

FRANCHISE DISCLOSURE DOCUMENT



INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.

www.interstatebatteries.com/franchising

A Delaware Corporation

4301 121st Street

Urbandale, IA 50323

(515) 266-8207

The franchise relates to the development and operation of an Interstate All Battery Center retail store ("Center"). The Centers specialize in the sale of batteries and offer custom battery pack building, including battery packs for batteries that do not have a standard replacement. The general geographic area in which the franchisee will develop its Center will be determined by the franchisor, in consultation with the franchisee, before the franchise agreement is signed.

The total investment necessary to begin operation of an Interstate All Battery Center franchised business ranges from \$177,600 to \$440,000. This includes \$36,600 to \$137,600 that must be paid to the franchisor or its affiliate(s).

This Disclosure Document summarizes certain portions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our franchise administration department at 17400 Northwest Freeway, Houston, Texas 77040 and (800) 730-7868.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: July 2, 2014

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. **REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.**

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

- 1. THE FRANCHISE AGREEMENT PERMITS YOU TO FILE AN ARBITRATION DEMAND OR SUE US ONLY IN DALLAS COUNTY, TEXAS. OUT OF STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST YOU MORE TO SUE US OR ARBITRATE AGAINST US IN TEXAS THAN IN YOUR STATE.**
- 2. THE FRANCHISE AGREEMENT STATES THAT TEXAS LAW GOVERNS YOUR RELATIONSHIP WITH US. TEXAS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
- 3. YOUR MARKETING AREA MAY BE TERMINATED OR REDUCED IF YOU FAIL TO ACHIEVE A CERTAIN LEVEL OF GROSS SALES FOR TWO CONSECUTIVE YEARS.**
- 4. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY AND MAY FACE COMPETITION FROM US AND OTHER FRANCHISEES.**
- 5. ADDITIONAL CENTERS MAY BE ESTABLISHED IN YOUR MARKETING AREA.**
- 6. FAILURE TO ACHIEVE GROSS SALES EQUAL TO AT LEAST 75% OF THE AVERAGE GROSS SALES FOR ALL CENTERS FOR 2 CONSECUTIVE YEARS MAY RESULT IN THE REDUCTION OF YOUR TERRITORY.**
- 7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral sources represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

State registration effective dates are listed on the following State Registrations Page.

**INTERSTATE BATTERY FRANCHISING & DEVELOPMENT, INC.
STATE REGISTRATIONS PAGE**

This Disclosure Document is registered, on file or exempt from registration in the following states with franchise registration and disclosure laws:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Utah	
Virginia	
Washington	
Wisconsin	

If this Disclosure Document is registered with a state that requires additional disclosures, the additional required disclosures for that state are contained in Exhibit I to this Disclosure Document.

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EXHIBITS

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Interstate Battery Franchising & Development, Inc. (“IBFAD”) is a Delaware corporation with its principal place of business at 4301 121st Street, Urbandale, Iowa 50323. IBFAD offers the franchise rights described in this Disclosure Document. In this Disclosure Document, “IBFAD,” “we,” “us,” and “our” means Interstate Battery Franchising & Development, Inc. and “you” means the person who is granted a license to operate the franchised business. If the franchisee is a partnership, “you” means the partnership and each of the partners individually. If the franchisee is a corporation or limited liability company, “you” means the corporation or limited liability company and all of its owners.

We incorporated in Delaware on January 18, 2000. We operate only under our corporate name and under the name “Interstate All Battery Center(s).” If we have an agent in your state for service of process, we disclose that agent in Exhibit B to this Disclosure Document.

We are a subsidiary of Retail Acquisition and Development, Inc. (“RAD”), a Delaware corporation engaged in the wholesale and retail distribution of batteries throughout the United States, Puerto Rico, Canada and the Dominican Republic. RAD is a wholly-owned subsidiary of Interstate Battery System International, Inc. (“IBSI”). RAD, like IBFAD, is located at 4301 121st Street, Urbandale, Iowa 50323. IBSI is located at 12770 Merit Drive, Suite 400, Dallas, Texas 75251.

IBSI formed RAD in December 1999 for the purpose of acquiring the assets of John Willemssen Corp. (“JWC”), an Iowa corporation which previously operated the “Battery Patrol” business. The closing of the acquisition occurred on December 21, 1999. JWC was located at 1901 E. University, Des Moines, Iowa 50316. JWC began selling batteries commercially in 1981 and opened its first retail facility in 1985 under the name “Battery Warehouse.” JWC changed the name of the business to “Battery Patrol” in 1994. In 1997, JWC formed Battery Patrol Franchising, LLC, a Minnesota limited liability company, to begin offering franchises. The acquisition by RAD included all of JWC’s ownership interest in Battery Patrol Franchising, LLC. We consider JWC/Battery Patrol to be our predecessor for purposes of this Disclosure Document. Battery Patrol Franchising, LLC is not an active company.

