
BLUFF CITY NISSAN, INC.

SECTION 125 CAFETERIA PLAN

SUMMARY PLAN DESCRIPTION

Restatement Date: March 1st, 2004

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I. INTRODUCTION

Adoption/Implementation of Section 125 Cafeteria Plan. Your Employer is pleased to announce that it has adopted the Bluff City Nissan, Inc. Section 125 Cafeteria Plan (the "Plan"). The purpose of the Plan is to permit Employees who participate in the Plan ("Participants") to purchase Benefits available under the Plan on a *tax-favored basis*.

Overview of Plan Operation. Ordinarily, each dollar of Compensation you receive is subject to Federal Income Taxation. Each dollar of Compensation is also reduced by contributions to Social Security (F.I.C.A.) unless your Compensation exceeds the Social Security Wage Base (indexed). This means that if you wish to purchase one or more of the Benefits available through your Employer, you must earn enough Compensation to pay *both* the cost of this Benefit *and* the tax and F.I.C.A. imposed on your Compensation. Thus, if your combined Federal Income Tax and F.I.C.A. rate is 35%, you must earn \$1.54 to pay for each \$1.00 of these Benefits.

Under the Internal Revenue Code, an employer may adopt a plan (often called a "cafeteria plan" because an employee may select from a menu of benefit choices) under which eligible employees may elect to receive *either* taxable cash compensation *or* certain nontaxable fringe benefits. If you elect to receive cash, you would be taxed as before. If you elect a nontaxable fringe benefit, each dollar of compensation covered by your election is used to purchase or provide those benefits, *without reduction for Federal Income Taxes or Social Security contributions*.

Read this Summary Plan Description carefully so that you understand the provisions of the Plan and the benefits you will receive. There is a plan document on file which you may review if you desire. In the event there is a conflict between this SPD and the Plan Document, the Plan Document will control. If there is a conflict between the insurance contract and either the Plan Document or this SPD, the insurance contract will control. Social Security benefits may be slightly reduced when you receive tax-free benefits under this Plan because it reduces the amount of contributions that are made to the Federal Social Security system as well as the employer's contribution to Social Security on your behalf.

Summary Plan Description. This document is only a summary of the most important features of the Plan. Since this document cannot contain all of the provisions of the Plan, you may wish to obtain a copy of the Plan. The actual provisions of the Plan and its amendments are controlling. Copies of the Plan are available from your Employer. Your Employer may charge you for copying the Plan.

The Benefits you can purchase through the Plan are separate programs, which may be subject to the terms of insurance policies, documents or procedures in addition to the Plan. Obviously, this summary cannot anticipate the terms of those policies. Your Employer will provide you with additional information concerning the most important features of insurance policies purchased under the Plan or other relevant documents. You may review any of these policies or documents by asking your Employer. You may also make copies of them for your own records.

Definitions and Special Terms. The Plan is a complex legal document, which incorporates many words, and phrases, which have specific meanings. The definitions of these words and phrases are set forth in the Plan document. Some of these terms may also be briefly defined in this summary. However, the actual definition of these terms and phrases as set forth in the plan document is controlling.

II. PLAN IDENTIFICATION INFORMATION

Name of Plan	Bluff City Nissan, Inc. Section 125 Cafeteria Plan
Plan Number	503
Name and Address of Plan Sponsor	Bluff City Nissan, Inc. dba Wolfchase Nissan 2956 North Germantown Road Bartlett, TN 38153
Employer Identification Number	62-1282675
Plan Administrator	Bluff City Nissan, Inc. 2956 North Germantown Road Bartlett, TN 38153 (901) 255-3800
Name and Address of Agent for Service of Legal Process	Bluff City Nissan, Inc. 2956 North Germantown Road Bartlett, TN 38153
Affiliated Employers Adopting This Plan	Schaeffer Automotive Group DBA Wolfchase Honda (EIN 62-1494129)
Contract Administrator	Corporate Planning Network, Inc. P. O. Box 1748 Cordova, TN 38088 (901) 756-8244
Effective Date of Plan	February 01, 1990
Plan Year for Maintaining Fiscal Records	January 1 st through December 31 st .
Date of this Restatement	March 01, 2004

III. BENEFITS AVAILABLE

1. **Insured Benefits.** Your Employer has selected the benefit programs indicated below:

Group Term Life Insurance, and Group Health Insurance, including the following:

! Medical ! Dental ! Cancer ! Intensive Care ! Accident ! Vision
! Hospital Indemnity

The specific Benefits available under each of these insurance programs will be determined by the insurance policies themselves. This insurance may vary from year to year. The Plan Administrator, typically your Employer or Employer's designated representative, will advise you of the specific terms of the coverage available prior to the time that you must elect whether to apply your Cafeteria Plan Dollars to provide such insurance.

