

NOTICE OF SETTLEMENT APPROVAL

If you owned a Midas franchise shop from July 11, 2003 to May 31, 2007, you may benefit from a settlement of a class action.

This notice is to inform you of the settlement of a Canadian class action lawsuit that may affect you.

The Court approved the terms of the settlement at a hearing which took place on September 12, 2013.

This class action was brought against Midas Canada Inc. ("Midas") in relation to changes made to the Midas distribution system in Canada in 2003 that uniquely affected Canadian franchisees.

Who Will Benefit from the Settlement?

The settlement is exclusively for the benefit of class members in *405341 Ontario Limited v. Midas Canada Inc.* (Ontario Superior Court of Justice, Court File Number 07-CV-333934CP).

The settlement benefits all Midas franchisees which carried on business in Canada as franchisees from July 11, 2003 to May 31, 2007 under franchise agreements with Midas (the "class members"). If you opted out of the class action after receiving notification of the certification of the action as a class action, then you are excluded from the settlement of the class action.

If you are not sure if your franchise is a class member, please contact class counsel at the contact information below.

Terms of the Settlement

Midas will pay CAD\$8,500,000.00 for the benefit of the class (the "Settlement Amount"). In return, all claims which were or could have been raised in the lawsuit against Midas and other related parties will be fully and finally released and barred. The release will also require that class members refrain from disparaging Midas in relation to the matters raised in the lawsuit.

The settlement represents a resolution of disputed claims, and Midas denies any wrongdoing or liability in connection with the class proceeding and

the settlement.

Distribution of the Settlement Amount

The Settlement Amount, after deduction of certain amounts described below, will be distributed to class members in accordance with a Plan of Allocation that has been approved by the court.

Under the Plan of Allocation, you will receive a share of the Settlement Amount calculated as a proportion of your 2004 sales to the 2004 sales of all eligible class members.

Sales have been determined using reports of royalties paid to Midas during 2004.

These sales amounts have then been adjusted for purposes of the allocation in two respects:

- 1) Individual store sales over certain thresholds levels are subject to reductions; and
- 2) Sales over certain thresholds by a group of related stores are subject to reductions.

The following are the applicable adjustments in calculating 2004 sales for purposes of the allocation:

Individual stores:

- (a) sales from \$600,001 to \$700,000 – 10%
- (b) sales from \$700,001 to \$800,000 – 15%
- (c) sales from \$800,001 to \$900,000 – 25%
- (d) sales from \$900,001 to \$1,000,000 – 40%
- (e) sales over \$1,000,000 – 60%

Group of stores:

- (a) adjusted group store sales from \$3,000,000 to \$5,000,000 – 20%
- (b) adjusted group store sales from \$5,000,001 to \$7,000,000 – 40%
- (c) adjusted group store sales over \$7,000,000 – 60%

The reductions listed above are only marginal reductions. For example, if your store generated \$750,000 in sales, it would be adjusted to \$732,500 (\$600,000 + (\$100,000 – 10%) + (\$50,000 – 15%)).

The present calculation of 2004 adjusted sales of all

potential eligible class members is \$96,991,022. Therefore, assuming a store's adjusted sales are \$732,500, that store would receive \$42,292.57 $((\$732,500/96,991,022) \times \$5,600,000)$.

Full details regarding the requirements to submit a claim and the terms and conditions of the settlement agreement are posted at <http://www.sotosllp.com/class-actions/midas/>

How to Submit a Claim for Payment

In order to submit a claim for payment, you must complete the statutory declaration attached to this notice. The statutory declaration must be sworn before a commissioner of oaths, which includes any lawyer practicing in Ontario, a notary public or other commissioner approved by the province in which you reside.

Deadline for Submitting Claim

All claims forms must be submitted by no later than **January 15, 2014**.

If, after the expiry of the deadline, certain class members have not applied for their share of the settlement proceeds, any remaining balance, less any amount ordered by the court to be paid to class counsel for the administration of the settlement ("Surplus"), will be paid proportionately to the class members which have submitted a valid claim. Any Surplus will be paid within thirty days following the expiry of the deadline.

Other Matters: The Court has approved class counsel fees in the amount of CAD \$2,125,000 plus disbursements and HST. This amount will be paid from the Settlement Amount. You will receive a certificate showing the amount of HST attributable to your share of the fees so that you may claim any credit that may be available.

In addition, the Class Proceedings Fund which has provided funding for this lawsuit will be entitled to a levy of 10% of the Settlement Amount less class counsel fees and disbursements.

Further Information

For further information about this case or the settlement you may contact class counsel:

Sotos LLP
1250 - 180 Dundas St. W.
Toronto, Ontario M5G 1Z8
Attention: David Sterns or Andy Seretis

T: (416) 977-0007, F: (416) 977-0717

E: dsterns@sotosllp.com or aseretis@sotosllp.com

or go to <http://www.sotosllp.com/class-actions/midas/> for further information and to download court papers in this action.

PLEASE DO NOT CALL the court. It will not be able to answer your questions about the lawsuit or the settlement.

that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

SWORN before me at the)
_____ of _____, in the)
Province of _____)
this ____ day of _____, 201_)
)
)

_____ /s

A Commissioner for Oaths, etc.