

Obligation	Section in Agreements	Item in Offering Circular
v. Post-termination obligations	Section 20.01 of Franchise Agreement; Section 9(d) of the Multi-Unit Development Agreement	Item 17
w. Noncompetition covenants	Article 17 and Schedule 7 of Franchise Agreement; Section 10 of Multi-Unit Development Agreement	Item 17
x. Dispute resolution	Section 14.06 and Articles 27 and 29 of Franchise Agreement; Sections 14 and 16 of Multi-Unit Development Agreement	Item 17
y. Computer system requirements	Franchise Agreement Sections 6.03 and 10.01; Technology Agreement; End User Software License Agreement	Items 6, 7 and 11

ITEM 10 FINANCING

This Item 10 describes, among other things, financial assistance and guarantees that Big O may periodically provide to franchisees at Big O's discretion. Big O, however, is limited in its ability to provide financial assistance by certain accounting rules and by other business and regulatory requirements, and, therefore, the financial assistance may not be available to all franchisees who may otherwise be eligible to receive it.

Real Estate Lease Financing. On written request from you, we may, in our discretion, provide your landlord with a leasehold guarantee. A leasehold guarantee is used when a landlord is unwilling to lease to a franchisee without a guarantee of performance by us. If we provide a guarantee to your landlord, we may, in our discretion, charge a fee, which will vary based on risk and market conditions, payable no less frequently than monthly and by Automatic Clearing House (ACH) transfer. The term of the leasehold guarantee will vary depending on the circumstances, but we seek to limit the term to one to three years. As a condition of guaranteeing your lease, you may be required to give us security to guarantee your performance under the lease. This security may include the pledge of your franchise to us. If we are required to pay rent to your landlord or perform other duties on your behalf under the leasehold guarantee, you may lose your franchise, your right to your franchise location, your collateral or your assets or any combination of these remedies.

We may also lease space for your Store and sublease it to you, in our discretion. In such a case, your rent will be as we negotiate with you. In general, your rent will, at our option, be equal to either: (i) market rates as we determine in our sole discretion, or (ii) initially, our cost plus a mark-up based on our risk and market conditions; this latter amount may increase in accordance with escalations that may be negotiated into the Lease. In addition, if we make improvements to the leased facility by either constructing a new store or upgrading an existing one, we may require additional rent in an amount sufficient to amortize the cost of the improvements over a term we select in our discretion plus a return on our investment of up to 12% per year. Initial rental rates will generally be subject to increases on an annual or other periodic basis. However, in certain sublease situations, Big O will retain title to all leasehold improvements (even though Big O's title will be subject to the arrangements between Big O and its lessor). See Exhibit F.

If we own the land and building where your Store is located and lease the space to you, your rent will be calculated to include amortization of the cost of acquisition and leasehold improvements plus a

return on our investment of up to 12% in the first year. Initial rental rates will generally be subject to increases on an annual or other periodic basis.

The sublease in Exhibit F provides for a term to be negotiated (but subject to earlier termination based on the underlying lease), and we may in our discretion provide one or more five year renewal terms if certain conditions are met, which may include renewal of the franchise agreement. The lease in Exhibit P provides for an initial 10-year term and two renewal terms of five years each if certain conditions are met, which may include renewal of the franchise agreement. Both the lease and sublease also require a security deposit (which will generally be in an amount equal to the first month's rent). Neither the lease nor the sublease provides for any prepayment of rent that would reduce the total payment amount and neither the lease nor sublease includes a purchase option, but purchase options can occasionally be negotiated. All rent and any additional rent payable to us under a lease or the sublease must be paid by Automatic Clearing House debits to the checking account of the tenant or subtenant, respectively. Both the lease and sublease provide that, on default, we may terminate the lease or sublease and collect damages or continue the lease or sublease and collect rent, and also exercise other remedies, including charging late fees, attorneys' fees and interest.

If we lease or sublease a Store to a franchisee that is a corporation or other legal entity, the operator and each of your officers, directors, partners, members, and their spouses, shareholders and their spouses, or members and their spouses (and, if you are an individual, your spouse) must sign the lease or sublease documents. If you sublease or assign your lease with us, your obligations to make payments to us will continue in accordance with the terms of the lease or sublease.

Conversion Franchisee Financing. We may, in our discretion, make available to Conversion Franchisees who are financially qualified a Conversion Franchise Program. Participants must sign a Converter Rider in the form of Schedule 7 to the Franchise Agreement. The assistance provided to a specific Conversion Franchisee in a Conversion Franchise Program will be as negotiated by Big O and that Conversion Franchisee and may vary from one Conversion Franchisee to the next. However, the typical Conversion Franchise Program includes the following (in addition to the provisions described in Item 5 above):

a. We may, in our discretion, provide certain financing assistance to help you acquire your initial inventory. Such assistance may come in the form of one (but not both) of the following programs:

i. We may, in our discretion, provide for special payment terms for you to acquire your initial inventory (up to an amount approved by us), depending upon our cash availability, your cash needs, your creditworthiness and the availability of funds from other sources and similar factors. The special payment terms to be evidenced by a promissory note in the form of the Inventory Note in Exhibit G to this Offering Circular provide for no payments for the first 90 days, monthly payments of interest only for the next nine months, and monthly payments of principal and interest beginning on the first day of the 13th month following the "Commencement Date" (which is the date on which a store opens for business as a Big O Store or, in some cases, as otherwise designated by us) and ending on the first day of the 36th month. All amounts payable to us under an Inventory Note must be paid by Automatic Clearing House debits to your checking account.

ii. We may, in our discretion, provide for a special book balance loan allowing you to acquire your initial inventory (up to an amount approved by us, depending upon our cash availability, your cash needs, your credit worthiness, and the availability of funds from other sources and similar factors). The book balance loan will provide for interest only payments for the term of the loan, with availability of a rebate (to be applied against your accounts receivable owed to us) of a portion of the interest depending on the inventory turns generated for this inventory. We will take a purchase money security interest in the inventory we finance. In general, a book balance loan will be for a term of twenty-four (24) months, and is subject to renewal provided that minimum inventory turn rate is obtained over that timeframe. The renewal terms are subject to Big O's modification at Big O's sole discretion. All amounts payable to us under the book balance loan must be paid by Automatic Clearinghouse debits to

your checking account. The interest rate on the book balance loan, the inventory turns required to maintain the book balance loan and to earn interest rate rebates and other details will be set forth in the book balance loan documents; these documents are currently being prepared but are not yet finalized. This program is not available to conversion franchisees, or any other franchisees, where Big O is a guarantor of any debt of that franchisee or is a landlord or tenant of that franchisee, or is a guarantor of a lease or real estate by that franchisee.

b. We may, in our discretion, provide some funding to you by matching dollar-for-dollar the money you spend on opening advertising up to a maximum amount of \$25,000. You are required to spend these matching funds within 120 days from the date of your franchise agreement. Your expenditure eligible for this matching is your expenditure that is additional to your Local Fund and National Marketing fees described in Item 6, and our assistance in this could accrue up to \$25,000.

c. We may, in our discretion, provide some funding to you by matching dollar-for-dollar the amount spent by you to remodel, re-image, remerchandise or re-equip your store (that is, for instance, costs for signage, displays, point of sale materials, other trade dress, computer hardware and retail selling system software costs, up to a maximum amount of \$25,000 (that is, our assistance in this could equal up to \$25,000)). The extent of these matching funds will be determined based upon your market area and your needs, and will need to be approved before the conversion takes place. We may, in our discretion, require the Conversion Franchisee for each Big O Store that receives such assistance to undertake and complete such remodeling, re-imaging, remerchandising or re-equipping in accordance with an agreed schedule (including deadlines for both partial completion and full completion of such work), and we, at our discretion, may condition payment (and each partial or progress payment) of such matching funds or other financial contribution on you meeting such schedule and making payment for such work.

Knock Out (Existing Franchisee Incentive) Program. In certain situations, we will provide financing assistance to existing franchisees who are approved by us (in our sole discretion), to acquire, open and operate, competing non-Big O retail tire stores and convert the same to Big O Stores. If, in our discretion, you qualify for this program, we may, in our discretion, provide for special payment terms in order for you to acquire your initial inventory (up to an amount approved by us), depending upon our cash availability, your cash needs, your creditworthiness and the availability of funds from other sources and similar factors. The special payment terms will be evidenced by a promissory note in the form of the Inventory Note in Exhibit G to this Offering Circular. The Inventory Note provides for no payments for the first 90 days, monthly payments of interest only for the next nine months, and monthly payments of principal and interest beginning on the first day of the 13th month following the Commencement Date and ending on the first day of the 36th month. All amounts payable to us under an Inventory Note must be paid by Automatic Clearing House debits to your checking account. In addition, we may, in our discretion, also assist you with your changeover advertising program for the acquired store by matching dollar-for-dollar the money you spend on such advertising. (Your expenditure eligible for matching is your expenditure that is additional to your Local Fund and National Marketing Program fees described in Item 6). The maximum contribution will be limited to \$25,000. The extent of the matching of the advertising funds will be determined solely by us based on our evaluation of your market area and your needs. Finally, in addition, we may, in our discretion, match dollar for dollar your investment up to \$25,000 to assist with the renovation, signage and equipment (including computer equipment) of your acquired store.