IV. ELIGIBILITY AND PARTICIPATION

You may participate in the Plan beginning on the Entry Date which coincides with or next follows your completion of the following:

BENEFIT PROGRAM		
<i>Premium Options</i>		
	Minimum Age	Minimum Service
Group Term Life	N/A	N/A
Medical, Dental, Cancer, Intensive Care	N/A	Three Months
Accident, Vision, Hospital Indemnity	N/A	Three Months

PLAN ENTRY DATE(S): CONTINUOUS, FIRST OF THE MONTH

The following employees are ineligible to participate in the Plan:

! Part-time employees working less than 30 hours per week

So long as you remain eligible, you may participate in the Plan until your death, termination of employment, disability or retirement. At that time your Cafeteria Plan Account balance will be used to pay for Benefits you have elected until the earlier of (a) the balance, if any, of your Cafeteria Benefit Account is exhausted or (b) the completion of the Plan Year in which your death, termination, disability or retirement occurred. However, you may be able to elect to continue this coverage for a period beginning on the date of termination of employment and ending 18 months after the termination of such employment. You should consult your Plan Administrator to determine if this coverage is available.

V. CONTRIBUTION ELECTIONS

For each Plan Year, you may elect benefits for which you will convert a portion of your Compensation to "Cafeteria Plan Dollars." Your taxable Compensation will be reduced to the extent of your election. Only Cafeteria Plan Dollars may be used to purchase Benefits available under the Plan.

An Employee who is eligible to participate in this Plan and who is covered by the Employer's insured Benefits under this Plan, shall automatically become a Participant to the extent of the premiums for such insurance. Your election will continue until you change or discontinue it or become ineligible to participate in the Plan.

1. **Limitation on Salary Conversion.** The amount of Cafeteria Plan Dollars which may be applied to insured benefits may not exceed the amount of the annual premium on those benefits. If the amount of the premium for insurance increases during the Plan Year, your Salary Conversion Election may be adjusted accordingly.

2. **Change of Elections.** Generally, you cannot change the elections you have made after the beginning of the Plan Year. However, there are certain limited situations when you can change your elections. You are permitted to change elections if you have a "change in status" and you make an election change this is consistent with the "change in status". Currently, Federal law considers the following events to be "change in status":

- 1) Legal Marital Status: marriage, divorce, death of a spouse, legal separation or annulment;
- 2) Number of Dependents: birth, adoption, placement for adoption, or death of a dependent;
- 3) Employment Status: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, a change in work site, or any other change in employment status that affects eligibility for benefits, for the Participant, spouse or dependent;
- 4) Dependent satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or any similar circumstance; and
- 5) Residency: change in the place of residence of the participant, spouse or dependent.

There are detailed rules on when a change in election is deemed to be consistent with a change in status. In addition, there are laws that give you rights to change accident and health coverage for you, your spouse, or your dependents. If you change coverage due to rights you have under the law, then you can make a corresponding change in your elections under the Plan. If any of these conditions apply to you, you should contact the Administrator.

If the cost of a benefit provided under the Plan increases or decreases during a Plan Year, then we will automatically increase or decrease, as the case may be, your salary conversion election. If the cost increases significantly, you will be permitted to either make corresponding changes in your payments or revoke your election and obtain coverage under another benefit package option with similar coverage.

If the coverage under a Benefit is significantly curtailed or ceases during a Plan year, then you may revoke your elections and elect to receive on a prospective basis coverage under another plan with similar coverage. In addition, if we add a new coverage option or eliminate an existing option, you may elect the newly added option (or elect another option if an option has been eliminated) and make corresponding election changes to other options providing similar coverage. There are also certain situations when you may be able to change your elections on account of a change under the plan of your spouse's, former spouse's or dependent's employer.

