

**PMOCO (SPIRIT™) RETAIL OUTLET TRADEMARK LICENSE AGREEMENT**  
**APPLICATION AND INSTRUCTIONS**

The completed application and attachment may be submitted electronically via fax (215-345-1373) or email (vhaskins@pmoco.com), but an original with all required information must be mailed to: Petroleum Marketers Oil Co., LLC, P.O. Box 268, New Hope, PA 18938. Checks for license fees must accompany the application and should be payable to Petroleum Marketers Oil Co., LLC. If you have questions about the PMOCO license agreement or this form, please call (215) 345-4119.

1. Review and complete the PMOCO Retail Outlet Trademark License Agreement. **Pay particular attention to the Location(s) information in Attachment A and the Licensee and Retail Outlet Minimum Standards in Attachment B.**
2. If your company qualifies as a Licensee and the unit(s) for which the license is being sought meets the minimum standards in Attachment B, execute the Agreement and remit it with the appropriate licensee fee(s) to the **Petroleum Marketers Oil Company (at the remittance address indicated above).**
3. Attach at least three (3) photographs of each unit for which a **Spirit®** License is sought.
4. Is there an existing **Spirit®** unit within five (5) miles of any of the units for which you are applying for a **Spirit®** license?

Yes                       No

5.

|  |                                   |  |
|--|-----------------------------------|--|
| Site # 1<br><br>Projected Opening Date _____ | Name and address of licensed site | Previous Brand _____<br>Projected Volume _____ mo. |
| Site # 2<br><br>Projected Opening Date _____ | Name and address of licensed site | Previous Brand _____<br>Projected Volume _____ mo. |
| Site # 3<br><br>Projected Opening Date _____ | Name and address of licensed site | Previous Brand _____<br>Projected Volume _____ mo. |

| <b>License Applicant Signature</b> |  |
|------------------------------------|--|
| <i>Name</i>                        |  |
| <i>Phone Number</i>                |  |
| <i>Company</i>                     |  |
| <i>By (Signature)</i>              |  |

**THE ATTACHED AGREEMENT WILL NOT BE PROCESSED WITHOUT**  
**RECEIPT OF ALL THE INFORMATION REQUESTED**

# **PETROLEUM MARKETERS OIL COMPANY, LLC**

P.O. Box 268  
New Hope, PA 18938  
(215) 345-4119

## **Retail Outlet Trademark License Agreement**

### **EXECUTIVE SUMMARY**

**Note – The items outlined below are the ones most discussed by prospective Licensees. Your full review of the Trademark License Agreement may disclose other areas which you deem important.**

- Agreement between PMOCO and experienced distributor and/or retailer to license one or more sites under the **SPIRIT** trademark.
- Licensee warrants that it meets minimum standards for trademark licensees and trademark licensed outlets (Attachment B).
- Licensed location(s) must continue to meet minimum standards during entire time of license.
- License fee - \$1,000 for first licensed unit, \$500 for each succeeding one
- Initial license term of 3 years with option of Licensee to renew for an additional four 5- year terms (Articles III and IV).
- Should PMOCO offer Licensee supply (at a price that can be demonstrated to be on average below OPIS mean for a 12-month period) Licensee must accept that supply or pay PMOCO a \$.003 per gallon royalty (Article IV.3.).
- Licensee may only purchase **SPIRIT** trademarked signs and logos from PMOCO approved supplier (Article V.1.)
- Licensor may terminate this Agreement if Licensee fails to: (i) continue active marketing and distribution of licensed goods; (ii) pay Royalties and Additional Royalties when due; (iii) submit gallonage information in a timely manner; (iv) file a petition of bankruptcy; (v) maintain membership in a PMAA federated association; or (vi) to meet any other obligations under the minimum standards for **SPIRIT** licensees and licensed retail outlets.

Licensee may not sell, transfer, lease or display trademarked indicia at any but licensed site(s).

# **PMOCO RETAIL OUTLET TRADEMARK LICENSE AGREEMENT**

This Agreement is effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between the Petroleum Marketers Oil Company, LLC, a Delaware limited liability company (Licensor) and \_\_\_\_\_, a \_\_\_\_\_ (Licensee).

