and save Lessor harmless from and against all claims of whatever nature arising from: (i) any act or omission of Lessee or its contractors, invitees or employees during the Term; or (ii) any accident, injury or damage whatsoever caused to any person, or to the property of any person occurring during the Term in or about the Premises, where such accident, damage or injury results or is claimed to have resulted from an act or omission on the part of Lessee or its contractors, invitees or employees. This indemnity and hold harmless agreement shall include indemnity against all costs, expenses and liabilities, including reasonable attorneys' fees, incurred in connection with any such claim or proceeding brought thereon and the defense thereof.

(c) Lessee or its sublessee may provide the aforesaid insurance under a "blanket" policy covering other locations.

9. FIRE AND EXTENDED COVERAGE INSURANCE. (a) During the Primary Term , Lessee shall keep, or cause to be kept by its sublessee, the building improvements on the Premises insured at full replacement cost against all damages caused by fire and against other risks covered

by standard extended coverage endorsements. Such insurance coverage shall insure Lessee and Lessor, and (if requested by Lessor) Mortgagee, as additional insureds as their interests may appear. Lessee or its sublessee shall furnish to Lessor a certificate of insurance within 30 days following the Commencement Date and not later than the expiration date of any insurance policy.

(b) The proceeds of insurance shall be payable to Lessee and used to restore and/or repair in accordance with commercially reasonable procedures designed to ensure that the work is completed timely and without mechanic's liens for unpaid work or materials following final disbursement.

(c) Lessee or its sublessee may provide the aforesaid insurance under a "blanket" policy covering other locations.

10. WAIVER OF SUBROGATION RIGHTS. Neither Lessor nor Lessee shall be liable to the other for any loss or damage to the Premises from risks insured against under fire insurance policies with extended coverage endorsements irrespective of whether such loss or damage results from their negligence or that of any of their agents, employees, licensees, invitees or contractors.

11. DESTRUCTION OF PREMISES. In the event of damage to, or total destruction of, the Premises by fire, act of God or any other cause, this Lease shall remain in effect, and Lessee shall forthwith apply for all necessary permits, licenses and approvals and shall repair or restore same to substantially the same condition as they were in immediately prior to the casualty within 180 days following receipt of all necessary permits, licenses and approvals without rent abatement.

12. CONDEMNATION. If all of the Premises shall be taken by public authorities by condemnation or otherwise for public or quasi-public purposes, or if such taking is of such part of the Premises that it is, in Lessee's reasonable judgment, impossible or impractical for Lessee to use the Premises efficiently and economically for the conduct of its business, this Lease shall terminate effective at such time as Lessee can no longer continue operations upon the Premises. However, if only a part of the Premises is taken so that the remaining portion does not materially affect the conduct of Lessee's business in Lessee's reasonable judgment, Lessor will, to the extent the taking authority provides or allocates funds or an award for restoration, on receipt of such award proceed promptly to restore the building to a complete architectural unit and this Lease shall cease only as to the part so taken and shall continue as to the part not taken. In that event, the rent shall be adjusted in the proportion that the value of the area taken bears to the value of the Premises. Lessor shall be entitled to the entire condemnation award, except that Lessee shall be entitled to any amounts specifically allocated, or awarded to Lessee, for the taking of Lessee's trade fixtures, business value or relocation.

13. ASSIGNMENT AND SUBLETTING. (a) BOT shall have the right, without the consent of Lessor, to assign this Lease, or to sublet all or any part of the Premises, to a Big O franchisee ("New Franchisee"). If this Lease is assigned to New Franchisee, BOT shall give Lessor: (i) notice of the assignment; (ii) the name of New Franchisee; (iii) if New Franchisee is not a person(s), the name of the person(s) holding the controlling interest in New Franchisee; (iv) the address and phone number of New Franchisee or person(s) holding the controlling interest in New Franchisee; and (v) a copy of a written agreement executed by BOT and New Franchisee in which New Franchisee assumes all of Lessee's obligations under this Lease from and after the date of the assignment for the express benefit of Lessor. Thereupon, BOT shall have no obligation or liability

with respect to Lessee's obligations and liability under this Lease occurring from and after the date of the assignment. Notwithstanding the foregoing, in the event this Lease is assigned to New Franchisee, New Franchisee defaults and as a result of such default loses the right to possess the Premises within two (2) years of the assignment to New Franchisee and BOT does not exercise its rights to Reassignment as described in Subsection 13(b) herein, BOT will pay up to three (3) months of New Franchisee's unpaid rent, upon Lessor's request, provided that such request is received by BOT within six (6) months after New Franchisee loses possession of the Premises.