3. **Additional Restrictions on Certain Employees.** The Internal Revenue Code places additional restrictions on the amount of Compensation which certain Employees may convert to Cafeteria Plan Dollars. These Employees are sometimes referred to as "Key Employees". As a general rule, not more than 25% of the nontaxable Benefits provided under the Plan may be allocated to Key Employees. If this limitation is exceeded, the election of any such Employees will generally not be invalidated.

However, any excess Cafeteria Plan Dollars of such Employee may be treated as cash Compensation for purposes of income taxes and Social Security contributions. The election of such Employees may be adjusted, suspended or terminated if giving effect to such election would result in the Plan being discriminatory.

VI. ACCOUNTING

A Cafeteria Plan Account will be maintained on behalf of each Participant. These Accounts will show the amount of Cafeteria Plan Dollars each Participant has allocated to each Benefit Program available under the Plan. These Accounts are for record keeping purposes only.

VII. ADMINISTRATION OF THE PLAN

The Plan is administered by the Employer, which is a fiduciary of the Plan for these purposes.

VIII. CLAIMS PROCEDURE

If benefits under the Plan are provided through insurance, your claims will be processed under the procedures provided under the insurance policy involved. If a participant leaves our employ during the Plan Year, you will remain covered by insurance, but only for the period for which premiums have been paid prior to your termination of employment.

IX. AMENDMENT AND TERMINATION

The Employer intends that the Plan will be a permanent program to benefit Employees. However, the Employer reserves the right to amend or terminate the Plan at any time. Any such amendment or termination may be complete or partial and may be made retroactive to the extent allowed by law, but neither action will deprive you of any benefits to which you have previously become entitled.

X. QUALIFICATION OF PLAN AND RELATED MATTERS

The Plan is intended to be a "cafeteria plan" under Section 125 of the Internal Revenue Code and the description of the Plan in this summary is based on the assumption that the Plan does so qualify. However, neither the Employer, the Plan Administrator, CPN, nor any other agent of the Employer or the Plan represents or guarantees that the Plan will be so qualified at any time, nor is the Employer obligated to amend any aspect of the Plan which results in failure to meet the requirements of the Internal revenue Code. The failure of the Plan to qualify under the Internal Revenue Code could result in significant and adverse tax consequences to participants in the Plan.

**AMENDMENT
EFFECTIVE 06/01/09**

**BLUFF CITY NISSAN, INC.
SECTION 125 CAFETERIA PLAN**

Fed Tax ID: 62-1282675

Plan Code 503

Section 125 Cafeteria Plan

Note: The purpose of this amendment is to delete Dental, Cancer, Intensive Care, Accident, Vision and Hospital Indemnity as available benefit programs for the Section 125 Cafeteria Plan.

This is an amendment of the following sections of the Adoption Agreement for this Section 125 Plan.

The undersigned, being the authorized officer(s) of the Bluff City Nissan, Inc. Section 125 Cafeteria Plan, do hereby consent to the following amendment to the Adoption Agreement for the Plan Document:

**III
Benefits Available**

1. Insured Benefits. Your Employer has selected the benefit programs indicated below:

☒ X Medical ☐ Dental ☐ Cancer ☐ Intensive Care ☐ Accident
☐ Vision ☐ Hospital Indemnity

The effective date of this amendment shall be June 01, 2009.

IN WITNESS WHEREOF, the employer has caused this Amendment to the Plan Document Adoption Agreement to be executed this _____ day of _____, 20____.

BLUFF CITY NISSAN, INC.

By: _____

Title: _____

SECTION 125 CAFETERIA PLAN
SUMMARY OF MATERIAL MODIFICATIONS
Amendment to Summary Plan Description

This notice, called a "Summary of Material Modifications," advises you of changes in the information present in your Summary Plan Description (sometimes called an "SPD") with respect to the Plan. Please do three things: (1) Read the notice and, if you have any questions, contact the Plan Administrator, (2) Keep this notice with your Summary Plan Description, and (3) Mark the sections of your Summary Plan Description that are affected by this notice so that when you look at those sections of your Summary Plan Description, you will be reminded that the changes described in this notice have occurred.