## **W I T N E S S E T H:**

WHEREAS, Licensor owns the Trademarks and Trademark Registrations listed on Attachment A (the “Trademark(s)”); and

WHEREAS, Licensee is a distributor and/or a retailer of motor fuel with expertise and ability in distributing and having sold its goods at retail; and

WHEREAS, Licensee desires to be licensed by Licensor in the use of the Trademark exclusively upon and in connection with the retail sale of motor fuels; and

WHEREAS, Licensor desires to license Licensee’s use of the Trademark at the retail location(s) listed in Attachment A; and

WHEREAS, Licensee warrants that it meets all of Licensor’s, “Minimum Standards for Trademark Licensees and Trademark Licensed Retail Outlets” (Attachment B) and that it will continue to meet said standards for the term of the licenses covered this Agreement; and

WHEREAS, a part of the obligations of this license, Licensee undertakes to pay Licensor a minimum royalty;

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth below, the parties to this agreement covenant and agree as follows:

## **ARTICLE I. DEFINITIONS**

For the purpose of this Agreement, the following terms shall have the meanings indicated:

1. Additional Royalty means those additional royalties outlined in Article III(2).
2. Independent Location means those Locations sublicensed by Licensee pursuant to Article II.2.
3. Gallonage Statements mean those reports required to be filed by Licensee pursuant to Article IX.
4. Licensed Goods means motor fuels including motor gasoline and on-and-off road diesel fuel.
5. Licensed Retail Location(s) (“Location(s)”) means the locations at the address(es) listed on Attachment A as it is amended from time to time pursuant to written agreement between Licensor and Licensee.
6. Licensor Minimum Standards for Trademark Licensees means the rules, regulations and criterion outlined in Attachment B to this Agreement as they are amended from time to time.
7. Material Requiring Approval means the Licensed Goods and any and all packaging, advertising, promotional, and display material upon which or in connection with which the Trademarks are used.
8. Royalty means that per outlet amount outlined in Article III(1).
9. Subsidiary means any entity in which Licensee owns or controls, directly or indirectly, the majority of the stock entitled to vote for the election of directors or persons performing similar functions.

10. Term and Extended Term are the periods expressly set forth in this Agreement.

11. Trademarks means the trademarks listed on Attachment A used in any form or format, style or design, as applied to the Licensed Goods, as well as any goodwill and rights, at common law or otherwise, pertinent thereto, and refers to trademarks, service marks, and trade names.

12. Trademark Registrations shall mean any United States Trademark Registration and/or any other application or registration, foreign or domestic, made by Licensor for the Trademarks.

## **ARTICLE II. LICENSE**

1. Licensor hereby grants to Licensee the exclusive use of the Trademarks upon or in connection with the Licensed Goods at the Location(s) listed in Attachment A. This grant is nondivisible, nonassignable, and nonsublicensable.

2. Notwithstanding the language in Article II.1 above, Licensee is hereby authorized to sublicense the use of Trademarks to authorized Location(s) operated by non-Licensee independent retailers (“Independent Locations”) provided that (i) each Independent Location is identified and documented by a PMOCO (*Spirit*®) Amendment to Retail Outlet Trademark License Agreement (For Adding A New Site) and (ii) each Independent Location is party to an agreement with Licensee under which said Independent Location has agreed to satisfy the requirements of this PMOCO Retail Outlet Trademark License Agreement (“Agreement”), including the Minimum Standards for Trademark Licensed Retail Outlets. The Licensee shall not be in violation of the Agreement for any violation caused by an Independent Location unless and until Licensee fails to take best efforts and cure such violation or terminate its contract with an Independent Location within sixty (60) days following the receipt of written notice of such

violation from Licensor. Licensee may terminate its relationship with an Independent Location and such Independent Location shall no longer be considered a Licensed Retail Location upon thirty (30) days written notice to Licensor. Licensee shall cause said Independent Location to remove all PMOCO trade dress. In the event that Licensee fails to have said trade dress removed, PMOCO may contract for said removal at Licensee's expense. Licensee's agreement with each Independent Location shall specifically allow Licensee to amend said agreement during its term to reflect any changes made by Licensor permitted under this Agreement, including the Minimum Standards for Trademark Licensees and Trademark Licensed Retail Location.

3. No other right of license is granted by Licensor to Licensee or by Licensee to Licensor, either express or implied, for any other trademark, trade name, copyright, or other intellectual property right owned, possessed, or licensed by or to Licensor. Licensee shall not use the Trademarks in any manner not specifically authorized by this Agreement.