(b) Lessor hereby consents to the assignment by New Franchisee to BOT of all New Franchisee's right, title and interest, as Lessee, in and to this Lease via an outright assignment of this Lease or via a conditional assignment of this Lease (triggered by, among other things, the termination, expiration or assignment of the Big O franchise agreement for the Premises, New Franchisee's default or claimed default under this Lease or New Franchisee's failure to exercise an option to renew this Lease), the exercise of which may be at BOT's option ("Reassignment"). The Reassignment shall automatically apply to any extensions or renewals of the Term and any new lease for the Premises entered into by Lessor and New Franchisee (or by any person or entity owning an interest in, or affiliated with, New Franchisee). Any assignment of this Lease, or sublease of the Premises, by New Franchisee to a party other than BOT shall be subject and subordinate to BOT's rights under the Reassignment. Lessor agrees to give BOT written notice of a default by New Franchisee under this Lease at the same time it gives such notice to New Franchisee and agrees that BOT shall have the same right and opportunity to cure such default as New Franchisee is given under this Lease. No modification or amendment of this Lease by Lessor and New Franchisee shall be binding on BOT unless approved in writing by BOT.

(c) In the event: (i) the Reassignment is, in fact, triggered by New Franchisee's default or claimed default in the payment of rent under this Lease; and (ii) BOT, in fact, exercises its Reassignment under such circumstances; and (iii) Lessor had given BOT written notice of New Franchisee's default(s), together with the same right and opportunity to cure such default(s) as New Franchisee was entitled to under this Lease; then BOT shall be obligated to cure any rent payment default by New Franchisee after possession of the Premises is delivered to BOT, provided that the maximum amount which BOT shall be obligated to pay shall be six months' rent.

(d) In the event BOT exercises its Reassignment, Lessor shall cooperate with, and give reasonable assistance (by joinder in legal proceedings if necessary) to, BOT in obtaining possession of the Premises from New Franchisee; provided, that BOT shall be responsible for Lessor's reasonable attorney fees in any such legal proceedings.

(e) BOT shall have the right, without Lessor's consent but subject to the provisions of Subsection 4(d) hereof, to assign this Lease, or to sublease all or a portion of the Premises, to any person, firm or corporation other than New Franchisee for any use permitted pursuant to the terms of this Lease provided that BOT shall not be thereby released of its duties, obligations or liabilities hereunder.

14. BOT'S RIGHT OF FIRST REFUSAL. (a) Lessor hereby grants BOT a right of first refusal to purchase the Premises upon the same terms, provisions and conditions as may be contained in any offer for the purchase thereof which Lessor shall be ready and willing to accept at any time during the Term. Lessor shall give BOT a full and complete copy of said offer, including all terms, provisions and conditions, and BOT shall have 30 days from and after the receipt of such

offer to exercise this right of first refusal by giving Lessor written notice of its intent to purchase. If BOT does not so notify Lessor within said 30-day period, the sale of the Premises may be consummated, but only on substantially the same terms, provisions and conditions of said offer and to the same party, and subject to the continuation of this Lease. A reduction of the actual selling price by up to 7.5% of the offer price submitted to Lessee shall be deemed substantially the same terms. If such sale is not so consummated within 120 days after receipt by BOT of the terms of the offer, the proposed sale shall not be thereafter be consummated without Lessor again submitting to BOT the proposed sale as herein provided, as if the proposed sale had not been previously submitted.

(b) This Lease and BOT's and Lessee's rights under this Lease shall continue in full force and effect for the balance of the Term following the consummation of any such sale.