A franchisee that is approved for the Knock Out Program shall pay all applicable franchise fees as discussed in Item 5 above and must remain a franchisee (or in the case of a corporation or other entity being the franchisee or the transfer of the franchise to a corporation or other entity, the original entity owner or individual franchisee must continue to own at least 51% of the equity of the corporation or other entity which is or becomes the franchisee) for a period of not less than two years from the effective date of the franchisee's Franchise Agreement. Otherwise, the franchisee shall be responsible for reimbursing Big O for all amounts paid by us and expenses incurred by us in connection with the Knock Out Program, including the value of equipment, fixtures and signage provided by us and not returned to us.

Kick Start (Existing Franchisee Incentive) Program. In certain situations, we will assist our existing franchisees in their expansion to additional Big O Store locations. In order to receive our assistance you must: (i) be able to show a history of supporting our RSCs through your inventory purchases, (ii) have attended monthly owner's meetings held in your region, (iii) be current with your financial commitments and reporting obligations to us, (iv) be in compliance, and all other Big O franchisees in which you have an interest must be in compliance, with the franchise agreement and other agreements with us, and (v) exhibit an overall support of system marketing plans, including the building of the Big O name, reputation, and promotions of the Big O brand. If, in our discretion, you qualify for this program, we may, in our discretion, provide for special payment terms for you to acquire your initial inventory (up to an amount approved by us), depending upon our cash availability, your cash needs, your creditworthiness and the availability of funds from other sources and similar factors. The special payment terms will be evidenced by a promissory note in the form of the Inventory Note in Exhibit G to this Offering Circular. The Inventory Note provides for no payments for the first 90 days, monthly payments of interest only for the next nine months, and monthly payment of principal and interest beginning on the first day of the 13th month following the Commencement Date and ending on the first day of the 36th month. All amounts payable to us under an Inventory Note must be paid by Automatic Clearing House debits to your checking account. The note provided by this financing is to be used for the purchase of products from the RSCs only.

Manager Incentive Program. We have established a program designed to aid in the recruitment of managers for franchisee owned Stores. Franchisees may choose or decline to participate in this program under an agreement negotiated by the franchisee and such manager. Our recommended form of the agreement is the Manager Incentive Contract attached to this Offering Circular as Exhibit R. A Manager Incentive Contract or other agreement offered to a manager by a franchisee may differ materially from Exhibit R. Under the terms of the recommended Manager Incentive Contract in Exhibit R, an eligible manager who achieves certain performance goals is entitled to purchase the Store he or she manages, or a part interest of the Store, and become a Big O franchisee without payment of an initial franchise fee. The manager agrees to work for a salary, as negotiated between the franchisee and the manager, which may be adjusted as often as the franchisee and the manager agree. The manager earns "Purchase Credits" equal to a certain percentage of the annual net earnings of the Store he or she manages. If the manager is acquiring less than 100% of the Store, the percentage of the annual net earnings for which the manager receives Purchase Credits is reduced on a pro rata basis. Net earnings are defined by the franchisee's independent accountant.

Under the recommended Manager Incentive Contract, the Store purchase price is negotiated between the franchisee and the manager and is set at the time the Manager Incentive Contract is signed. Once the Purchase Credits equal or exceed 25% of the agreed upon purchase price for the Store, the credit is considered a down payment toward the purchase of the Store. The balance of the purchase price is payable to the franchisee under a secured promissory note. The manager must grant franchisee a security interest in its assets to secure the payment of the purchase price. If we approve the transfer of the Store to the manager and the landlord of the Store premises consents to the transfer of the franchisee's leasehold interest to the manager, the franchisee then conveys the Store to the manager, the manager executes our then current form of franchise agreement, and becomes a Big O franchisee. No initial franchise fee is charged to the manager, but the manager is required to pay a transfer fee for the transfer of the Store. The transfer fee is \$1,500 for a purchase of 50% or more of the Store. The transfer fee ranges from \$500 to \$1,500 for a purchase of less than 50% of the Store, based on the percentage of the Store being acquired and our costs to approve the transfer. Should we require the manager to attend our training program as a condition of approving the transfer and granting the manager a franchise, we will require an additional \$4,000 training fee to be submitted to us prior to the manager attending the training. In addition, Big O may require the existing franchisee and guarantors of the existing franchise agreement to guarantee the obligations of the manager under the new franchise agreement entered into between the manager and Big O.

Loan Guarantees. Periodically in our sole discretion we may guarantee in whole or in part certain financing provided to you by third parties for establishment or operation of your Big O Stores. These guaranties will be subject to such terms, conditions and limitations as agreed by us periodically in our sole

discretion. In such case, we may, in our sole discretion, charge you a loan guaranty fee ranging from 2% to 5% of the amount guaranteed payable at the time the loan is made.

Financing of Delinquent Payments. In our discretion, we may (without waiving any other rights that may be available to us) occasionally enter into negotiated payment arrangements with franchisees who have been late in payment of amounts due us. These arrangements vary from one franchisee to another, take various factors into consideration, may require you to provide additional collateral for security and result from negotiations between the franchisee and us. Generally, however, these arrangements provide for payment over a longer time frame than would otherwise be available and may require the franchisee to sign a promissory note. All amounts payable to us under these arrangements must be paid by Automatic Clearing House debits to your checking account. In addition, these arrangements may require the franchisee to pay a loan origination fee to us, may impose restrictions on your operations, may require you to provide us with additional information (such as preparation of a business plan and providing us with financial information) and may impose additional requirements (such as requiring you to provide additional collateral for security).

Sales Acceleration Inventory Loan Program. Big O will create a Sales Acceleration Inventory Loan Program that will allow franchisees in good credit standing to finance purchases of tire inventory from Big O. If you are eligible to participate in this program, Big O will loan you an amount equal to 30% of your average monthly tire purchases from Big O (rounded up to the nearest \$1,000) during the 12 month period ending July 31, 2006. The loan will be advanced via a credit to your trade account payable to Big O and a charge against your SAIL loan account with Big O. Interest on the entire unpaid balance of your loan will accrue 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, adjusted on the first day of the following month, plus two percent, until the loan is paid in full. The interest rate will be adjusted on June 30 of each year during the term of the program based on how much your average monthly purchases of tires from Big O increase or decrease compared to purchases in the previous year. This is measured by the number of annual inventory turns as described in the Sales Acceleration Inventory Loan Program attached hereto as Exhibit Y. An amount equal to the excess of prime plus two percent over the adjusted interest rate for the period will be credited to your trade account payable to Big O. If you fail to make more than four annual inventory turns you will be required to repay the loan balance and unpaid interest in full over a period of six months at an interest rate of prime plus two percent by way of ACH debit or other terms satisfactory to Big O.

We will take a purchase money security interest in the inventory financed by this SAIL program.

On June 30 of each year, a new loan eligibility calculation will be performed based on your average monthly tire purchases from Big O for the previous 12 month period. Based on this calculation, you may be eligible for a greater or lesser loan amount than was available during the prior year. You may elect a new loan amount at this time. Once you elect a loan amount, you may not increase or decrease the amount, other than by full repayment as described above, until the following June 30. If you elect a new loan amount that is less than the existing loan amount, the difference between the new loan amount and the existing loan amount will be amortized over a period of six months at the interest rate you qualified for on June 30 immediately preceding your loan election. You may prepay your loan in full (but not in part) at any time without penalty.

On the date that you sign up for the program, you must place an order for tires from Big O in an amount equal to or greater than the amount of your loan. The order must be approved by Big O as a condition to your participation in the program.

The term of this program will end on June 30, 2008 at which time Big O may elect in its sole discretion to either continue the program or cancel the program. At the end of the program, your outstanding loan will be amortized over a six month period at the interest rate in effect for your loan at the end of the program with payment by way of ACH debit or other terms satisfactory to Big O. Notwithstanding the foregoing, your loan will be immediately due and payable in full upon termination of your Franchise Agreement.

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.

Other Financing. In our discretion, we may periodically enter into other negotiated financing arrangements with franchisees of new Big O Stores. These arrangements may vary from one franchisee to another, but generally may cover the purchase or financing of inventory or equipment or other items such as the initial fee, real estate, leasehold improvements or working capital. The amounts financed may be higher and the repayment terms may be longer than for the programs described above. We anticipate that the interest rate will be the "prime rate" as published in the Wall Street Journal plus 2-5% per annum, but that may vary as negotiated. In addition, we may charge a Loan Origination Fee (see Item 6). The franchisee must sign a promissory note in substantially the form of the Standard Note in Exhibit G and generally must sign a Security Agreement in substantially the form of Exhibit H to grant us a security interest in the assets of its Big O Store and business and other collateral. All amounts payable to us under these other financing arrangements must be paid by Automatic Clearing House debits to your checking account. When and if we provide this type of other financing, and the terms of this type of other financing, will be determined in our discretion. We anticipate that factors affecting how we exercise our discretion will include the creditworthiness of the franchisee, the benefit to the Big O network of adding or keeping the franchisee that is receiving the financing and the availability of funds from internal or other sources. During the 15 month period ended March 31, 2006, we provided this type of other financing to six franchisees in an aggregate amount of \$1,233,000 with repayment terms not longer than 60 months.