### **ARTICLE III. ROYALTIES**

Licensee shall pay to Licensor (1) a Royalty of one thousand dollars (\$1,000.00) for the first Location listed on Attachment A for the initial term and five hundred dollars (\$500.00) for each additional Location listed on Attachment A for the license for the initial term; and (2) an Additional Royalty of \$.0015 per gallon for each gallon of motor fuel sold through the Location(s) listed on Attachment A and located in any area where Licensor has not yet obtained supplies of motor fuel for its Licensees. In no case shall this Additional Royalty be less than seventy-five dollars (\$75.00) per month for each Location. In those geographic areas where Licensor has obtained such supplies of motor fuel for its Licensees, the Additional Royalty under Article IV.3 shall apply.

#### **ARTICLE IV. TERM**

1. The initial term of this Agreement shall be for three (3) years.

2. Licensee may extend this Agreement for four extended terms of five years each upon written notice to Licensor no earlier than one hundred eighty (180) days before the end of each term and no later than ninety (90) days before the end of each term upon payment of the sum of five hundred dollars (\$500.00) per Licensed Location listed in Attachment A for each extension; provided, however, that they qualify for any extended term Licensee must be in full compliance with all the terms and conditions of this Agreement.

3. Licensee is aware that Licensor is in the process of obtaining supplies of motor fuel for its Licensees. Licensor may offer Licensee an agreement for the supply of motor fuel during the initial or the extended terms of this agreement. Should the price basis of this motor fuel (including any royalties to Licensor) be demonstrated to have been, on average, below the OPIS or Axxis mean at the respective terminal facility proximate to the Location(s), for a period of at least twelve (12) months prior to the offer, Licensee shall execute a supply agreement under the terms offered by the PMOCO approved supplier. Should Licensee refuse to enter into the supply agreement, licensee shall pay Licensor an Additional Royalty of \$.003 per gallon for each gallon of motor fuels sold through the Location(s) listed in Attachment A. Licensor may raise the Royalty or Additional Royalty paid by Licensee upon sixty (60) days notice to Licensee.

4. **The Additional Royalty amounts enumerated in Article III and Article IV.3. herein shall not be raised during the Initial Term of this Agreement.**

#### **ARTICLE V. MARKETING, QUALITY CONTROL AND MAINTENANCE**

1. Licensee shall use the Trademark in the form that Licensor shall, at its sole discretion, approve in writing at each of Licensee's locations. Licensee shall only purchase

Trademarked signs, logos and other trade dress identification materials from purveyors approved by Licensor. Licensee shall use said Trademark solely or in connection with the sale of Licensed Goods. Licensee shall not otherwise affix or use such Trademark in connection with nor use any other trademark or trade name in connection with the Licensed Goods without Licensor's prior written approval.

2. To assure that the quality of the Licensed Goods is consonant with the trademark(s) used to identify them, Licensor retains the right to specify the minimum standards for said Licensed Goods and that they meet all federal, state and local laws, standards and regulations for said goods.

3. Licensor offers Licensee the use of the trademark license without any business or marketing plan. Licensor may develop such a business or marketing plan, marketing assistance programs or other programs to assist Licensees in the marketing of Licensed Goods under Licensor's trademark. At the beginning of any term or extended term, upon Licensor's making available to Licensee any required state or federal disclosure information, Licensee will participate in and be bound by said programs.

#### **ARTICLE VI. TRADEMARK REGISTRATION**

All use of any Trademark(s) licensed by this Agreement and used on any good by Licensee shall inure to the benefit and be the property of Licensor.

#### **ARTICLE VII. VALIDITY OF RIGHTS**

Licensee shall not contest Licensor's ownership of the Trademark or Licensee's obligation to sign any rights under this Agreement including any rights Licensee may create in the Trademark.

## **ARTICLE VIII. WARRANTIES**

1. Licensors warrants that it believes that it has all right, title and interest in and to the Trademarks and the right to license the Trademarks to enter this Agreement and to agree to the terms and conditions of this Agreement.

2. Licensee warrants that it has the right to enter into this Agreement and to agree to the terms and conditions of this Agreement.

3. Licensee shall indemnify, hold harmless, and defend Licensor and its officers, directors, agents, and employees and pay any and all related attorney fees from and against:

(a) Any alleged unauthorized use of any trademark, design or copyright (not including any right licensed under this Agreement) by Licensee;

(b) Any alleged libel or slander against, or invasion of, the right of privacy or publicity or any other similar right of any third party (not including any right licensed under this Agreement) by Licensee;

(c) Any alleged defect in any Licensed Good despite Licensor's approval of that Licensed Good and any claim by a third party resulting from Licensee's negligence or breach or alleged breach of any terms or conditions of this Agreement.