(c) BOT's right of first refusal shall survive, and continue in full force and effect following, an assignment of this Lease to New Franchisee. BOT shall have the right to assign its right of first refusal, before or after BOT's exercise thereof, to New Franchisee.

(d) BOT's right of first refusal shall not apply to sales or transfers to members of the immediate family of Lessor or Lessor's shareholders, to a different corporation owned or controlled by Lessor or Lessor's shareholders or members of their immediate family, to a partnership comprised of Lessor, Lessor's shareholders or members of their immediate family, or to a trust established by Lessor or Lessor's shareholders and under which members of their immediate family constitute a majority of the beneficiaries.

15. SIGNS AND FIXTURES. (a) Subject to compliance with applicable laws and ordinances, Lessee shall have the right to erect, maintain and operate any type or size of sign or signs on the Premises.

(b) Lessee shall have the right to install any equipment or fixtures required or desirable in the operation of its business, including roof top antennas and other electronic transmittal and receiving devices, which shall always be deemed personal property subject to repossession for protection of the interests of any conditional sales vendor or equipment lessor or similar lien seller thereof.

(c) Upon the expiration of this Lease, Lessee shall have the right to remove from the Premises any and all signs, equipment, fixtures and other personal property which may have been installed or placed thereon, provided that any damage to the Premises caused by such removal will be repaired by Lessee.

16. LIENS. If any act or omission of Lessee or claim against Lessee results in a lien or claim of lien against Lessor's title, Lessee, within 30 days of receipt of notice thereof, shall arrange for removal of, or a bond over, such lien and shall indemnify and hold Lessor harmless with respect to any such claim. Lessee may contest any such lien at its sole cost and expense.

17. LESSOR'S EXPENDITURES. Upon 15 days prior written notice to Lessee, Lessor may (but need not) in the event of Lessee's failure, omission or inadequate compliance with any of Lessee's undertakings hereunder, make all expenditures or do such acts and things necessary to fulfill and satisfy any such undertakings. Such expenditures and Lessor's costs in connection

therewith shall be at Lessee's expense and shall be payable as additional rent upon the first of the month next following.

18. WAIVER AND CUMULATIVE RIGHTS. No waiver of any breach of this Lease by Lessor or Lessee shall be considered to be a waiver of any other or subsequent breach. All rights and remedies of Lessor and Lessee herein provided or allowed by law shall be cumulative.

19. QUIET ENJOYMENT. Lessor represents and warrants that he is the legal owner of the Premises, that he is legally empowered to execute this Lease, and that: (i) under the zoning laws and all other laws, covenants, restrictions, regulations, ordinances and environmental regulations pertaining to the Premises and the improvements thereon, Lessee may, upon the effective date of this Lease, conduct the Automotive Use on the Premises; and (ii) Lessee, on payment of the rent provided for herein and performance of the undertakings aforesaid, shall and may peacefully and quietly have, hold and enjoy the Premises for the Term with all the rights, privileges and for the uses herein provided.

20. REMEDIES OF LESSOR. (a) If Lessee defaults in the payment of rent or any other financial obligation hereunder and such default continues for 10 days (20 days if BOT is Lessee) after Lessor's written notice thereto to Lessee, or if Lessee defaults in the prompt and full performance of any other provision of this Lease and such default by reason of Lessee's neglect or omission continues for 30 days (45 days if BOT is Lessee) after Lessor's written notice thereto to Lessee, Lessor may forthwith terminate this Lease and Lessee's right to possession of the Premises and pursue all remedies available pursuant to applicable law; provided, however, that if the default is of such a nature that it is not capable of being totally cured within 30 days (45 days if BOT is Lessee), Lessee shall not be deemed to be in default if Lessee has commenced to exercise reasonable diligence to cure the default within 30 days (45 days if BOT is Lessee), continues to pursue curing of the default and cures the default as soon thereafter as is reasonably practicable.

(b) If Lessee fails to pay rent or any other financial obligation within 10 days after it is due, Lessor may assess a late charge equal to 10% of the overdue amount.