General Terms. Except as noted differently above in this Item 10, any financing arrangement (other than leases) provided by us shall be evidenced by a promissory note signed by you substantially in the form of one of the promissory notes included in Exhibit G attached to this Offering Circular. When we provide financing for inventory purchases (that is, for Conversion Franchisee Financing, the Knock Out Program, the Kick Start Program and the Store Sale Program, all described above), the promissory note will be in the form of the Inventory Note included in Exhibit G. When we provide other financing to which these General Terms apply, the promissory note will be the form of the Standard Note included in Exhibit G. The following summary applies to the Inventory Note and the Standard Note, except as otherwise specified: The interest rate will be the "prime rate" as published in the Wall Street Journal plus 2-5% per annum (the "Note Interest Rate"). Each of the Standard Note and the Inventory Note contains a provision requiring automatic debits to your checking account at your banking institution in the amount of the monthly payment. The promissory note may be prepaid at any time without any penalty. If you default in making any note payment, or any other event of default occurs under the note, a security agreement or other loan document between you and Big O or if you default in any other obligation to Big O (including obligations under the Franchise Agreement), we may accelerate your obligations under the note and all sums advanced and any accrued interest thereon shall immediately become due and payable. In addition, if you commit a default, the entire unpaid balance shall immediately bear interest at the lesser of the highest rate then allowed by law and either 18% (in the case of the Standard Note) or the Note Interest Rate plus 5% (in the case of the Inventory Note) per annum, until all amounts are paid in full. Upon an event of default, we may sue you and any other person named as a maker of the note or who guarantees the note, or execute against any collateral given to secure the note, or both. If we are successful in a lawsuit against you, we are entitled to receive in addition to the sums due under the note, our attorneys' fees and costs of collection. The promissory notes in Exhibit G also each provide that the makers of the notes waive delinquency in collection, presentment for payment, demand for payment, protest and notice of protest, demand and dishonor and nonpayment of the note and all obligations of the holder of the note to protect any security for the note. Also, the Franchise Agreement provides that Big O will have "good cause" to terminate your Franchise Agreement if you default in any loan document or lease with Big O. There may be limited circumstances for which we will, at our sole discretion, allow you to enter into a fixed interest rate promissory note. The fixed rate promissory note may be prepaid at any time but prepayment may include the following penalties: (i) 3% of the amount being prepaid if prepaid within one year of origination; (ii) 2% of the amount being prepaid if prepaid any time during year two after origination; and (iii) 1% of the amount being prepaid if prepaid two or more years after origination.

To secure your payment and performance of all obligations under the Franchise Agreement and any other obligations due to us, you must grant us security interests in the assets of your Big O Store and

business: that is, in all inventory, accounts receivable, equipment, furniture, fixtures and intangible property and all products and proceeds of these. In addition, we may require you grant us a security interest in any personal assets you own, including residential and other real estate you own. You must sign any documents and perform any actions we consider necessary to permit us to perfect our security interest. A form of Security Agreement used by us is attached to this Offering Circular as Exhibit H. We will not unreasonably withhold our consent to subordinate our security interest to permit you to obtain business financing.

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. Big O reserves the right in its 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 which requires you to 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 OBLIGATIONS**

Except as listed below, we need not provide any assistance to you.

Pre-Opening Obligations.

Before the opening of your Big O Store, we (or our designee) are required by the Franchise Agreement to provide the following assistance and services to you:

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 (Franchise Agreement Section 7.01(b)).

4. We will provide training for one person in the operation of your Big O Store at one or more locations designated by us ("headquarters training") and field training and certification for that one person at a Big O Store. The number of weeks of this initial training will be the number specified by us in our discretion; currently, we specify four weeks of headquarters training and two weeks of field training.

Also, in certain cases (typically involving a Store with high real estate costs or high past sales) additional training may be required. (See "Training Programs" in this Item 11, below) (Franchise Agreement Section 7.01(c)).

5. We will loan to you a copy of 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)).

Continuing Obligations.

During the term of the Franchise Agreement, we (or our designee) are required by the Franchise Agreement to provide the following assistance and services to you.

We will not charge a fee for the following assistance:

1. To the extent available to us, we will provide you a source from which you may purchase Big O private brand tires at what we believe to be below market prices. Franchise Agreement Section 7.02(a)(i). We acknowledge our obligation to have products available to our franchisees that enhance and support the Big O System, and further acknowledge our obligation to use reasonable commercial efforts to maintain a competitive source of supply for the benefit of our franchisees and to aid in the promotion of Big O products and services (Franchise Agreement Section 32(a)).

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)).

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 requires you to honor them (Franchise Agreement Sections 14.01 and 14.04).

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. Through our subsidiary, O Advertising, Inc., or another licensee designated by us, we 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. On request from your Local Group, we will supply you with newspaper mats and radio and television commercial tapes (Franchise Agreement Section 7.02(b)(iv)).

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

7. Big O has established and/or may suspend and reestablish national fleet account programs and policies, which it may revise periodically in its sole discretion. The national fleet account program and policies include: (a) Big O (or its designated provider) making arrangements with larger customers with multiple locations and/or multiple vehicle users ("National Account Customers") to have Big O franchisees provide automotive products and services; (b) permitting the National 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; (c) central billing by Big O (or its designated provider) of National 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 program. You must comply with the national fleet accounts policies and participate in the national fleet accounts 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. (Franchise Agreement Section 10.03). Participation does not now require a franchisee to provide any certain services not directly related to the sale of Products, but Big O has the right to impose this requirement in the future.

Currently, we have contracted with Comdata Corporation to administer our national fleet account program. Comdata will provide qualifying fleet vehicle operators an account to buy Products and Services from participating Big O Tires retail stores. To facilitate the program you must enter into a Merchant Agreement with Comdata, the current form of which is attached as Exhibit D to this Offering Circular, and is subject to change. The Merchant Agreement is for an initial term of 2 years, renewable automatically until either party gives the other at least 90 days written notice of termination. The agreement, among other things, licenses you to use Comdata's Fleet Team™ software for the processing of transactions at your location for National Account Customers.

You will pay Comdata a fee of 4% of your Gross Sales processed through Comdata's system, and of this amount, we will receive from Comdata a sales development and marketing fee equal to 1% of the Gross Sales from all Franchisees' transactions processed by Comdata, increasing to 1.5% when 95% of all franchisees are processing transactions via the Internet, as described in the Merchant Agreement.

8. We will sell Big O Program Products (described in Item 1) 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, the costs of molds, if any, certain warranty costs, costs of Big O to distribute the products to you, and the rebill cost percentage applied to rebill tires. Big O's rebill program allows franchisees to purchase tires directly from the manufacturer or distributor, with the manufacturer or distributor invoicing Big O for the tires and Big O invoicing Franchisee, including a rebill cost percentage. The rebill cost percentage is four percent of Big O's cost for the tires. In our discretion, this rebill cost percentage may be reduced if you prepay your account for these purchases prior to a time specified by us. (Franchise Agreement Sections 1, 14.01 and 14.06). We will engage our auditing firm (currently Deloitte & Touche) or another auditing firm selected by us to conduct audits of the Big O Program Products Price we charge you. The audits will resolve any disputes you and we may have as to the price we charge you for such products. As part of the audit, the auditing firm will review our records and determine whether the price we charge you is in accordance with the price formula. If it is determined that we overcharged you for the products, you will receive a credit equal to the amount of the overcharge. The cost of these audits is included in the price we charge you for the products.

9. We will provide you with periodic surveys of competitive 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 DST system. You will also have the ability to change this retail pricing at your discretion. This service is being provided as part of the Business Format Franchise and is subject to change in process, procedure, timing, or outright elimination, depending on its success and benefit to franchisees in total, as determined at Big O's sole discretion.

10. Big O is developing Key Performance Indicators (KPI's) for use within the system. These Key Performance Indicators will be developed as part of your DST system and will be reviewed by your Area Business Manager (field support team) to assist you in understanding operational and sales deficiencies, successes and to develop recommendations for business improvement.

11. As part of the Business Format Franchise, we are planning an increase in our training curriculum, particularly with regard to service items. Big O is developing the technical infrastructure to provide this interactive training over the Internet. Once this technical capability has been proven, the curriculum that will be provided through this training will be developed and provided to Business Format franchisees. As of the date of this Offering Circular, this training capability does not exist and there is no guarantee that it will be available during the term of your franchise agreement.

12. As part of the Business Format Franchise, we are planning to provide customer relationship management assistance.

Advertising Programs.