4. Licensee warrants that it shall promptly maintain, at its sole cost and expense, standard Liability Insurance naming Licensor as an additional insured party in the amount of one million dollars (\$1,000,000.00) ("Combined Single Limit").

5. Licensee warrants that it shall use reasonable efforts to procure the greatest volume of sales of the Licensed Goods at the Licensed Retail Locations consistent with high quality and to make and maintain adequate arrangement for their distribution, advertising, and promotion.

6. Licensee and Licensor shall fully release one another from any and all liabilities and claims, causes, and actions (including reasonable attorney fees) arising directly or indirectly from any use or trademark infringement by a third party.

#### **ARTICLE IX. BOOKS AND RECORDS**

1. Licensee shall throughout the term of this Agreement and as applicable thereafter maintain records of the volume sales of Licensed Goods at the Location(s).

2. Upon request from Licensor, Licensee shall remit to Licensor the payment of any Royalty due to Licensor along with the underlying sales and/or volume information requested by Licensor pursuant to any reporting program instituted by Licensor.

3. Licensor may amend and such reporting program upon sixty (60) days notice to Licensee.

4. Licensee shall tender the Gallonage Statements to Licensor on a monthly basis, within fifteen (15) days after the end of each applicable month and with each Gallonage Statement shall remit any Additional Royalties due Licensor pursuant to Article III of this Agreement.

5. When possible, Licensee shall provide such information on the same or more frequent intervals from its computer system to Licensor's computer system by electronic connection.

#### **ARTICLE X. TERM, TERMINATION AND DAMAGES**

1. If either Licensee or Licensor fail to perform any of their respective obligations under this Agreement, the other party may terminate this Agreement upon thirty (30) days prior written notice, provided, however, that the non-performing party shall have the opportunity to remedy the failure to the other party's reasonable satisfaction within that thirty (30) day period.

2. Licensors may at its sole discretion terminate all or part of this Agreement if:
- (a) Licensee at any time fails to continue active marketing and distribution of the Licensed Goods or pay Royalties and Additional Royalties due; or
  - (b) Licensee fails to submit Gallonage Statements to Licensors as required by Licensors under Article IX.4. to two (2) consecutive months; or
  - (c) Licensee files a petition in bankruptcy or is judged bankrupt, or if petition in bankruptcy is filed against Licensee, or Licensee becomes insolvent, or makes an assignment for the benefit of creditors, or if Licensee discontinues the business or if a receiver is appointed by Licensee or Licensee's business who is not the discharge within thirty (30) days.
  - (d) Until payment of all monies due to Licensors from Licensee, Licensors shall have a lien on any of the Licensed Goods not then disposed of by Licensee and on any monies due Licensee from any subjobber, retailers or other third party for the sales of Licensed Goods.
  - (e) Licensors shall treat all of the aforesaid third parties as Licensors's direct licensees with no obligation to Licensee.
  - (f) Licensee fails to maintain its membership in the PMAA federated member association in the state in which licensee's principal office is located or fails to meet any of its other obligations under the Licensors Minimum Standards for SPIRIT Licensees and SPIRIT Licensed Retail Outlets.
  - (g) Should Licensors terminate all or part of this Agreement pursuant to the provisions of this Article X, Licensee shall not be entitled to any refund of any royalties. This provision is in addition to any other right of Licensors to recover damages, including lost profits from Licensee, whether said right accrues under contract or law.

3. Should Licensee fail to submit Gallonage Statements pursuant to the then effective requirements promulgated by Licensor under Article IX, Licensor shall be entitled to receive as damages the greater of (1) its cost of auditing Licensee plus all unpaid Royalties and Additional Royalties or (2) five hundred dollars (\$500.00) per Licensed Retail Location plus \$.0075 per gallon sold through said Licensed Retail Location(s).

4. Upon the expiration of this Agreement or any earlier termination of this Agreement, Licensee shall remove all Trademarks and trade dress from the Location(s). Licensee may not sell, transfer or lease any Trademarked material to any other party or display such Trademarked material at any other retail location. Should Licensee fail to do so, Licensor is granted the right to enter upon Licensee's Location(s) and remove said Trademark indicia and trade dress at the expense of Licensee.