21. MITIGATION OF DAMAGES. Lessor shall have the duty to mitigate damages in the event of Lessee's default by using reasonable efforts to relet the Premises after obtaining exclusive possession. Subject to this standard, Lessor may relet the Premises for a term greater or less than the balance of the Term, for other uses, and for rentals greater or less than provided for herein, and may grant concessions. Rentals received by Lessor upon reletting shall first be applied to reasonable brokerage, advertising and legal fees, reasonable expenses incurred by Lessor for repairs and alterations, and other reasonable expenses of reletting incurred by Lessor, and then applied to the rent and other obligations under this Lease.

22. ALTERATIONS. Lessee shall have the right, at its sole cost and expense, to replace or rebuild the improvements on the Premises or to make any alterations, additions and modifications to the Premises (collectively "Alterations"), whether structural and non-structural; provided, however, that any Alterations: shall conform to applicable laws and codes; shall not reduce the size or cubic content of the building; shall comply with all restrictive covenants and other recorded documents; and shall be equivalent in quality to the existing Premises. Prior to commencement of any Alterations, Lessee shall, upon request, provide Lessor copies of all required permits and plans and specifications for the Alterations. The Alterations shall, upon installation,

become Lessor's property and shall remain upon and be surrendered with the Premises. Nothing contained herein, however, shall be construed to give Lessor title to, or prevent the removal of, Lessee's trade fixtures and movable furnishing or equipment (including hoists and racking).

23. CONSENT. Where consent is required hereunder, such consent shall not be unreasonably withheld or delayed.

24. MEMORANDUM OF LEASE. Upon the expiration or termination of this Lease, Lessee shall provide Lessor with a release, in recordable form, of any recorded memorandum of this Lease.

25. HAZARDOUS MATERIALS AND SUBSTANCES. (a) Lessor agrees to indemnify, defend and hold harmless Lessee, its subtenants and assignees, from and against any and all debts, liens, claims, causes of action, administrative orders and notices, costs (including, without limitation, response and/or remedial costs), personal injuries, losses, damages, liabilities, demands, interest, fines, penalties and expenses, including reasonable attorneys' fees and expenses, consultants' fees and expenses, court costs and all other out-of-pocket expenses, suffered or incurred by Lessee or its subtenants and assignees as a result of any occurrence, matter, condition, presence, discharge, disposal, act or omission involving Environmental Laws (as hereinafter defined) or Hazardous Materials (as hereinafter defined) which arose, originated or occurred during the period Lessor (or any entity owned or controlled by Lessor or its owners) owned fee title to the Premises (up to the Commencement Date) or the period any Lessor Party operated a Big O Store on the Premises and which failed to comply with Environmental Laws or any common law theory.

(b) Lessee agrees to indemnify, defend and hold harmless Lessor, from and against any and all debts, liens, claims, causes of action, administrative orders and notices, costs (including, without limitation, response and/or remedial costs), personal injuries, losses, damages, liabilities, demands, interest, fines, penalties and expenses, including reasonable attorneys' fees and expenses, consultants' fees and expenses, court costs and all other out-of-pocket expenses, suffered or incurred by Lessor as a result of any occurrence, matter, condition, act or omission involving Environmental Laws or Hazardous Materials which are caused by Lessee, subsequent to the Commencement Date and which failed to comply with Environmental Laws or any common law theory.

(c) "Hazardous Materials" shall mean any substance, material, waste, gas or particulate matter which at the time of the execution of the Option and Store Lease or at any time thereafter is regulated by any local governmental authority, the State in which the Premises is located, or the United States Government, including but not limited to, any material or substance which is: (i) defined as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," or "restricted hazardous waste" under any provision of State law; (ii) petroleum; (iii) asbestos; (iv) polychlorinated biphenyl; (v) radioactive material; (vi) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Sec. 1251 et seq. (33 U.S.C. Sec. 1317); (vii) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq. (42 U.S.C. Sec. 6903); or (viii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sec. 9601 et seq. (42 U.S.C. Sec. 9601).

(d) "Environmental Laws" shall mean all statutes specifically described in the foregoing sentence and all federal, state and local environmental health and safety statutes, ordinances, codes, rules, regulations, orders and decrees regulating, relating to or imposing liability or standards concerning or in connection with Hazardous Materials.