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. 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 4% 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 4% 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 4% advertising contributions at any time at its discretion.

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. Big O is currently operating a test program in connection with the Oklahoma Local Group where it collects advertising contributions made by the franchisees in that Local Group and uses the funds to provide local

advertising services. Because this is only a test program, Big O has not established rules and procedures relating to its operation of this type of program. No refund of contributions to the Local Funds will be paid to you upon termination or expiration of your Franchise Agreement.

Your Local Group may be required to contribute a portion of its revenue to a National Marketing Integration Fund, which is administered by us and was established for the sole purpose of developing national branding efforts, programs, advertising campaigns, etc. in support of the Big O system. These standardized marketing methods will be shared with the Local Groups, which may use these standardized marketing methods for supporting the Big O brand in its market area.

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.

The Local Group may vote to require its members to contribute to the Local Fund additional amounts above our minimum requirements. 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. Other Local Groups require monthly contributions for advertising only. 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 4%. Some Local Groups may require new franchisees or existing franchisees who have failed to timely pay fees and advertising contributions due to the Local Group, to obtain a bond in a minimum amount of \$10,000 until the Local Group is satisfied that these franchisees are and will remain current in their payment of fees and advertising contributions.

A Local Group is a cooperative, association or other entity consisting of franchisees formed and operating in their marketing area, as determined by us, pursuant to structures approved or prescribed by us to promote the franchisees' Stores and the products and services offered by the Stores. We may, in our discretion, require franchisees to form a Local Group and 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 if and to the extent we direct all or a portion of your Local Fund contribution to the Local Fund established by the Local Group and be bound by any decisions it makes to the extent 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 as to the extent it will enforce, refrain from enforcing or compromise the scope of enforcement of these obligations.

In addition to the Local Fund, you may be required each month to contribute (in the form of the National Marketing Program fee described in Item 6) up to 1% of your previous month's Gross Sales to a program which is exclusively maintained and administered by us for system-wide marketing ("National Marketing Program", which was formerly known as the "National Advertising Program"). Currently, each franchisee must contribute to the National Marketing Program an amount equal to 0.15% of his/her/its Gross Sales. We deposit the National Marketing Program funds in our operating bank account. The National Marketing Program funds are maintained by us, in our discretion, for advertising, promotional programs, public relations programs and marketing programs approved or administered by us to maximize general public recognition and acceptance of our trademarks, trade names and associated logos and symbols and for other benefits for our system. We use the National Marketing Program funds

to meet all or a portion of costs incident to system-wide marketing. 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. We do not promise that marketing expenditures from the National Marketing Program will benefit you or any other franchisee directly or on a pro rata basis. We assume no other direct or indirect liability or obligation to collect amounts due to the National Marketing Program or to maintain, direct or administer the National Marketing Program. We make available to the members of the Franchisee Advisory Council an annual statement detailing the income and expenses during the previous fiscal year of the National Marketing Program funds that show how the proceeds have been spent, customarily at the spring Franchisee Advisory Council meeting. No refund of contributions to the National Marketing Program is paid to you upon termination or expiration of your Franchise Agreement.

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, other advertising or public relations expenditures and general efforts to promote the Big O brand and system, such as web site development, store rating programs, research and retail selling system development. During the 15 month period ended March 31, 2006, approximately 95% of the National Marketing Program funds were expended on production and printing of advertising materials and general efforts to promote the Big O brand and system and approximately 5% were expended on administrative costs to manage and administer the National Marketing Program.

We cannot increase the current contribution rate to the National Marketing Program of 0.15% of gross retail sales more than one-tenth of 1% in any 12 month period except with the consent of the Franchise Advisory Council. Therefore, it could take approximately nine years for us to unilaterally implement the full 1% National Marketing Program fee.

For both the Local Fund and National Marketing Program, 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.

You must provide for "Grand Opening Advertising" (advertising in the first 120 days of your operation of a Big O Store) to promote the opening of the Big O Store. The amount you must spend on Grand Opening Advertising is periodically determined by Big O and is now a minimum of \$10,000.

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

For some Conversion Franchisees and Knock Out program participants, Big O, in its discretion, may help pay for some Grand Opening Advertising and/or help pay for certain remodeling and remerchandising costs. This support is described in Item 10.

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

In the past, we have used an outside advertising agency to create some of our advertising. While we retain the right to do so, we do not currently place any advertisements except in the Oklahoma City

area. 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 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.

You must acquire, install 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. The minimum connectivity and hardware requirements for a franchisee are that Stores must have high-speed data access, such as DSL or cable with minimum upload and download requirement of 256 kilobits (and recommended access of 384 kilobits for uploading and 1.5 megabits for downloading). The minimum hardware requirements for stand-alone computers are a Pentium 4 or higher processor with a speed of 2.6 gigahertz or higher or the AMD equivalent (Celeron is not recommended), a memory of 512 megabytes RAM, disk storage of 80 gigabytes, a DVD writer and a Windows XP Professional or Windows 2000 Professional operating system. If you use a local area or wide area network, you will also need a home office server with minimum requirements of a Pentium 4 or higher processor with a speed of 2.6 gigahertz or higher or the AMD equivalent (Celeron is not recommended), a memory of 1 gigabyte RAM, disk storage of 160 gigabytes, a DVD writer and a Windows XP Professional or Windows 2000 Professional operating system. We do not now require any particular brand of hardware, except the hardware must be IBM-compatible.

In October 2005 we entered into an agreement with Distribution Services Technologies, Inc. ("DST") under which you must acquire the DST POS (point-of-sale) system and certain related installation, maintenance and support services. DST is located at 25909 Pala, Mission Viejo, California 92691 and has a toll-free telephone number of 800-700-4378. You will be required to sign a Technology Agreement (the "Technology Agreement") with us and either an End User Software License Agreement with DST and/or a sublicense of such an agreement with us ("EULA"). The forms of these agreements are attached as Exhibit J to this Offering Circular.

Under the EULA, you will be the licensee of DST (or a sublicensee of ours) for certain software ("Licensed Software"). Initially, the Licensed Software will provide for an electronic point-of-sale system that will track goods and services sold by you and the inventory held by you. Also, under the EULA, DST will provide maintenance and support services for the Licensed Software. The maintenance and support services provided by DST include providing you with access to the Activant suite of automotive repair and service catalogues. Fees charged to you under the EULA are set forth in Section 6 above.

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

Store is in full compliance with all the termination provisions of its Franchise Agreement and certain other conditions are met and subject to exceptions for warranty work by another Store (Technology Agreement Section 4).

Other than the DST POS system described above, we do not now require that you acquire any particular type or brand of software for your computerized information and management systems. We may, however, revise our policy in our discretion and require you to obtain specific systems in the future. In this case, you may be required to 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 (other than the DST POS system), inventory control systems and communication systems, but you will not be required to implement a new information and management system more than once every four years.

Big O maintains, at its sole cost, an Extranet section of its Website on which it posts current information for franchisees; access to this Extranet 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 Email that franchisees may use for communications with retail customers and other proper business purposes. Your use of the Extranet and the Big O Franchise System Email is currently voluntary but they may, in Big O's discretion, become mandatory in the future. To use this Extranet or email system, you must provide (at your expense) your own computer hardware and software (except for some specific software we may supply). To use the email system, you must sign a Franchisee Email System Agreement in the form of Exhibit W to this Offering Circular.

Additional Site Selection Information.

Although you must select and acquire a site for your Big O Store under the Franchise Agreement, we provide assistance to help you locate a potential site (except if you are a Conversion Franchisee or you are utilizing the Knock Out Program for existing franchisee expansion) by providing criteria for a satisfactory site, including zoning considerations, appropriate size and dimensions, proximity to other Big O Stores, other types of retailers in the area, visibility factors, traffic flow and patterns, access and exits, area population and a consideration of market conditions. You must receive formal written approval from us for your Big O Store location. **However, the final decision about whether to acquire a given approved site or whether to sign any particular lease shall be your sole decision. We disclaim all liability for the consequences of approving a given site. Our approval of a site or provision of criteria regarding the site does not constitute a representation or warranty of any kind as to the suitability of the site for a Big O Store or for any other purpose. It only indicates that we believe that the site falls within the acceptable criteria established by us.** Our written approval of the site for the Store must be obtained by you within 120 days from the Franchise Agreement's Effective Date, as that term is defined in the Franchise Agreement. We may require as a condition of our approval of a Store lease that you and your landlord sign an agreement substantially in the form of the Lease Rider and Modification which is attached as Schedule 4 to the Franchise Agreement, which provides, among other things, that the landlord will accept Big O as a tenant to replace you if you are in default of the lease or if Big O has the right to take over possession of the leased premises for any reason.

Schedule for Opening.

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

When you sign a Multi-Unit Development Agreement, the Stores are required to be opened in accordance with a Development Schedule, which is contained in Schedule 1 to the Multi-Unit Development Agreement.

Training Programs.