RAD initially operated the acquired retail stores under the name “Battery Patrol,” but subsequently converted its operations to incorporate the “Interstate” name. (The conversion involved changing the signs and inventory mix of Battery Patrol stores to meet the specifications for an Interstate All Battery Center (a “Center”).) RAD subsequently transferred its interests in its retail stores to All Battery Centers, Inc. (“ABC”), a Texas corporation formed by IBSI to operate the company-owned Interstate All Battery Centers. ABC is located at 12770 Merit Drive, Suite 400, Dallas, Texas 75251.

As of April 30, 2014, ABC and its affiliates operate 28 “company-owned” Centers. IBFAD itself does not operate any stores. IBFAD offered “Interstate All Battery Center” franchises from May 2000 to April 2013, and has licensed distributors to sell certain Basic Products, as defined below. These distributors are referred to as “Licensed Dealers.” As of April 30, 2014, we have 165 Licensed Dealers. Our predecessor, Battery Patrol Franchising, LLC, offered “Battery Patrol” franchises from May 1997 to December 1999. Neither we nor our predecessor nor any of our affiliates have ever offered franchises in any other line of business.

Our ultimate parent company, IBSI, our affiliate, Interstate Batteries, Inc. (“IBI”) (successor to Interstate Battery System of America, Inc. under a restructuring completed effective April 30, 2013), whose principal place of business is 12770 Merit Drive, Suite 400, Dallas, Texas 75251, and their predecessors have been in the business of marketing and distributing automotive, marine, and other batteries under the “Interstate” name and mark for more than 50 years. IBSI markets Interstate Batteries products through a nationwide network of more than 300 independent and affiliated distributors to service

stations, repair shops, auto parts stores, lawn and garden centers, marinas, general retailers, and certain end users throughout the U.S. Until the acquisition of JWC, IBSI did not directly or indirectly own or operate retail stores. Neither IBSI nor any other affiliate of IBSI will be a party to your Interstate All Battery Center Franchise Agreement, and IBSI will not have any obligations to you under that agreement.

The Franchised Business

Interstate All Battery Centers specialize in the sale of batteries to both commercial users and consumers. The Centers may not sell or offer for sale any product that we have not approved. All Centers must carry certain Interstate products, as well as other brands and types of batteries that we specify from time to time. The Centers also offer custom battery pack building, including battery packs for batteries that do not have a standard replacement. A typical Center occupies approximately 1,200 to 1,800 square feet, and may be either a stand-alone building or a strip shopping center location.

The Centers operate under a distinctive set of specifications, procedures, and business methods (collectively, the “System”). We have described our mandatory and suggested specifications and procedures for the operation of a Center in a set of confidential operating manuals (the “Manuals”). We will loan you one set of the Manuals for your Center. The things that differentiate our Centers include, among other things, the inventory of products; our distinctive exterior and interior design, decor, color scheme, fixtures, and furnishings; and our standards and specifications for operations, equipment, supplies, and marketing. We have the right to change these or any other elements of the System.

All Centers must use prescribed software that records sales, accounts receivable, inventory information, financial information, and new and updated customer profiles (the “Software”). The Software is proprietary, but we do not own it. The computer system that we require for the Centers is highly customized and cannot be modified, efficiently and without degradation to the operation of the Software, to work with your existing computer hardware. Based on our affiliate’s experience with Interstate All Battery Centers and Battery Patrol stores, we have found that it is inefficient and costly to reconfigure the hard drive and other equipment on an individual basis, and to maintain and to support varied systems. Therefore, you must purchase the computer hardware on which the Software is loaded from us. The installation period of the network varies by market.

The Franchise Program

We offer the right to open and operate a Center within a defined geographic area (the “Marketing Area”). We will determine the Marketing Area in consultation with you before you sign the Franchise Agreement. The deadline for opening the Center will be specified in your Franchise Agreement. You may sell and ship products only to customers located within areas specified in the Franchise Agreement. In some markets, we will offer Franchise Agreements only to parties who commit to establish multiple Centers.

Our current form of Interstate All Battery Center Franchise Agreement (the “Franchise Agreement”) is in Exhibit C to this Disclosure Document. You must also sign a Store System/Technology Agreement to obtain the right to use the Software at your Center. Our current form of Store System/Technology Agreement is in Exhibit E to this Disclosure Document.