(e) This Section 25, including both parties' indemnification obligations hereunder, shall survive the termination of this Lease, including any termination of this Lease pursuant to Section 20(a).

26. NOTICES: All notices required or permitted hereunder shall be in writing and either (i) personally delivered, (ii) sent Certified U.S. Mail, return receipt requested, (iii) sent to the proper party via the facsimile number stated below, or (iv) sent by reputable, recognized overnight courier service regularly providing proof of delivery, to Lessor at the place where rent is payable and to Big O Tires, LLC (as Lessee BOT) at 4300 TBC Way, Palm Beach Gardens, Florida 33410, Facsimile: (561) 828-8253, Attention: Lease Administration, with a copy to the attention of General Counsel at the same address and facsimile number, or elsewhere as either party designates. Notice shall be effective upon delivery (if personally delivered), on the day transmitted by facsimile, if on a business day, and if not transmitted on a business day, the first business day thereafter, or on the delivery date indicated by the post office or courier on its proof of delivery receipt or electronic version thereof.

27. SURRENDER OF PREMISES. Except as provided in Section 22 hereof, upon the expiration or termination of this Lease, Lessee shall peaceably quit and surrender the Premises to Lessor in a condition substantially equivalent to their condition at the Commencement Date, reasonable wear and use excepted.

28. SUCCESSOR AND ASSIGNS. The rights, obligations, covenants and conditions of and for Lessor and Lessee shall be binding upon and inure to the benefit of their heirs, executors, administrators, successors, sublessees and assigns, including but not limited to subsequent holder of fee title to the Premises. Upon a conveyance of the Premises by Lessor, Lessor shall be relieved of all further obligations under this Lease except with respect to the obligations set forth in Section 25 hereof for the period prior to such conveyance by Lessor.

29. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between the parties regarding the leasing of the Premises and, excepting any obligations or liabilities that survived the termination or expiration of any prior lease, sublease, option or lease assignment (which obligations/liabilities shall continue to survive), supersedes any prior agreements or understandings relating thereto. Notwithstanding the foregoing, in the event that Lessor was disclosed with a Franchise Disclosure Document by Franchisor in conjunction with executing the Option and Store Lease out of which this Lease arose ("FDD"), then nothing in this Lease is intended to disclaim any representations by Franchisor in such FDD. This Lease may be modified or amended by, and only by, a written instrument executed by Lessor and Lessee.

30. FORCE MAJEURE. The period of time during which Lessor or Lessee is prevented from performing any act required to be performed under this Lease (other than all of Lessee's monetary obligations) or by reason of fire, catastrophe, strikes, lockouts, civil commotion, acts of God, the public enemy, governmental prohibitions or preemptions, embargoes, inability to obtain material or labor by reason of governmental regulations or prohibitions, the act or default of the

other party, delays occasioned by the adjustment of any casualty loss, or other events beyond the reasonable control of Lessor or Lessee, as the case may be, shall be added to the time for performance of such act. Further, any party asserting any event of force majeure shall deliver to the other party a written notice of force majeure stating the reasons thereof within twenty (20) calendar days of the first occurrence of force majeure or such party shall be deemed to have unconditionally waived and released any ability to assert a force majeure event in any manner.

31. ESTOPPEL CERTIFICATE. Upon request of either party, the other party shall, within 10 business days, deliver to the requesting party a written estoppel statement certifying and stating: that this Lease is in full force and effect; any amendments or modifications; the dates to which the rent and other payments due have been paid; whether or not either party is, to the knowledge of the certifying party, in default, or whether there have occurred events which with the passage of time will constitute a default, and, if so, specifying such defaults and events. Each estoppel statement shall be directed to and state that it may be relied upon by whatever addressee the requesting party may designate.

32. ENFORCEMENT. Lessor and Lessee agree that they shall pay the reasonable costs and expenses, including reasonable attorneys' fees incurred by the prevailing party in any action or proceeding to enforce the provisions of this Lease.