We have described below our standard training regimen, which is generally applicable to all our franchisees. However, in some cases involving experienced franchisees, such as current franchisees buying additional franchises or Conversion Franchisees, we may vary from our standard training regimen in regard to matters that, in Big O's discretion, are not necessary for a particular franchisee.

Before the opening of your Big O Store and provided you have paid the franchise fee, we provide an initial training program for one person consisting of training conducted at our corporate training facility in Centennial, Colorado ("headquarters training") and field training and certification 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 four weeks of headquarters training and two weeks of field training. The four week portion of our initial training program consists of both classroom instruction and "hands-on" training. The two week portion of our initial training program is conducted at a Big O Store by an existing franchisee of Big O and consists of "hands-on" training in front office skills (such as marketing and customer relations) and back room skills (such as receiving tires, stacking tires and clean-up). 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 must, or if you are not an individual, your Operator (the person designated by you to assume the responsibility for the operation of your Big O Store), must attend and successfully complete the training program. If you or your Operator fails to successfully complete the training program, we may require you or your Operator to attend an additional training program at your cost or we may terminate the Franchise Agreement.

The tuition or training fee covering the six weeks of the initial training program for one person (which may be you if you are an individual or may be your Operator), is built into the franchise fee. With regard to the four week part of the training, we also pay for the trainee's actual lodging at a hotel selected by us. You must bear all travel expenses, food and all other living expenses, which are incurred by this first trainee while attending the initial training program. For the two weeks of field training and certification (which will take place at a Big O Store designated by us), you must pay all travel, lodging and other expenses for your first trainee. You may send people in addition to your Operator to the initial training program. For all these additional trainees, you must pay a training fee of \$75 per week per person for the first four weeks and \$500 per week per person for the two weeks of field training and certification and, for all six weeks, bear all travel, lodging and other expenses. If you are a Conversion Franchisee, in our discretion, we will provide this training as we deem appropriate: (a) at or near the site of each of your conversion Big O Stores (and not charge you training fees or travel, lodging and meal expenses for this local area training), or, (b) at Big O's national training center or at other training sites we designate (and we will not charge you training fees for training at Big O's national training center but we may charge a fee for field training and certification), or (c) partially at our national training center and partially near your site. In all these cases, you must bear your own travel, lodging and meal expenses. This local area training may, in our discretion, be in addition to your initial training or may replace part of your initial training. Also, for Conversion Franchisees, we may (in our discretion) provide some of your training online.

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 require and provide or arrange for certain "additional training" of Franchisee's Operator or Manager and such of its managerial personnel or Owners as are designated by Big O. 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 Offering Circular. 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 \$1.5 million or more for purchased real estate, or lease payments of \$16,000 per month or more for leased real estate. The current net worth and liquidity requirements are a net worth of \$600,000 or more if Franchisee is purchasing a new building, and liquid assets (that is, cash and cash equivalents) of \$300,000 or more.

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, the new Manager may be required to attend and complete our training program (including all six weeks) to our satisfaction.

We may require you to pay the then current initial training fee for each subsequent 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 subsequent Managers or Operators is \$75.00 per person per week for training at Big O's training site in Centennial, Colorado 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 subsequent Manager and any other trainees. All franchisees must meet all the training requirements, even if the franchisee has prior 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 subsequent 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, we may require you to attend our multi-unit franchise management training conducted at our National Training Center in Centennial, Colorado. For those franchisees opening their third or more location, attendance is at our discretion. The multi-unit franchise management training is conducted when needed (that is, not on a pre-scheduled basis). The instruction materials include a multi-unit workbook, case studies and a number of operational hand-outs prepared by our multi-unit Big O franchisees. The subjects currently covered in the multi-store training programs are described below but these are subject to change in Big O's discretion.

Subject	Hours of Classroom Training
Welcome and Introduction	1
So, You Think You're Ready to Expand?	2.5
Multi-Unit Success the Big O Way	1.5
Developing Strong Managers	4
Business Systems: Making Data Work For You	2.5
Business Systems: Operations and Decision Making	2.5
Business Systems: Compensation and Incentive Plans	3
Meeting Benchmarks as You Expand	1
Final Case Study Experience	3
Presentation Preparation Time	1
Business Plan Presentations	2
Workshop Wrap-Up	0.5
TOTAL	25.5

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

If your Store or an interest in your entity is transferred to a third party, we may require the transferee to attend our training program. We charge the transferor or transferee a transfer fee of up to \$1,500 and, if training of the transferee is required, we charge the transferee a training fee of up to \$4,000 (plus, if additional training is required, an additional training fee, as described in this paragraph below). The transferee must bear any and all transportation, lodging and living expenses which are incurred by its Operator while attending the initial training program. If the transferee is required to have "additional training" as described in this Item 11 above, Big O, in its discretion may charge a reasonable additional training fee. The amount of this fee, if any, has not been set as of the date of this Offering Circular. The transferee also must bear any and all transportation, lodging and living expenses.

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 initial training program is scheduled to be conducted approximately seven times per year, subject to participation of at least four trainees. We try to schedule a new franchisee's training to be completed shortly before his Store is ready to be opened. The classroom training is conducted at the National Training Center in Centennial, Colorado. However, the actual training procedures may vary depending on your experience, size of training class and other considerations.

The instruction materials include portions of our Manual known as Blue Book, our Franchise School program, handouts and media presentations. The instructors for the classroom training 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. The subjects covered in the initial training program are described below:

Subject	Hours of Classroom Training	Hours of On-The-Job Training
General Information:		
Big O Concept	13	
Features and Benefits	11	
Introduction to Tire Market	8	
Tire Construction and Labeling	8	
Selling Techniques:		
Selling Different Tire Markets	16	
Advertising and Merchandising	4	
Phone Selling	6	
Big O Programs	10	
Special Promotion	4	

Subject	Hours of Classroom Training	Hours of On-The-Job Training
Computer	8	
Extra Care Program:	30	
Financial Management:		
Financial Statements and Cash Flow	8	
Business Plans	2	
Accounting Issues	4	
Human Resource Management:	16	
Hands-On Training:	10	
Field Training and Certification		80
TOTALS	158	80

In addition to the initial training program described above, we may offer you, your Operator and Managers or other personnel additional training programs and seminars. These additional training programs may be conducted on a mandatory or voluntary basis and may require you to pay a tuition or fee for your trainees. You may also be required to attend at your expense an orientation session at one of our RSCs in addition to the required training discussed above.

Training programs also are regularly conducted in your region or at other designated field locations by our area managers and regional trainers. We also provide a training series that may be shipped to your Store or provided to you after you complete the initial training program. We charge a fee (currently, about \$103) for this training series, entitled The Big O Educational Systems Training ("BEST SERIES") unless you have paid the applicable training fee for the initial training program (see Items 5 and 6 and this Item 11 above in regard to the various applicable training fees), in which case the materials will be provided to you without an additional charge. The BEST SERIES is designed mainly for sales and customer service training of Big O Store employees other than Operators or Managers. Topics currently covered include product lines, merchandising, sales adjustment policies and procedures and sales and service work flow.

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.

Manual.

Attached to this Offering Circular as Exhibit M are the Tables of Contents of the most current edition of our Blue Book, our Franchise Compliance and Procedures Manual, (which we anticipate will be retired sometime in 2006), our Steps for Success, and the most recent draft of our Franchise Policies & Standards Manual - Best Practices showing their contents and the number of pages in each section.

ITEM 12 **TERRITORY**

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

Absent your prior approval, we will not permit the establishment or operation of another Big O Store within a two mile radius (as determined by us in our reasonable 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 MUD under a Multi-Unit Development Agreement, and other than by a Conversion Franchisee converting an independent retail tire store to a Big O Store, 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) all Stores owned or operated by you or an affiliate of yours are Business Format Franchises or have signed agreement 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 prior two paragraphs 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.

If you have been granted a Big O Tires franchise, you may request and we will consider, if you wish for us to do so, granting you an option to apply to develop an additional Big O Store in an open market area within 15 miles of your existing Store for a period of 12 months 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 Offering Circular and you must pay Big O a fee. The fee will vary from one market area to the next, but currently ranges from \$2,500 to \$6,000. This fee is only for reserving the right to open one Store in the agreed market area, does not guaranty that your application for a Big O Tires franchise will be approved, does not apply to the initial franchise fee for the additional Big O Store if you are approved, and is not refundable under any circumstances.

The Franchise Agreement restricts your use of the Internet as follows: you may not set up, maintain or utilize 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 any Internet home page or website without our express prior written consent (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 50% or more of all your tire sales at the Store must be Big O brand product or other brand products (if any) periodically designated by us, excluding sales of snow tires and farm class tires. See Item 8.

If you enter into a Multi-Unit Development Agreement you will be granted the exclusive right and duty to develop and open Stores during the term of the Multi-Unit Development Agreement in a territory (the "Assigned Area") within a specified time frame. An Assigned Area typically consists of one or more cities or market areas, and will be delineated by specifying the boundary streets or highways of the Assigned Area, or by specifying county lines which form the boundaries of the Assigned Area. Before signing your Big O Multi-Unit Development Agreement, the Assigned Area will be defined and described in the Multi-Unit Development Agreement, and a map of the Assigned Area and the number of Big O Stores to be developed will be set forth in the Multi-Unit Development Agreement. Big O's delineation of an Assigned Area will generally be determined by the population of the Assigned Area, and its market potential, taking into account demographics, economics, business climate, competition and other relevant factors.