If you are an existing Interstate Batteries independent distributor under a Confidential Distributor Agreement (“CDA”) with IBI, you will: (i) be required to enter into an addendum to your CDA (sample attached as Exhibit F to this Disclosure Document) that provides, among other things, that you will be in default under the CDA if we terminate the Franchise Agreement on the grounds of any material breach of the Franchise Agreement; (ii) have the option to sign a Letter Agreement in the form attached to the Franchise Agreement as Appendix D, which provides for a temporarily expanded Marketing Area equal in size to your CDA Territory (further described in Item 12); and (iii) have the option to sign a Distributor Addendum to the Franchise Agreement (the “Distributor Addendum”) simultaneously with the execution

of the Franchise Agreement. A copy of the Distributor Addendum is attached to the Franchise Agreement as Appendix E and provides for certain additional rights and obligations as described further in this Disclosure Document. We reserve the right to discontinue offering the Distributor Addendum at our discretion.

In addition to qualified persons without any prior connection with Interstate Batteries, we are also offering our franchise opportunity to qualified Interstate Batteries independent distributors. If you are an Interstate Batteries independent distributor and you become our franchisee, you will have the opportunity to complement your existing Interstate Batteries distribution business with the operation of an Interstate All Battery Center retail store. However, the Marketing Area in which we grant you the right to operate a Center may not be the same as the "Primary Area" defined in your CDA. In most cases, the Marketing Area will be smaller than your Primary Area.

We may also offer to you an addendum to the Franchise Agreement (the "Branch Addendum") that grants you the right to establish an All Battery Center at an approved location within the Marketing Area (the "Branch Center"). Except as otherwise described in this Disclosure Document, all references to the Center will also refer to the Branch Center.

When you sign your Franchise Agreement, you will need to also sign our Franchise Closing Questionnaire in the form in Exhibit M.

Market and Competition

The market for retail battery stores is developing. You will compete with a variety of retailers that carry battery products, including other retail chains that specialize in the sale of batteries and general retailers, auto parts stores, lawn and garden centers, home project centers, and marinas that sell batteries as one component of a full product line. You may also compete with battery resellers and wholesalers for commercial accounts. If you are not the authorized Interstate Batteries distributor for your market area, you may also compete with us, our affiliates, and/or IBI's authorized distributor and dealers for sales to certain customers. In some cases, you may compete directly with other franchisees.

Industry-Specific Laws

You will have to comply with specific federal and state laws and regulations governing the transport, disposal and recycling of batteries. Otherwise, we know of no applicable laws and regulations other than those that apply to retail sales establishments generally, such as workers compensation laws and OSHA regulations. You will have to comply with specific federal and state laws and regulations governing the transport, disposal and recycling of batteries, as well as any programs we implement relating to compliance with such laws and regulations and our own requirements, if any.

In constructing and operating your Center, you must comply with all applicable local, state, and federal laws, including health, sanitation, no smoking, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act ("ADA") requires that public accommodations, including retail stores, be readily accessible to disabled persons. Therefore, the ADA may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, and the like. You must also obtain real estate permits and licenses and operational licenses. You should consult with your attorney concerning these and other laws and ordinances that may affect your Center.

ITEM 2

BUSINESS EXPERIENCE

Director: Scott Miller

Mr. Miller has been a Director since November 2011. From January 2013 to May 2014 he served as Vice President. From October 2011 to January 2013, he served as President. He has been President and Chief Executive Officer of IBI since May 2014. He served as IBI's Senior Vice President, Independent Distributor Group from November 2011 to May 2014. Before that, he served as Vice President, Creative Communications and Events from May 2008 to March 2010.

President and Director: Michael Tapp

Mr. Tapp has been President since January 2013 and Director since November 2011. From November 2011 to January 2013, he served as Vice President. He joined Interstate in February 2008, first working with Interstate-Owned Territories and later heading up the strategic market intelligence initiative called Dealer Universe.

Vice President and Secretary: Walter C. Holmes, III

Mr. Holmes has been our Vice President since March 2003 and Secretary since August 2001. He has been Senior Vice President of IBI since March 2010. He has also been Chief Legal Officer of IBI since January 2007. From September 2004 to March 2010, he was Vice President of IBI.

Vice President, Finance: Lisa Huntsberry

Ms. Huntsberry has been our Vice President, Finance since January 2004. Since March 2010, she has also served as Chief Financial Officer of IBI. She was Vice President and Corporate Controller of IBI from December 1997 to March 2010.

Director of Finance: Robbie Matamoros

Ms. Matamoros has been our Director of Finance since October 2004.

Director of Merchandising: Steve Lang

Mr. Lang has served as Director of Merchandising since January 2014. From April 2010 to September 2012, he was Chief Operating Officer for Bailey Banks & Biddle Fine Jewelers in Dallas, Texas. From August 2007 to August 2008, Mr. Lang served as Chief Merchandising Officer for Zale Corporation in Dallas, Texas.

Senior Director of Marketing: Tom Gray

Mr. Gray has served as Senior Director of Marketing for us and IBI since October, 2009.