33. SURVIVAL. The rights, remedies and obligations of Lessor and Lessee (including BOT, unless otherwise specifically excepted herein) in this Lease shall survive the termination and expiration of this Lease or BOT's assignment of this Lease (pursuant to Subsection 13(a)), except that the foregoing shall not be construed to have the effect of preventing Lessor from exercising, after the term of this Lease shall have terminated or expired, all rights available to Lessor as the fee simple titleholder of the Premises prior to execution of this Lease. Notwithstanding the above, Lessee's right of first refusal shall not survive the termination or expiration of this Lease; provided, however, Lessee's right of first refusal (including its full 30 days to exercise such right) shall apply to any offer for the purchase of the Premises which Lessor shall be ready and willing to accept at any time prior to Lessee giving its Exercise Notice or at any time during the Term.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this instrument.

Lessor:	Lessee:
_____	Big O Tires, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

The undersigned Franchisee under the Franchisee Agreement hereby agrees to observe, perform, and be bound by Lessor's covenants, obligations and undertakings under the foregoing Option and Store Lease.

Franchisee:

_____

By: _____
Name: _____
Title: _____

EXHIBIT "Z"

DEFERRED MAINTENANCE AGREEMENT

In conjunction with the proposed sale of the Big O Store at _____ ("Store"), from the undersigned Seller to the undersigned Buyer, Seller and Buyer acknowledge and hereby agree and confirm the following to Big O Tires, LLC ("Big O"):

- Big O (or its contractor) inspected the Store on _____, 20___, to ascertain obvious deferred maintenance items under the Store lease or sublease;

- Big O requires, as a condition of consenting to the sale of the Store, that the items listed on Exhibit A be completed and repaired by Seller or Buyer within 90 days after the closing of the sale of the Store. If the items listed on Exhibit A are not completed within 90 days after the closing of the sale of the Store, Big O has the right to perform the work and charge the cost to Buyer in the form of additional rent;

- Big O's inspection was limited in scope and was undertaken solely to ascertain obvious deferred maintenance items and Big O makes no representation of any kind as to the condition of the Store property;

- Big O's inspection did not include (among other things) the roof, heating and air conditioning system, plumbing fixtures and lines, the Store equipment including the hoists, underground installations or the environmental condition of the property;

- The fact that something is not listed on Exhibit A does not mean that it is in good or acceptable condition for purposes of the tenant's/subtenant's obligations under the lease/sublease;

- This Deferred Maintenance Agreement does not limit or replace the Seller's or Buyer's obligations under the lease or sublease or the Big O Franchise Agreement; and

- Seller and Buyer are responsible for conducting (and advised to conduct) its/their own thorough inspection of the Store property.

ACKNOWLEDGED AND AGREED:

Seller:	Buyer:
By: _____	By: _____
Title: _____	Title: _____
Printed Name: _____	Printed Name: _____
Date: _____, 20__	Date: _____, 20__

EXHIBIT A

STATE EFFECTIVE DATES

The following states have franchise laws that 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 document is effective and may be used in the following states where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
Maryland	PENDING

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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 requires 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 4300 TBC Way, 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 29, 2023, as amended February 8, 2024.

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 29, 2023, as amended February 8, 2024, 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	Successor Franchise Rider to Franchise Agreement
C	Standard Release Form
D	Reserved
E	Franchise Deposit Receipt Agreement
F	Sublease
G	Promissory Notes
H	Security Agreement
I	Facility Participation Agreement
J	Technology Agreement and Software License 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	Reserved
P	Lease Agreement
Q	Market Reservation Agreement
R	Road Hazard Service Contract
S	Reserved
T	Reserved
U	Certification Program Agreement
V	State Disclosure Addenda and Agreement Riders
W	Area Development Agreement
X	Agreement and Consent to Assignment of Big O Tires Store
Y	Option and Store Lease
Z	Deferred Maintenance Agreement

Date: _____ Your Name (please print): _____

Your Signature: _____

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.

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V	State Disclosure Addenda and Agreement Riders
W	Area Development Agreement
X	Agreement and Consent to Assignment of Big O Tires Store
Y	Option and Store Lease
Z	Deferred Maintenance Agreement

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 4300 TBC Way, Palm Beach Gardens, Florida 33410.