During the term of the Multi-Unit Development Agreement, if you are in compliance with the requirements of this agreement, Big O and its affiliates will not establish any other franchised or company-owned Big O Stores within your Assigned Area ("MUD Exclusivity Rights").

Neither Big O nor you can unilaterally change the Assigned Area, except that, if you breach the Multi-Unit Development Agreement (including a breach of the development schedule), and fail to cure the breach in the time required, we may, among other remedies, terminate the Multi-Unit Development Agreement, reduce the number of Stores you may establish or terminate your MUD Exclusivity Rights.

If you are a MUD and complete the Development Schedule contained in the Multi-Unit Development Agreement in a timely manner and are in compliance with all terms and conditions of all Franchise and Multi-Unit Development Agreements between you and us, then if we propose to grant a franchise for, or to establish one or more additional Stores in your Assigned Area at any time after the Commencement Date of the final Store opened in the Assigned Area and during the remainder of the term of the Multi-Unit Development Agreement, you will have a First Option to enter into a Multi-Unit Development Agreement or Franchise Agreement, or both, to establish the additional Store(s) ("MUD Option Rights"). In that event, we will submit to you the form of Multi-Unit Development Agreement or Franchise Agreement which we propose to offer, and you will have 30 days after receipt to sign and return to us the Multi-Unit Development Agreement (together with payment of the applicable portion of the initial franchise fees) and/or Franchise Agreement (together with payment of the full applicable franchise fee). If you ever fail to exercise your First Option, we may then establish additional Stores for ourselves or grant franchises to others for Stores in the Assigned Area, and you have no further exclusive rights to develop Stores in the Assigned Area.

Continuation of your MUD Exclusivity Rights and your MUD Option Rights depends on your remaining in full compliance with the Multi-Unit Development Agreement, including that you open the specified numbers of Big O Stores by the specified dates. Continuation of your MUD Exclusivity Rights and your MUD Option Rights does not otherwise depend on your achievement of certain sales volumes, market penetration or other contingency.

Also, your MUD Exclusivity Rights and your MUD Option Rights will terminate on expiration or termination of your Multi-Unit Development Agreement. However, each of your Stores will continue to have the territorial rights described in the franchise agreement for each of your Stores, but subject to the terms and conditions in your franchise agreements.

We do not plan to establish other franchises or company-owned outlets selling or leasing similar products or services under a different name or trademark within the proximity of your Big O Store, although we reserve the right to do so. We also retain the right to, among others: (1) use, and license others to use, the Licensed Marks and Big O System for other Big O Stores or company-owned Stores; (2) solicit, sell to and service local, regional or national accounts wherever located; (3) use the Licensed Marks and Big O System with other services or products, or in alternative channels of distribution, including the Internet, without regard to location; and (4) use and license the use of other proprietary marks or methods which are not the same as or confusingly similar to the Licensed Marks, whether in alternative channels of distribution or with the operation of any type of tire sales and service business, at any location, which may be the same as, similar to or different from the business of a Big O Store. We may use or license the rights on any terms and conditions we deem advisable, and without granting you any rights in them. Big O is now considering various financial aspects of Internet sales, such as procedures, sharing (if any) of margins and related matters. When standards and policies are determined for these matters, Big O will add them to the Manual.

Big O is conducting wholesale operations under the name "NTW" under which it sells non-Big O brand tires and other automotive accessories to Big O franchisees and to purchasers other than Big O franchisees. Purchasers from these wholesale operations may compete with you.

One Stop, an affiliate of ours in which we own a 50% interest, distributes automotive aftermarket parts under a license agreement with One Stop Undercar, Inc., a California corporation ("OSUI"). OSUI is not affiliated with us. Under the license with OSUI, One Stop markets and distributes replacement automotive parts, excluding tires and wheels, to service centers who are not Big O franchisees in addition to marketing and distributing such parts to Big O franchisees. However, such Big O brand replacement automotive parts are marketed through and distributed to Big O franchisees only. One Stop does not own or operate any retail outlets and it does not market or distribute any products to the public. Rather, One Stop markets and distributes its products only on a wholesale basis to retail outlets.

TBC Private Brands, Big O's parent corporation, and TBC Private Brands' subsidiaries (not including Big O and its subsidiaries), distribute products in the automotive replacement market through channels of distribution not involving Big O franchisees. The products distributed by TBC Private Brands and its non-Big O subsidiaries include tires and tubes. The primary brand names for tires distributed by TBC Private Brands include Cordovan®, Multi-Mile®, Sigma®, and Vanderbilt®. Other brands under which TBC Private Brands' products are marketed include Grand Prix®, Grand Am™, Grand Spirit®, Wild Country®, Wild Trac®, Supreme™, Stampede®, Wild Spirit®, Grand Sport®, Aqua-Flow®, Power King®, Harvest King® and Turbo Tech®. Tire Kingdom, Inc., an indirect TBC Private Brands subsidiary which was acquired in June 2000, also makes wholesale sales of tires and other automotive products under well-known brand names such as Bridgestone, Dunlop, Firestone, General, Continental, Goodyear and Michelin. TBC Private Brands distributes its products through a network of distributors in the United States, Canada and Mexico. Some of these distributors act as wholesalers, some as retailers, and some as both wholesalers and retailers. Retail outlets carrying products of TBC Private Brands and its non-Big O subsidiaries may be located in your Trade Area and may compete with you. TBC Private Brands and certain of its non-Big O subsidiaries own retail outlets selling tires and other automotive aftermarket products: As of March 31, 2006, TBC Private Brands and its wholly-owned subsidiaries operated approximately 632 non-Big O retail tire and automotive service centers in the following states: Alabama, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Louisiana, Kansas, Kentucky, Massachusetts, Maryland, Missouri, Mississippi, New Jersey, North Carolina, New Hampshire, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, West Virginia and Vermont. These retail outlets do business under the trade names "Tire Kingdom," "Merchant's," "National Tire Battery," "NTB," and "Tire America."

As described in Item 1, on November 17, 2005, TBC was acquired by Sumitomo Corporation of America ("SCOA") and SCOA's parent corporation, Sumitomo Corporation. Treadways Corporation is a subsidiary of SCOA and markets tires in the United States to retail dealers and wholesale distributors under brand and private brand names. These private brand names are Sumitomo, Laramie, Telstar, Jetzon, Eldorado and Centennial.

ITEM 13
TRADEMARKS

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

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

Licensed Mark	Effective Date	Registration No.
Big-O	09/24/74	993,415
Big O	10/01/74	994,466
Big O Tires and Design	08/28/90	1,611,160
Big O Tires	12/12/00	2,411,926
Big Foot	07/11/95	1,904,955
Big Foot 60	09/12/78	1,102,058
Big Foot 70	09/12/78	1,102,059
Design of Big Foot	02/01/00	2,314,775

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

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 prior written consent, 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.

We have opposed in the USPTO a registration application of Big 10 Tire Co., Inc. to register the service mark "Big 10 Tires". In our petition, we have claimed that Big 10 Tire Co., Inc.'s use of the mark in conjunction with the sale of tires through retail stores is likely to create confusion in the minds of

consumers because of its similarity to our Licensed Marks. Big 10 Tire Co., Inc. operates a chain of tire stores in the southeast United States. In August, 1998, the opposition proceeding suspension period that was granted by the Trademark Trial and Appeal Board expired and a schedule for trial and briefing was determined by the Appeal Board. A draft settlement between Big O and Big 10 Tire Co., Inc. was being considered; however, the parties have failed to reach an amicable settlement to date. The opposition remains in suspended status.

Except as stated above, 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.

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 attorney's 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 we may require you to 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 Offering Circular(s).

No other patents or copyrights are material to the franchise.

Manual and Other Information.

Our Manual and related training tapes, manuals, books, and audio and video 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 subsequent Operators and Managers. If you are an individual, you may be the Operator. All initial and subsequent Operators and Managers are also subject to approval by us. Our approval, if required, will be conditioned on the Operator's or Manager's successful completion of any training required by us. We may waive some or all of our initial training requirements for Operators or Managers who have already received training as a result of their affiliation with another Store or Big O franchisee or in other circumstances, in our sole discretion.

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

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

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

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

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

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

ITEM 16 **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must comply with all published rules, regulations, policies and standards established by us, including those contained in the Manual. You must operate and maintain your Store only in the manner and pursuant to 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 pursuant to standards and within the guidelines prescribed or approved by us. You cannot enter into any agreement to fix prices, or allocate customers or territories, which would violate any applicable laws. (Franchise Agreement, Section 10.01(i)).