Chris Reynolds, Director of Operations

Mr. Reynolds has served as Director of Operations for IBI and IBFAD since October 2012. From February 2007 to July 2011, he was an area director for Which Wich Superior Sandwiches in Dallas, Texas.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Fees. The initial fee, or license fee, is \$37,500 if you will operate a new Center. The initial fee is not refundable. You must pay the license fee in full when you sign the Franchise Agreement.

Under the Branch Addendum, you must also pay an initial Branch Center license fee of \$22,500 at the time you sign the Branch Addendum. The fee is not refundable.

In rare instances, we may waive all or a portion of the initial fee. In 2012, we did not waive all or any portion of any initial fee.

Site Selection Assistance. Before you select a site for your Center, if we determine it is necessary, our representative will visit you one time in your development area, without charge, to either assist you in finding suitable sites or to evaluate sites that you have identified. If you request additional site visits or assistance, or if we believe additional site visits or assistance is necessary, you must pay us \$500 per additional site visit and pay or reimburse us our out-of-pocket expenses that we incur in providing the assistance, including costs of transportation, lodging, and meals. Once you have an approved site for the Center, you are responsible for site development and build-out.

Pre-Opening Assistance Fee. Once a site is selected, we will provide you pre-opening assistance and advice we deem appropriate, by telephone or remote means, which may include advice regarding site development and build-out, employee staffing, recruiting, selection, and training, purchasing and inventory control, and such general operational matters. Our pre-opening assistance does not include on-site visits to the Center. If you request an on-site visit, or if we determine it is necessary, you must pay us \$500 for each pre-opening assistance visit we make to the Center, plus you must pay or reimburse us our out-of-pocket expenses that we incur in providing the assistance, including costs of transportation, lodging, and meals.

Center Set-up Fee. When you sign your Franchise Agreement, you must pay a center set-up fee of \$5,000 to reimburse us for our costs and expenses associated with our installation, configuration and/or set-up of your Center's fixtures, graphics, computer system, B2B system, and other elements of the Center as we deem appropriate (the "Set-Up Fee").

Opening Assistance Fee. With respect to your first Center, we will provide on-site opening assistance as we reasonably deem necessary, subject to personnel availability. There is no fee for this assistance, but you must reimburse us for any out-of-pocket expenses that we incur in providing the assistance, including costs of travel, lodging, and meals. We estimate that reimbursable opening assistance costs will range between \$4,000 and \$7,500. We may charge you a deposit not to exceed \$5,000 (which we will apply toward payment of opening assistance costs) no later than 45 days before the Center's scheduled opening date. Whether we collect the deposit or not, the balance of all costs incurred

is due 30 days after the Center first opens for business. If you ask us to provide additional assistance for your opening, we may charge you for it, based on our then-current per diem rate plus our related expenses, including costs of travel, lodging, and meals.

With respect to your second or additional Centers, we are not required to provide pre-opening or opening assistance. But if you request our assistance, or if we consider the assistance necessary, we may provide the assistance and charge you a reasonable fee in addition to requiring reimbursement of our expenses.

Our current per diem fee for this assistance is \$250 per day.

We reserve the right to conduct a final inspection of your Center prior to the date that you open your Center for business. If we determine a date for the final inspection or the set-up described above and you wish to reschedule either date, we may condition our approval of your request on your payment of a rescheduling fee of \$500.

Software License. Before opening your Center, you must purchase from us both a site license for use of the Software at the Center and computer hardware configured with the Software. The cost of the site license for the Software is currently \$13,000 per Center for up to six hardware devices at the Center. There is a one-time charge of \$500 for each additional hardware device in excess of six devices. The current cost of the computer hardware ranges from \$4,600 to \$17,000, depending on the options you choose. The Software license fee and cost of the computer hardware are due on installation of the hardware.

Existing Accounts. You must pay to us an Existing Account acquisition payment for the purchase of RAD's existing telesales customer accounts in the Marketing Area specified in your Franchise Agreement, if any (the "Existing Accounts"). The Existing Account acquisition payment is calculated based on RAD's gross profit (gross sales minus cost of goods sold) from those accounts in the twelve full calendar months before you sign the Franchise Agreement. Upon payment, you will be responsible for servicing the existing accounts. The level of revenue generated by such accounts after they are transferred to you will depend in part on how well you maintain and service the accounts. We will advise you of an estimate of the amount of the Existing Account acquisition payment before you sign the Franchise Agreement. The payment, equal to 100% of RAD's gross profit from the Existing Accounts for the twelve-month period before you sign the Franchise Agreement, is due on installation of the Point of Sale Computer System at the Center. We will calculate the value of the additional telesales accounts actually transferred before the installation. The Existing Account acquisition payment will vary for each franchise, but the average Existing Account acquisition payment for franchises sold during our fiscal year 2014 was approximately \$28,200. During the term of the Franchise Agreement, we or our designee will continue conduct telesales to the Existing Accounts on your behalf, subject to certain conditions.