**ARTICLE XI. ASSIGNMENT**

Licensee shall make no assignment, pledge or hypothecation of this Agreement or its performance under this Agreement without the express written permission of Licensor.

**ARTICLE XII. NOTICES**

All written demands and notices provided for in this Agreement shall be sent by certified mail, return receipt requested unless otherwise expressly indicated to the addresses below:

Licensor: Petroleum Marketers Oil Company, LLC

P.O. Box 268

New Hope, PA 18938

Licensee: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### **ARTICLE XIII. DISPUTE RESOLUTION**

1. Any dispute, controversy or claim (whether sounding in contract, tort or otherwise) arising out of or relating to this Agreement, including without limitation the meaning of its provisions, or the proper performance of any of its terms by either Party, its breach, termination or invalidity (“Dispute”) will be resolved in accordance with the procedures specified in this Section, which will be the sole and exclusive procedure for the resolution of any such Dispute, except that a Party, without prejudice to the following procedures, may file a complaint to seek preliminary injunctive or other provisional judicial relief, if in its sole judgment, that action is necessary to avoid irreparable damage or to preserve the status quo. Despite that action the Parties will continue to participate in good faith in the procedures specified in this Section.

2. Either Party wishing to initiate the dispute resolution procedures set forth in this Section with respect to a Dispute not resolved in the ordinary course of business must give written notice of the Dispute to the other Party (“Dispute Notice”). The Dispute Notice will include (i) a statement of that Party’s position and a summary of arguments supporting that position, and (ii) the name and title of the executive who will represent that Party, and of any other person who will accompany the executive, in the negotiations under next subsection.

3. If one Party has given a Dispute Notice under the preceding subparagraph, the Parties will attempt in good faith to resolve the Dispute within thirty (30) calendar days of the notice by negotiation between executives who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement or the matter in Dispute. Within fifteen (15) calendar days after delivery of the Dispute Notice, the receiving Party will submit to the other a written response. The response will include (i) a statement of that Party's position and a summary of arguments supporting that

position, and (ii) the name and title of the executive who will represent that Party and of any other person who will accompany the executive. Within thirty (30) calendar days after delivery of the Dispute Notice, the executives of both Parties will meet at a mutually acceptable time and place, and thereafter, as often as they reasonably deem necessary, to attempt to resolve the Dispute.

4. If the Dispute has not been resolved by negotiation under the preceding subsection within thirty (30) calendar days of the Dispute Notice, and only in such event, either Party may initiate the mediation procedure of this subsection by giving written notice to the other Party ("Mediation Notice"). The Parties will endeavor to settle the Dispute by mediation within seventy-five (75) calendar days of the Mediation Notice under the then current Center for Public Resources ("CPR") Model Mediation Procedure for Business Disputes. If the Parties have not agreed upon a mediator within seven (7) calendar days after the Mediation Notice, either Party may request CPR assistance in the selection of a mediator under its guidelines. The mediator will establish rules for an expedited discovery procedure and will resolve all disputes with regard to discovery between the Parties. If the mediator has not already done so during the mediation process, at least seven (7) calendar days before the end of the seventy-five (75) day mediation period, the mediator, if he or she believes that they are qualified to do so, will provide to each Party a written summary of the mediator's conclusions regarding the outcome of the Dispute if it is submitted to arbitration under the following subparagraph.

5. If the Dispute has not been resolved by mediation under the preceding subsection within seventy-five (75) calendar days of the Mediation Notice, and only in such event, either Party may initiate the arbitration procedure of this subsection by giving written notice to the other Party ("Arbitration Notice"). The Dispute will be finally resolved by binding arbitration in

accordance with the then current Arbitration Rules of the American Arbitration Association (“AAA”) by a single arbitrator, chosen by mutual agreement of both Parties. If the Parties cannot select an arbitrator within twenty-one (21) calendar days of the Arbitration Notice, the arbitrator will be selected by the AAA. The arbitration will be governed by the United States Arbitration Act, 9 U.S.C. Sec. 1-16, as amended (“the Act”). Judgment upon the award rendered by the arbitrator may be entered by any court of any state having jurisdiction. The statute of limitations of the State of Delaware for the commencement of a lawsuit will apply to the commencement of an arbitration under this Agreement, except that no defenses will be available based upon the passage of time during any negotiation or mediation called for by this Section. Each Party will assume its own costs of legal representation and expert witnesses and the Parties will share equally the other costs of the arbitration. The arbitrator will award pre-judgment interest in accordance with the law of Delaware; however, the arbitrator may not award punitive damages. The arbitration will take place in Wilmington, Delaware.