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

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

You must 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). On an annual basis, 50% or more of your total tire unit sales must be Big O brand product, excluding sales of snow tires and farm class tires. (Item 8 and Franchise Agreement, Section 14.01).

You may not offer or sell from your Store any product or service which has not been selected or approved by us, and you may not offer or sell any product or service except in accordance with conditions we require. (Franchise Agreement, Section 14.02). However, for Conversion Franchisees who participate in the Conversion Franchise Program, during the three year period starting on the Commencement Date of the initial term of the Franchise Agreement, the Conversion Franchisee may

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

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).

You may not wholesale any Big O Program Products that we sell to you for resale to the public, including other franchisees, except that you may wholesale such products to automotive or truck dealerships and national account customers. Also, you may not sell Big O Program Products at any other Big O Store(s) that you or an affiliate of yours owns. However, such sales may be permitted under in some circumstances and under certain conditions set forth in policies adopted by us from time to time in our sole discretion. (Franchise Agreement, Section 14.06(c)). In this regard, our current policy is as follows: In those instances where you wholesale Big O Program Products purchased from Big O to purchasers other than those listed in the first sentence of this paragraph, you are required to pay to Big O the greater of: (a) the price charged by you to the purchaser less the price Big O charged to you, and (b) the price we charge Distribution Franchisees for such products less the price Big O charged to you. Such pricing differences will be accounted for at the end of each month through a report that will be generated through the DST system. It will be your responsibility to follow the procedures outlined in the DST manual so that the proper accounting for product, whether purchased or sold, is consistent with Big O standards.

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 the Company, which offers or sells tires, wheels, automotive services, or other products or services which compete with our products and services. (Franchise Agreement, Section 17.01).

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

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

ITEM 17 **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

The following tables list certain important provisions of the Franchise and related agreements. You should read these provisions in the agreements attached to this Offering Circular.

FRANCHISE AGREEMENT AND FRANCHISE DEPOSIT RECEIPT AGREEMENT

Provision	Section in Franchise Agreement/ Franchise Deposit Receipt Agreement	Summary
a. Term of the franchise	Article 4	10 years.
b. Renewal or extension of the term	Section 5.01	Additional 10 years
c. Requirements for you to renew or extend	Sections 5.01, 5.02 and 5.03	Notice, sign new franchise agreement, refurbish the Store, pay renewal administrative fee, sign a general release, meet standards of compliance with Franchise Agreement and Big O System, others.
d. Termination by you	Section 19.04; Paragraph 15 of Schedule 7	Only if we have committed a material breach of our obligations under the Franchise Agreement and failed to cure it within 30 days of your notice to us; on the third anniversary of the Commencement Date for Conversion Franchise Program Franchisees.
e. Termination by us without cause	None	N/A
f. Termination by us with cause	Section 19.01	We can terminate if you commit any one of the listed violations.
g. "Cause" defined- defaults which can be cured	Section 19.01	5 days for monetary defaults; 10 days for noncompliance with any law or regulation; 30 days for other breach of Franchise Agreement, misuse of Licensed Marks; 30 days for any violation of any policy, standard or specification of Big O; noncompliance with Local Group requirements, selling of unauthorized products or services, understatement of Gross Sales.

Provision	Section in Franchise Agreement/ Franchise Deposit Receipt Agreement	Summary
h. "Cause" defined- defaults which cannot be cured	Section 19.01	Failure to commence business timely, materially false statement or report to us, unapproved transfer, repeated violations, abandonment, non-operation of Franchised Business for 5 consecutive business days, defaults on obligations to third parties which are not cured, loss of possession of the Store, conviction of a crime, assignment for benefit of creditors, bankruptcy, receiver appointed, excessive customer complaints, operations that reflect negatively on Big O and others.
i. Your obligations on termination/nonrenewal	Section 20.01	Obligations include pay outstanding amounts, 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 us	Section 18.01	No restriction on right to transfer or assign.
k. "Transfer" by you – definition	Article 18, and Glossary	Includes transfer or pledge of interest in Franchise Agreement, franchise rights or obligations, right to occupy Store premises, partnership interest, stock, membership interest or other equity ownership interest or any change in control, merger or reorganization of a franchisee or the issuance of additional securities by a franchisee.
l. Our approval of transfer by you	Sections 18.03, 18.04 and 18.07	All transfers must be approved by Big O prior to transfer, except transfers to a spouse, parent, child or sibling of the franchisee or of an owner of the franchisee or a manager of the franchisee under a program approved by Big O.

Provision	Section in Franchise Agreement/ Franchise Deposit Receipt Agreement	Summary
m. Conditions for our approval of transfer	Section 18.04	Includes notification, written consent, transferee qualifies as a new franchisee and meets additional qualifications (such as showing ability to maintain past financial performance and not materially increasing burden or risk to Big O), payment of money owed and transfer fee, transferee satisfactorily completes training program, refurbishment of Store, signing of new Franchise Agreement, guarantee, transferee obtains surety bond or letter of credit, others. We may also seek to negotiate a general release as part of our approval.
n. Our right of first refusal to acquire your business	Sections 18.02 and 18.04	You must present any offer to us and we can match it.
o. Our option to purchase your business	Sections 20.02 and 20.03	Upon expiration or termination, we can buy your assets.
p. Your death or disability	Section 18.05	Franchise must be assigned to approved buyer within 6 months.
q. Noncompetition covenants during the term of the franchise	Section 17.01	Except for any business you are currently operating and have identified, no involvement in competing business.
r. Noncompetition covenants after the franchise is terminated or expires	Section 17.04; Paragraph 14 of Schedule 7	No competing business for 2 years in your assigned area or within 5 miles of any other Big O Store; participants in the Conversion Franchise Program are not subject to a post-termination covenant not to compete.
s. Modification of the agreement	Section 24.03; Section 12 of Franchise Deposit Receipt Agreement	Only by written agreement signed by both parties, except we may change the Trade Area and Manual without your approval.
t. Integration/ merger clause	Section 32(g); Section 12 of Franchise Deposit Receipt Agreement	Only terms of Franchise Agreement are binding (subject to state law).

Provision	Section in Franchise Agreement/ Franchise Deposit Receipt Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 14.06	The results of the audit by Big O's auditing firm regarding the price we charge you for products that you purchase from us for resale to the public is conclusive, final and binding on you and us. Your sole remedy if we have overcharged you for such products is to receive a credit equal to the amount of the overcharge.
v. Choice of forum	Section 29.02	Colorado (subject to state law).
w. Choice of law	Section 29.01	Colorado (subject to state law).

MULTI-UNIT DEVELOPMENT AGREEMENT

Provision	Section in Multi-Unit Development Agreement	Summary
a. Term of the franchise	Section 5	By Agreement.
b. Renewal or extension of the term	None	N/A
c. Requirements for you to renew or extend	None	N/A
d. Termination by you	None	N/A
e. Termination by us without cause	None	N/A
f. Termination by us with cause	Section 9	Breach of Multi-Unit Development Agreement and other grounds.
g. "Cause" defined-defaults which can be cured	Section 9(b)	5 days for monetary defaults, 30 days for operations defaults.

Provision	Section in Multi-Unit Development Agreement	Summary
h. "Cause" defined-defaults which cannot be cured	Section 9(b)	Non-compliance with Development Schedule; conviction of a crime, unapproved transfer, false books or records, default of other agreements with us, repeated defaults, materially false statement or report to us, insolvency, assignment for benefit of creditors, bankruptcy, receiver appointed, unsatisfied judgment and other causes.
i. Your obligations on termination/ nonrenewal	Section 9(d) and (e)	Obligations include payment of all outstanding sums. (See also r.)
j. Assignment of contract by us	Section 8(a)	No restriction on right to transfer or assign.
k. "Transfer" by you – definition	Section 8 and Glossary	Includes transfer of Multi-Unit Development Agreement, rights or obligations, interest or stock in MUD, merger or consolidation of any interest in Franchisee, and change in control.
l. Our approval of transfer by you	Sections 8(c) and (d)	All transfers must be approved.
m. Conditions for our approval of transfer	Section 8(d)	Includes notification, transferee meets qualifications of a MUD and additional qualifications (such as showing ability to maintain past financial performance and not materially increasing burden or risk to Big O), prior written consent, sign then current form of Multi-Unit Development Agreement, pay all amounts due, pay transfer fee, and guarantees. We may also negotiate a general release.
n. Our right of first refusal to acquire your business	Sections 8(b) and (d)	You must present any offer to us and we can match it.
o. Our option to purchase your business	Section 9(d)	On default, we can acquire your interest in any site acquired by you but not yet franchised.
p. Your death or disability	Section 8(e) and (f)	Survivor meets conditions to acquire or retain interest or assign to approved buyer in 6 months.
q. Noncompetition covenants during the term of the franchise	Article 10	No diversion of customers and no involvement in competing business.