Ramp Up Marketing Campaign. In connection with the opening of your Center, we will consult with you, as we deem advisable, regarding the development of an initial 12 month ramp up marketing campaign (the "ramp up marketing campaign"). You will conduct the ramp up marketing campaign developed by our endorsed third party Local Store Marketing ("LSM") agency that you advise and collaborate with and we approve, in connection with the opening of your Center and at your expense (between \$20,000 and \$30,000 or more depending on market size and media availability). We reserve the right to implement the ramp up marketing campaign on your behalf. If necessary, we will bill you for what we feel is appropriate. You must pay the costs of implementing the ramp up marketing campaign, which will likely range between \$10,000 and \$15,000 for the initial 120 days and between an additional \$10,000 and \$15,000 for the balance of the 12 months (following 245 days) and which may include such items as development of a media plan, marketing materials, media placement costs, our endorsed third party LSM agency used in developing the campaign and other related expenses as well as an administrative fee. We will invoice you for the costs of implementing the ramp up marketing campaign

monthly, and you must pay that invoice within fourteen days. The ramp up marketing campaign expenses will be applied to the first year LSM expenditures described in Item 6.

We currently offer a program to qualified U.S. veterans, under which we may provide a credit of up to \$5,000 to be applied to the Existing Account acquisition payment or initial inventory purchases. We began offering this program in December 2009.

Except as described above, the fees described in this Item are uniformly imposed, although we reserve the right to negotiate them where circumstances warrant. None of the fees described in this Item is refundable.

ITEM 6

OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty	<p>If you are a franchisee only and not an Interstate Batteries independent distributor, then you must pay 5% of Gross Sales.</p> <p>If you are a franchisee and an Interstate Batteries independent distributor, you must pay the greater of 5% of Gross Sales and the minimum annual royalty (\$12,500 for the first Royalty Year, \$17,500 the second Royalty Year, and \$25,000 each subsequent Royalty Year).</p>	<p>5 % of Gross Sales payable monthly on or before the 10th day of each calendar month for the preceding month.</p> <p>At the end of each Royalty Year, if your monthly royalty payments do not equal or exceed the minimum annual royalty, you must pay the shortfall within 30 days of our invoice.</p>	<p>“Gross Sales” means all revenue from the sale of all services and products and all other income of every kind and nature related to the business conducted under the Franchise Agreement, except as specifically excluded in the Franchise Agreement.</p> <p>“Royalty Year” means the 12-month period beginning on the first day of the month in which your Center opens (or, if earlier, the month in which you begin conducting business activities with customers with our approval), and each successive 12-month period.</p> <p>We have the right to designate the manner of payment, including electronic funds transfer. In connection with payment by electronic funds transfer, if you fail to report Gross Sales for a fiscal period, we may transfer an amount calculated in accordance with our estimate of Gross Sales for that period. In addition, we may initiate an immediate transfer of funds if we determine that you have underreported Gross Sales or underpaid any fees. We have the right to download information from your computer system at any time.</p>
Income and Sales Tax	We may collect from you the cost of all taxes arising from our licensing of intellectual property to you in the state where your Center is located, as well as any assessment on fees and any other income we receive from you.	Payable within thirty days after receipt of invoice, by electronic funds transfer at same time as royalty.	Only imposed if state collects these taxes or assessments.
National Marketing Fund	1.5% of Gross Sales	On or before 10th day of each calendar month for the preceding month's Gross Sales.	

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Local Store Marketing ("LSM") Expenditures	<p>Your LSM expenditures during your first calendar year will be the greater of 4% of your Gross Sales or the approved ramp up marketing campaign amount we set between \$20,000 and \$30,000 (with between \$10,000 and \$15,000 of such amount required to be spent in the first 120 days of Center operations and an additional \$10,000 and \$15,000 during the remaining 245 days of the first calendar year).</p> <p>After your first calendar year, you must spend the greater of 4% of total Gross Sales or \$15,000 (subject to increases due to inflation) during each calendar year (when combined with cooperative advertising expenses)</p>	Same as National Marketing Fund / As Incurred	<p>"Operating Year" means the 12-month period beginning the first day of the first month in which your Center opens for business.</p> <p>You must pay the minimum amounts shown to us on a monthly basis as a deposit. You will pay vendors and suppliers directly and submit receipts to us to obtain reimbursement for approved expenditures.</p> <p>If you fail to submit receipts for approvable expenses in a timely manner, we may use your unreimbursed LSM deposits to conduct LSM activities in your Marketing Area.</p> <p>We have the right to increase the minimum percentage expenditure up to 6.5% of Gross Sales, but we will not increase this fee by more than 1% of Gross Sales in any 1 year.</p> <p>We may allocate some or all of your required LSM expenditures to local and/or regional marketing cooperatives.</p> <p>The cost of implementing the grand opening campaign does qualify as an LSM expenditure.</p> <p>The cooperative advertising expenses will be no more than your LSM deposits.</p>
Existing Account acquisition payment	Estimated to range from \$0 to \$29,000 – See "Remarks" column	The payment is due on installation of the Point of Sale Computer System.	The Existing Account acquisition payment is only payable if you are acquiring existing accounts..