Effective as of the date set forth below, the following changes will be made to the Summary Plan Description:

Effective as October 1st, 2014, the Plan's provisions concerning the allowable "change in status" events when a person can make a mid-year change in a previous election under the Plan are revised in the manner set forth below:

II ELIGIBILITY

7. May I change elections during the Plan Year?

Generally, no. You cannot change the elections you have made after the beginning of the Plan Year. However, there are certain limited situations when you can change your elections. You are permitted to change if you have a "change in status," you make an election change that is consistent with the change in status, and provided your request for change is made within 30 days from the date of change in status. Any new election will be effective at such time as the Administrator shall prescribe, but not earlier than the first pay period beginning after the election form is completed and returned to the Administrator. Currently, Federal law considers the following events to be changes in status:

- a) **Legal Marital Status.** Events that change a Participant's legal marital status, including marriage, divorce, death of a Spouse, legal separation, or annulment;
- b) **Number of Dependents.** Events that change a Participant's number of Dependents, including birth, adoption, placement for adoption, or death of a Dependent;
- c) **Change in Employment and/or Eligibility Status.** Any of the following events that change the employment status of the Participant, Spouse, or Dependent: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, or a change in worksite. In addition, if the eligibility conditions of this Plan or other employee benefit plan of the Employer of the Participant, Spouse, or Dependent depend on the employment status of that individual and there is a change in that individual's employment status with the consequence that the individual becomes (or ceases to be) eligible under the plan, then that change constitutes a change in employment under this subsection. Notwithstanding anything in this Section to the contrary, the gain of eligibility or change in eligibility of a child as allowed under Code Sections 105(b) and 106, and IRS Notice 2010-38, shall qualify as a change in status;
- d) **Other Employment Status Changes.** A change in the employment status of the Participant where the individual has been in an employment status under which the

individual was reasonably expected to average at least 30 hours of service per week and there is a change in that individual's status so that the individual will reasonably be expected to average less than 30 hours of service per week after the change, even if that reduction does not result in the Participant ceasing to be eligible under the Plan, but only if the revocation of the election of coverage of under the Plan corresponds to the intended enrollment of the Participant and any related individuals who cease coverage due to the revocation in another plan that provides minimum essential coverage with the new coverage effective no later than the first day of the second month following the month that includes the date the original coverage is revoked;

- e) **Anticipated enrollment in Qualified Health Plan.** A situation in which the Participant is eligible for a Special Enrollment Period to enroll in a "Qualified Health Plan" through a competitive marketplace established under § 1311 of the Patient Protection and Affordable Care Act, commonly referred to as an Exchange or a Health Insurance Marketplace ("Marketplace") pursuant to guidance issued by the Department of Health and Human Services and any other applicable guidance, or in which the Participant seeks to enroll in a Qualified Health Plan through a Marketplace during the Marketplace's annual open enrollment period, but only if the revocation of the election of coverage under the Plan corresponds to the intended enrollment of the Participant and any related individuals who cease coverage due to the revocation in a Qualified Health Plan through a Marketplace for new coverage that is effective beginning no later than the day immediately following the last day of the original coverage that is revoked;
- f) **Changes in one of your dependents** who satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or a similar circumstance;
- g) **Changes in health plan access due to a change in residence or worksite** by you, your spouse, or a dependent that affect eligibility for benefits;
- h) **Changes due to judgment, decree, or order resulting from divorce, legal separation, annulment, or change in legal custody, including a qualified medical child support order.** You may also change an election to cancel coverage for the child if the order requires a former spouse to provide coverage for such child and such coverage is actually provided.
- i) **Changes due to entitlement to Medicare or Medicaid.**
- j) **Changes due to entitlement to health insurance continuation coverage,** as prescribed under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), as amended; application of the Family and Medical Leave Act of 1993 ("FMLA"); or the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended.
- k) **Other.** Such other events that the Administrator (in its sole discretion) determines to be consistent with and attributable to a change in status. Additional proof may be required by the Administrator to support any change of status election submitted by a Participant.

Please contact your Human Resources Department, with any questions.