Provision	Section in Multi-Unit Development Agreement	Summary
r. Noncompetition covenants after the franchise is terminated or expires	Section 9(e)	No competing business for 2 years in Assigned Area or within 5 miles of any Big O Store.
s. Modification of the agreement	Section 13(c)	Only by written agreement signed by both parties.
t. Integration/ merger clause	Section 18(f)	Only terms of Multi-Unit Development Agreement are binding (subject to state law).
u. Dispute resolution by arbitration or mediation	None.	N/A
v. Choice of forum	Sections 16(a) and (b)	Colorado (subject to state law).
w. Choice of law	Section 16(a)	Colorado (subject to state law).

These states have statutes which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Sections 4-72-201 to 4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Sections 42-133e to 42-133h], DELAWARE [Code Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-6], ILLINOIS [ILCS, Ch.815, Sections 705/1-705/44], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17 and 537A.10], MARYLAND [Stat. Sections 11-1301 to 11-1307], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Sections 75-24-51 to 75-24-61], MISSOURI [Stat. Sections 407.400-407.410, 407.420], NEBRASKA [Rev. Stat. Sections 87-401 to 87-410], NEW JERSEY [Stat. Sections 56:10-1 to 56:10-12], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code Sections 13.1-557 to 13.1-574], WASHINGTON [Code Sections 19.100.180, 19.100.190], WISCONSIN [Stat. Sections 135.01 - 135.07]. **SEE EXHIBIT V FOR ADDITIONAL DISCLOSURES, IF ANY, APPLICABLE TO CERTAIN STATES.**

These and other states may have court decisions, which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

**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 requires our approval.

**ITEM 19
EARNINGS CLAIMS**

We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Big O Store or franchise, except as set forth in Exhibit X or in Supplemental Earnings Claims directed to a particular location or circumstance. Actual results vary from Store to Store, and we cannot estimate the results of any particular franchise.

**ITEM 20
LIST OF OUTLETS**

**FRANCHISED STORE STATUS SUMMARY (Note 1)
FOR THE 15 MONTHS ENDED MARCH 31, 2006 and for the Years 2004 and 2003 (Note 2)**

State or Country	Transfers	Canceled or Terminated	Not Renewed	Reacquired by Franchisor	Left the System/ Other	Total from Left Columns (Note 3)	Franchisees Operating at year end (Note 4)
Alberta, Canada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Arizona	10/3/8	2/2/2	1/2/0	0/0/0	0/0/0	13/7/10	58/59/60
California	17/12/8	7/3/4	3/0/1	0/0/0	0/0/0	27/15/13	193/200/198
Colorado	3/2/3	2/2/3	0/0/0	0/0/0	0/0/0	5/4/6	66/64/64
Idaho	1/0/1	1/0/0	0/0/0	0/0/0	0/0/0	2/0/1	13/11/11
Iowa	0/0/1	1/0/0	0/0/0	0/0/0	0/0/0	1/0/1	3/4/3
Indiana	2/1/3	1/0/0	0/0/0	0/0/0	1/0/0	4/1/3	25/25/20
Kansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	4/2/2
Kentucky	0/0/3	0/1/0	0/0/0	0/0/0	0/1/0	0/2/3	24/23/25
Michigan	0/0/0	10/0/0	0/0/0	0/0/0	1/2/0	11/2/0	2/13/15
Missouri	0/0/0	0/0/1	0/0/0	0/0/0	0/1/0	0/1/1	8/6/5
Montana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	4/4/4
Nebraska	2/0/2	0/0/0	0/0/0	0/0/0	0/0/0	2/0/2	2/2/2
Nevada	0/0/6	1/1/0	0/0/0	0/0/0	1/0/0	3/1/6	25/28/27
New Mexico	0/1/0	0/1/0	2/0/0	0/0/0	0/0/0	2/2/0	18/20/21
Oklahoma	7/0/1	1/1/2	0/0/0	0/0/0	0/0/0	8/1/3	11/11/13
Oregon	0/0/1	0/4/1	0/0/0	0/0/0	0/0/0	0/4/2	10/9/11
South Dakota	1/0/0	0/0/0	0/0/0	0/0/0	2/0/0	3/0/0	1/3/3
Texas	0/0/0	2/0/0	0/0/0	0/0/0	0/0/0	2/0/0	1/3/3
Utah	5/5/1	2/0/0	0/0/0	0/0/0	0/0/0	7/5/1	52/53/54
Washington	0/0/1	3/1/0	0/0/0	0/0/0	0/0/0	3/1/1	14/17/18
Wyoming	3/3/1	0/0/0	0/0/0	0/0/0	0/0/0	3/3/1	9/9/9
TOTAL	51/27/40	33/16/13	6/2/1	0/0/0	5/4/0	96/49/54	544/567/569

- (1) This summary does not include any Business Format Franchises, and no Business Format Franchises existed as of March 31, 2006 except a test program in Las Vegas, Nevada which ended around April, 2006.
- (2) Big O changed from a December 31 fiscal year end to a March 31 fiscal year end. The time period covered by the first column represents the 15 month period from January 1, 2005 to March 31, 2006; the second and third columns are for 2004 and 2003, respectively.
- (3) The numbers in the "Total" column may exceed the number of Stores affected because several events may have affected the same Store.
- (4) Year end means March 31, 2006 for the first column and December 31, 2004 and December 31, 2003 for second and third columns, respectively. The franchisees operating at year end include franchises operated by joint ventures in which Big O or an affiliate of Big O had an equity interest of 50% or less. As of March 31, 2006, there were 8 stores operated by such joint ventures in Missouri.

**STATUS OF COMPANY-OWNED STORES
FOR THE 15 MONTHS ENDED MARCH 31, 2006 and for the Years of 2004 and 2003 (1)**

STATE	STORES CLOSED DURING YEAR	STORES SOLD DURING YEAR	STORES OPENED DURING YEAR	TOTAL STORES OPERATING AT YEAR END (2)
Colorado	0/0/0	0/1/0	0/0/1	0/0/1
Indiana	1/1/0	0/3/0	0/0/0	0/1/5
Ohio	0/1/1	0/0/0	0/0/0	0/0/1
TOTALS	1/2/1	0/4/0	0/0/1	0/1/7

- (1) Big O changed from a December 31 fiscal year end to a March 31 fiscal year end. The time period covered by the first column represents the 15 month period from January 1, 2005 to March 31, 2006. The second and third columns are for 2004 and 2003, respectively.
- (2) Year end means March 31, 2006 for the first column and December 31, 2004 and December 31, 2003 for the second and third columns, respectively.

**PROJECTED OPENINGS
AS OF MARCH 31, 2006 (1)**

STATE OR COUNTRY	FRANCHISE AGREEMENTS SIGNED BUT STORE NOT OPENED	PROJECTED FRANCHISED NEW STORES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY-OWNED OPENINGS IN NEXT FISCAL YEAR
Arizona		6	
California		12	
Colorado	2	5	
Indiana		5	
Kentucky		1	
Kansas		10	
Missouri		3	
Nebraska		10	
Nevada		3	
New Mexico	1	2	

STATE OR COUNTRY	FRANCHISE AGREEMENTS SIGNED BUT STORE NOT OPENED	PROJECTED FRANCHISED NEW STORES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY-OWNED OPENINGS IN NEXT FISCAL YEAR
Ohio		6	
Oklahoma		12	
TOTALS	3	75	

(1) These projections include Business Format Franchises: 10 in Kansas, 10 in Nebraska and 12 in Oklahoma. The other projections are for Distribution Franchises.

A list of the names of all franchisees and the addresses and telephone numbers of their Franchised Businesses is set forth in Exhibit K to this Offering Circular. 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 Offering Circular is set forth on Exhibit L to this Offering Circular.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Offering Circular as Exhibit N are the audited consolidated financial statements of Sumitomo Corporation of America and subsidiaries as of March 31, 2006, December 31, 2004 and December 31, 2003 and for the years then ended. Also attached is the unaudited consolidated balance sheet of Sumitomo Corporation of America as at March 31, 2005 and the unaudited consolidated statement of operations for the three months then ended. The form of the Franchise Agreement attached as Exhibit B incorporates by reference a Guaranty of Performance (included as Annex A to the Franchise Agreement) by Sumitomo Corporation of America of Big O's performance of Big O's obligations under the Franchise Agreement.

ITEM 22 CONTRACTS

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

<u>Exhibit</u>	<u>Contract</u>
B	Franchise Agreement and Schedules
C	Multi-Unit Development Agreement and Schedules
D	Comdata Merchant Agreement
E	Franchise Deposit Receipt Agreement
F	Sublease
G	Promissory Notes
H	Security Agreement
I	Kick Start (Existing Franchisee Incentive) Program Letter Agreement
J	Technology Agreement and End User Software License Agreement
P	Lease Agreement
Q	Market Reservation Agreement

- R Manager Incentive Contract
- S Option Agreement Documents
- T Asset Purchase Agreement Prototype
- U Certification Program Agreement
- V State Disclosure Addenda and Agreement Riders
- W Email Agreement
- X Earnings Claim Addendum and Earnings Claim Acknowledgment
- Y Sales Acceleration Inventory Loan Program

ITEM 23
RECEIPT

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

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