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Telesales Fee	<p>We currently collect the following telesales fees:</p> <p>Prospect Model – Less than 500 Accounts (on rolling 12 month basis):</p> <ul style="list-style-type: none"> • \$420/10-hour prospecting per month • \$630/15-hour prospecting per month • \$840/20-hour prospecting per month • \$1,050/25 hour prospecting per month <p>Maintenance Model – More than 500 Accounts (on rolling 12 month basis)</p> <ul style="list-style-type: none"> • 2 hours daily per month: \$1,500 • 4 hours daily per month: \$2,850 • 6 hours daily per month: \$4,100 • 8 hours daily per month: \$5,400 	Payable monthly within 30 days of invoice.	<p>We currently offer two packages of telesales services, but are reviewing potential changes that could modify these two packages and your options in the future. You must select one:</p> <p>Prospect Model – Less than 500 Accounts (on rolling 12 month basis)</p> <ul style="list-style-type: none"> • You have the choice of a monthly a la carte package of 10/15/20/25 hour segments to be used based on your discretion. (For example, 20 hours can be spread equally over four weeks, or used in one week.) <p>Franchisee’s Requirements for Program Participation:</p> <ul style="list-style-type: none"> • Signed 12-month contract for services (opt-in franchisees only) • Monthly sales tactic planning sessions aligning Telesales with your outside B2B sales representative • Telesales will have specific prospecting teams allocated to you as needed. Once the prospect becomes an account, you will manage the relationship. <p>Maintenance Model – More than 500 Accounts (on rolling 12 month basis)</p> <ul style="list-style-type: none"> • You have the choice of program you want to participate in (2/4/6/8 hours of telesales daily) <p>Franchisee’s Requirements for Program Participation:</p> <ul style="list-style-type: none"> • Signed 12-month contract for services (opt-in Franchisees only) • Monthly sales tactic planning sessions aligning Telesales with your outside B2B sales representative
New Software Fee	\$1,000-\$5,000	As Incurred	We may require you to purchase new software at any time. We will give you 90 days’ notice of any required new software, and will not require you to purchase the software until it has been tested and implemented in company-owned Centers, if any such Centers then exist.
Software Installation Fee	Reimbursement for our costs and expenses	As Incurred	This fee applies if we install software (other than our proprietary software) purchased from a vendor other than us.
Manual Replacement Fee	\$1,000	As Incurred	We will loan you one copy of the Manuals. We charge this fee for a replacement copy. We may change the amount of this fee.
Interest	The lesser of the maximum rate permitted by law or 1.5% per calendar month, from the date due until paid	Same as Royalty	We have the right to charge interest on overdue amounts that you owe us.
Insurance	Cost of insurance	Before opening	If you fail to obtain and maintain required insurance, we may immediately obtain insurance and you must promptly reimburse us for insurance, including late charges.
Collection Costs and Expenses	Our reasonable costs and expenses	As Incurred	Payable if we have to take action to collect amounts due from you.
Training	\$500 per week per trainee	Before training begins	We do not charge a training fee for regularly scheduled training at our location. We charge the fee if we conduct a special training session for you or your employees. We have the right to change the training fee.
Transfer Fee	\$5,000	Before transfer	

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Indemnification	The losses and expenses incurred by IBFAD or our affiliates	As Incurred	You must indemnify IBFAD and our affiliates and hold us harmless from any loss or expense arising out of your activities under the Franchise Agreement. This means that if IBFAD incurs any expenses to handle, settle or dispute any matter relating to your Center (including attorney's fees, court costs, etc.), we may require you to reimburse IBFAD for them.
Audit	Reasonable cost of audit or inspection	As Incurred	Payable if an audit or inspection reveals an understatement of your royalties or Gross Sales of more than 2%.
Computer Software Maintenance Fee	\$1,200 per year (first payment pro-rated) for up to 6 hardware devices; \$500 for each additional hardware device	Payable each January 1 in advance	This fee is payable on January 1 of each year after your Center opens for business.
Help Desk and Hardware "Hot Spare" Maintenance Services	\$160 per month, plus \$25 for each assistance request in excess of 15 during the first 3 months after installation and in excess of 4 per month thereafter	Payable the first day of each month	This fee is payable on the first day of each month after your Center opens for business.
Network Services	\$170 per month, plus a site re-visit fee ranging from \$500-\$900 per visit if we deem a re-visit necessary (excluding equipment costs).	Monthly fee payable the first day of each month	This monthly fee is payable on the first day of each month after your Center opens for business. Typical reasons for re-visits may include: a) installation is re-scheduled due to missed site requirements; b) installation is re-scheduled at S-P's request; c) equipment replacement requiring on-site tech support.
Remodeling	Amount necessary to be in compliance with IBFAD standards for appearance of Center	As Incurred	We can require major remodeling of a Center only once every 5 years.
Store System/ Technology Agreement-related Expenses	Reimbursement for costs and expenses	As Incurred	Applies if you close or relocate your Center.
Computer Hardware/Software Transfer Fee	\$500 for Solo Store Type \$750 for Single Store Type \$950 for Full Store Type	As Incurred	The fee is payable if you acquire the POS hardware & software assets from another franchisee (at a discount from retail). The equipment will be shipped from the origination location to a central location and then is reconditioned and reconfigured before being shipped to the new destination.
De-Identification Fee	Our out-of-pocket costs associated with de-identifying your Center premises.	As Incurred	We have the right, at our option and at your expense, to enter the Center premises and take all actions necessary to de-identify the premises as an All Battery Center. Such costs incurred due to our de-identification efforts must be paid by you immediately upon notice