6. Except as indicated in the preceding subparagraph with regard to the commencement of arbitration, all applicable statutes of limitation and defenses based upon the passage of time will be tolled while the procedures specified in this paragraph are pending. The Parties will take any action required to effectuate that tolling. Each Party is required to continue to perform its obligations under this Agreement pending final resolution of any Dispute, unless to do so would be impossible or impracticable under the circumstances.”

#### **ARTICLE XIV. JURISDICTION AND INTERPRETATION**

1. This Agreement shall be deemed entered into in the State of Delaware and shall be construed and governed solely by the laws of that state.

2. The parties hereto shall restrict themselves to the jurisdiction of the courts within the State of Virginia for any controversy between them and arising out of this Agreement.

**ARTICLE XV. MODIFICATIONS**

No amendment or modification to this Agreement shall be valid or binding unless the same shall be made in writing and signed on behalf of each party by their respective officers duly authorized to do so.

**ARTICLE XVI.**

The article titles of this Agreement are inserted for convenience only and shall not be construed as limiting in any manner.

**ARTICLE XVII. ATTORNEY FEES**

In any action brought by a party to this Agreement under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees, costs and expenses of suit.

**ARTICLE XVII. ENTIRETIES**

This Agreement represents the entire Agreement between the Licensor and Licensee. There are no other agreements, written or oral, between the Licensor and Licensee.

**LICENSOR**

**LICENSEE**

**PETROLEUM MARKETERS OIL COMPANY, LLC**

\_\_\_\_\_

BY: \_\_\_\_\_

BY: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

# ATTACHMENT A

## PMOCO TRADEMARKS AND TRADEMARK REGISTRATIONS



### LOCATION(S)

| <b>Name and Address of Licensed Retail Outlets</b> |  |
|--|--|
| Site 1 Name  |  |
| Address  |  |
| City/State/Zip                                     |  |
| License Term Commencement Date                     |  |
| Site 2 Name  |  |
| Address  |  |
| City/State/Zip                                     |  |
| License Term Commencement Date                     |  |
| Site 3 Name  |  |
| Address  |  |
| City/State/Zip                                     |  |
| License Term Commencement Date                     |  |

**ATTACHMENT B**  
**(To PMOCO Retail Outlet Trademark License Agreement)**

**MINIMUM STANDARDS FOR TRADEMARK LICENSEES AND  
TRADEMARK LICENSED RETAIL OUTLETS**

*In order to assure the integrity of the trademark brand and the quality marketing practices of those who are licensed to market under it, for the entire term of any license or renewal period:*

A. Licensee Minimum Standards:

1. A trademark licensee must be a member of a federated association member of the Petroleum Marketers Association of America (PMAA) in the state in which its principal offices are located.

2. Licensee must supply a minimum of three retail outlets or a minimum 2½ million gallons of gasoline sold through retail outlets annually (as a total of Licensee's entire petroleum business, not necessarily through Spirit branded outlets), meet the credit requirements of any PMOCO motor fuel suppliers, and have or be qualified to obtain any necessary state wholesale and retail gasoline licenses.

B. Retail Outlet Minimum Standards:

1. Each licensed retail outlet must meet industry standards of service and cleanliness.

2. Each licensed retail outlet shall participate in PMOCO Mystery Shop Programs through a company specified by PMOCO at the cost of the Licensee.

3. Each licensed retail outlet shall display and be imaged with the trademarked logos trade dress, on signage approved by PMOCO and sold by a PMOCO approved vendor.

4. Each licensed retail outlet shall meet the minimum image standards prescribed by PMOCO as those standards are communicated to the Licensee from time to time.

5. No retail outlet shall be licensed if it conflicts with an existing licensed retail outlet. The decision to grant or decline a license request may be appealed to a disinterested panel of marketers to be set up by PMOCO.

6. No retail outlet shall be licensed if it derives more than five (5%) percent of its gross income from tire sales or services.

7. With the exception of those licenses issued in the second and third quarters of 2002, each licensed retail outlet must begin operating under the trademark brand no later than twelve (12) months after the license for that outlet is issued.

C. Variance Procedures:

Any finding by PMOCO that either a Licensee or an individual retail outlet fails to meet minimum standards shall be reviewable, upon request of the unsuccessful applicant, under variance procedures to be established by PMOCO.