

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following table represents the actual 2008 average monthly sales and net profit per truck of our affiliate, K & N Electric, Inc., which operates 12 trucks in 4 states. **The explanatory notes following the table are an important part of the information presented.** Written substantiation for the financial performance representation will be made available to prospective franchisees on reasonable request.

We are still fairly new to franchising, and do not have an adequate history of franchisee revenue information. Accordingly, we believe that the most reasonable and reliable information for this Item 19 is the historical financial information from our affiliate, K&N Electric, Inc. Prospective franchisees are encouraged to contact our existing franchisees to inquire about their financial performance.

A new franchisee's individual financial results may differ from the results stated in the financial performance representation.

2008 AVERAGE MONTHLY REVENUES PER TRUCK BY K & N ELECTRIC, INC.				
MONTH	SALES	GROSS PROFIT	9% ROYALTY	NET PROFIT AFTER ROYALTY
Jan-08	\$29,288	\$17,573	\$2,636	\$14,937
Feb-08	\$26,577	\$15,946	\$2,392	\$13,554
Mar-08	\$24,890	\$14,934	\$2,240	\$12,694
Apr-08	\$27,539	\$16,523	\$2,479	\$14,044
May-08	\$24,613	\$14,768	\$2,215	\$12,553
Jun-08	\$23,097	\$13,858	\$2,079	\$11,779
Jul-08	\$24,085	\$14,451	\$2,168	\$12,283
Aug-08	\$24,117	\$14,470	\$2,171	\$12,299
Sep-08	\$24,628	\$14,777	\$2,217	\$12,560
Oct-08	\$25,859	\$15,515	\$2,327	\$13,188
Nov-08	\$20,981	\$12,589	\$1,888	\$10,701
Dec-08	\$19,373	\$11,624	\$1,744	\$9,880
Totals	\$295,047	\$177,028	\$26,556	\$150,472

Explanatory Notes to the Financial Information:

1. **Operating Experience.** K & N Electric, Inc., has more than 30 years' experience in operating a mobile parts store business that markets and sells electrical parts. It has engaged in this business since 1974, and currently has a fleet of 12 trucks operating in 4 states. These types of businesses typically take some time to become established. You should expect that your revenues may be substantially lower for your Franchised Business – especially during the first year of operations. As a result of its experience, K & N Electric, Inc. has achieved a high level of efficiency. We will help you learn how to efficiently operate the Business. However, you should expect that your revenues may be lower and your expenses may be higher for your Business during the first few years of operation.
2. **Economy of Scale.** K & N Electric, Inc. operates more than 1 truck. The scope of the business operations by K & N Electric, Inc. allows it to achieve certain economies of scale. We expect that most of our franchisees will not operate a business this large, and thus will not be able to take advantage of these same economies of scale.
3. **Sales.** The sales figures shown in the table represent K & N Electric, Inc.'s actual 2008 gross revenues per month on an average-truck basis from the operation of its trucks, and do not include other sources of revenues. The average-truck gross revenues were calculated by dividing the actual monthly gross revenues of K & N Electric, Inc. from operation of the trucks by the number of trucks in operation during the month. Some of K & N Electric, Inc.'s trucks had higher sales than the average, and some had lower sales than the average.
4. **Gross Profit.** The figures for gross profits shown in the table represent K & N Electric, Inc.'s actual 2008 gross profits per month on an average-truck basis from the operation of its trucks. Gross profits are actual gross sales minus the cost of goods sold.
4. **Royalty.** K & N Electric, Inc. does not pay any Royalty Fee or Marketing Fees to us. The Franchise Agreement requires you to pay a Royalty Fee of 9% of your Gross Sales. The table includes pro forma figures for the Royalty Fees to help you understand the impact of these fees on your gross revenues. Under the Franchise Agreement, we have the right to charge you an additional 1% of your Gross Sales for Marketing Fees. We have not begun charging these fees yet, and they are not shown in this table.
5. **Expenses.** Other than the costs deducted from gross sales to determine gross profit and other than pro forma Royalty Fees, the table does not include any expense information. Your business will have expenses not reflected in the table, such as for truck payments, truck fuel, truck maintenance, insurance, business licenses, telephone service, Internet service, taxes, payroll, local marketing, etc. If you borrowed money to finance the start-up costs of the business, you will also likely have interest expenses. You should consider the effect of all expenses on your expected revenues.
6. **Sales Tax.** The table does not include any revenue or expenses relating to state or local sales taxes. The collection and payment of sales tax should have no net effect on your bottom line.

7. Income Taxes. The table does not show any expenses for federal, state, or local income taxes. You should consider your own tax situation in determining the amount of any income tax liability you may incur.

8. Depreciation and Amortization. The table does not show any expenses for depreciation or amortization expenses. You may be able to amortize the Initial Franchise Fee as an expense. You may want to consider depreciation expenses associated with the vehicle, equipment, computer, and other assets of the Franchised Business.

9. Owner's Compensation. The table does not include any payments to K&N Electric, Inc.'s owners. Likewise, the table does not include any payments to the Franchisee or its owners.

10. Other Considerations. In preparing financial projections and an overall business plan for your Franchise Business, it is important to keep in mind that each individual franchisee's experience is unique, and each individual franchise will experience sales and expenses different from all other franchises in the system due to the many factors which will impact the Franchised Business. These factors include general economic condition of the area, competition in the market, physical location, availability of supplies and labor, expenses or levels of expenses peculiar to the area, effectiveness of the franchisee in the management of the business and the overall efficiency of the operation. A franchisee's energy and dedication to the business will also affect the results of the operation.

WE DO NOT REPRESENT OR GUARANTEE THAT YOU WILL HAVE THE SAME LEVEL OF REVENUES FOR YOUR FRANCHISED BUSINESS. A VARIETY OF FACTORS, INCLUDING THOSE DESCRIBED IN THIS ITEM 19, WILL LIKELY CAUSE YOUR FINANCIAL RESULTS TO BE DIFFERENT THAN THE FINANCIAL INFORMATION IN THIS ITEM.

Other than the information provided in this disclosure document, we do not furnish or authorize any person to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Franchised Business. Actual results vary among Franchised Businesses, and we cannot estimate the results of any particular franchise.