We impose and collect all of the fees shown, unless otherwise indicated. All fees are uniformly imposed and non-refundable, although we reserve the right to negotiate fees where circumstances warrant. Franchisor-owned Centers have no voting power on any fees imposed by franchise cooperatives.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE ⁽¹⁾
Real Estate ⁽²⁾	Variable	As agreed on	As incurred	Seller or Landlord
Leasehold Improvements	\$0 to \$150,000	As agreed on	As incurred	Landlord and vendors
License Fee	\$37,500	Lump Sum	On signing Franchise Agreement	IBFAD
Set-Up Fee	\$5,000	Lump Sum	On signing Franchise Agreement	IBFAD
Training	\$3,000 to \$5,000	Lump Sum	As incurred	We do not charge a training fee for regularly scheduled training at our location. We charge a fee if we conduct a special training session for you or your employees. This estimate includes the costs you will incur for travel, meals, salary and other expenses in connection with training.
Existing Account Acquisition Payment ⁽³⁾	\$0 to \$29,000	Lump Sum	The payment is due on installation of the Point of Sale Computer System.	IBFAD
Furniture, Fixtures, Signage & Equipment	\$30,000 to \$55,000	As agreed on	On order	Various Suppliers or Manufacturers
Architectural & Permitting	\$0 to \$10,000	As agreed on	As incurred	Vendors
Delivery Vehicle ⁽⁴⁾	\$4,500 to \$6,500	As agreed on	Before opening	Various suppliers
Computer Software ⁽⁵⁾	\$13,000 to \$15,000	Lump Sum	Before opening	IBFAD
Computer Hardware ⁽⁵⁾	\$4,600 to \$17,000	Lump Sum	On delivery	IBFAD
Initial Inventory ⁽⁶⁾	\$20,000 to \$30,000	Lump Sum	30 days after opening	Various suppliers
Additional Funds - 3 months ⁽⁷⁾	\$60,000 to \$80,000	As incurred	Within first 3 months of opening	Various suppliers
TOTAL	\$177,600 to \$440,000 (Does not include purchase of real estate costs or costs to establish a Branch Center.)			

NOTES

- (1) None of the fees payable to us is refundable. Whether any of the other costs in the chart are refundable depends on your arrangement with the supplier.
- (2) If you do not own a suitable retail store site, you will need to lease the land and building for your Center. The cost of leasing a suitable site varies too widely for us to provide a meaningful estimate. Factors that affect the cost include geographic region, size, type of location, condition of the proposed premises, the type of real estate deal, market conditions, material cost and your lease negotiation skills. You should factor in a 15% contingency cushion on any budget. A typical Center occupies between 1,200 square feet and 1,800 square feet that meets minimum site

criteria standards. We normally do not recommend purchasing the real estate for your Center, and the ranges do not include estimates for groundup construction or free-standing buildings.

- (3) The amount shown in this chart reflects the Existing Account acquisition payment. This payment is based on RAD's profits from the existing telesales customer accounts in your Marketing Area, if any, in the 12 months before your POS Computer System is installed. The average Existing Account acquisition payment for franchises sold during our fiscal year 2014 was approximately \$28,200. If you are an Interstate Batteries independent distributor, you will have the option to sign a Letter Agreement in the form attached to the Franchise Agreement as Appendix D, which provides for a temporarily expanded Marketing Area equal in size to the distributor's CDA Territory, less any existing franchise marketing areas. If you sign the Letter Agreement, then your Existing Account acquisition payment will be increased to include the additional telesales accounts contained in your expanded Marketing Area. These additional telesales amounts are included in figures shown in the table above.
- (4) This estimate reflects the down payment on a delivery vehicle (not the total cost of the vehicle) and the cost of applying approved All Battery wrap graphics to the vehicle as required by our standards and specifications.
- (5) Before opening your Center, you must obtain a site license of the Software and purchase the computer hardware on which it is loaded. A copy of our Store System/Technology Agreement is in Exhibit E to this Disclosure Document. The current site license fee is \$13,000. You also will need to obtain an annual maintenance, support and upgrade package from us. The current annual update and support fee is \$1,200 for the first 6 hardware devices at the center, plus \$500 for each additional hardware device.
- (6) If you open a new Center, your initial inventory cost will range from \$20,000 to \$30,000.
- (7) This is an estimate of the additional funds you will need during the initial period of operation, which we define as three months from the opening of the Center (the initial period of operation is not a breakeven period—we do not make any representations about your breakeven period, if any). Your costs will include, for example, liability and property insurance, initial payroll costs, utility deposits, accountant and attorney fees, and other miscellaneous expenses. This amount does not include any payments for debt service. All of these figures are estimates; we cannot guarantee that you will not have additional expenses starting the business. The estimates do not include payroll expenses, any compensation that you choose to pay yourself, royalties, advertising fund contributions, local store marketing expenditures, or telesales fees. Your actual costs will depend on many factors. These include how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our product; the prevailing wage rate; competition; and the sales level reached during the initial period. We relied on the experience of existing company-owned and franchised Centers in making these estimates.

END OF NOTES

You should review these figures carefully with a business advisor before making any decision to enter into a franchise agreement. We do not offer any direct or indirect financing for any of these items.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Authorized Products. As an Interstate All Battery Center franchisee, you may sell only those products and services that we have approved for sale in Interstate All Battery Centers (“Authorized Products”). We have the right to designate specific types and brands of Authorized Products as Basic Products, Additional Products, and Auxiliary Products (all as defined in your Franchise Agreement). We have the right to revise these designations from time to time, and to add products to, and remove products from, the lists of Authorized Products, Basic Products, Additional Products and Auxiliary Products. We have the right to designate products or categories of products as mandatory or optional. You must at all times maintain for the Center an inventory of all mandatory Authorized Products sufficient in our judgment to meet reasonably anticipated customer demand. You may not sell any products or services that we have not designated as Authorized Products. You must purchase your entire inventory of products from sources that we designate or approve in writing. Our affiliate, RAD, is an approved source for certain Authorized Products.

Computer Hardware and Software. You must purchase your computer system from us. The computer system consists of hardware that we have configured with the proprietary Software prescribed for use in Interstate All Battery Centers. You must also sign a network services agreement with a network service provider that we designate, and a payment processing services agreement with a payment processing provider that we designate. The hardware package currently consists of three desktop computers. We will provide the computer hardware (fully configured and loaded with the Software) at your Center. We may require that you purchase new Software at any time, and may charge you a fee for the new Software. You must also pay us a fee for annual Software support and maintenance and a monthly fee for providing help desk services. You must also purchase from a vendor other than us and install (or, at Franchisor’s option, deliver to Franchisor for installation by Franchisor) other software, including, but not limited to, a financial accounting system or a CRM system as we may specify. If we install such software, you must reimburse us for our reasonable costs and expenses.

Recycling. You must participate in our recycling program described in the Manuals and may not participate in any other recycling program or otherwise purchase, acquire or accept possession of previously used batteries or other recyclable products (including, for example, any product containing lead or a lead-based component) without our prior written consent. We may require you to accept and to recycle batteries which you did not sell. You must pay the expense of operating the recycling program. Revenue you receive from the recycling program will be included in Gross Sales.

Telesales. You must obtain telesales services from us or our designee. You may not conduct or engage anyone other than us or our designee to conduct telesales.

Other Items. You must purchase all furnishings, fixtures, equipment, signs and supplies for your Center, including non-Interstate products in your inventory, only from distributors or suppliers that we have approved in writing. We may require you to install upgraded or additional equipment to comply with our mandatory specifications, standards, and operating procedures.

Approved Suppliers. You must purchase all products, equipments, signs, fixtures, furnishings, equipment, flooring and counters, interior and exterior signage, graphics, décor, trade dress, store design consulting services and supplies (other than hardware and software as described above) only from distributors and suppliers approved by us. We may approve one or more distributors or other suppliers for their full range of products or only as to certain products and may approve a distributor or other supplier only as to certain products. In determining the number and identity of supplier to the approved, we may consider, among other factors, the ability to obtain favorable pricing and/or advertising support and/or services for any group of Interstate All Battery Centers franchised or operated by us or our

affiliates and the number and concentration of existing approved suppliers and distributors. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, and other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such distributor or other supplier by us. We may establish distribution facilities owned and operated by us or an affiliate and designate such facilities as an approved distributor or supplier.

You must purchase all Additional Products that you or your affiliate (as determined by us) sell or deliver into the primary area of responsibility of another distributor of us or our affiliate (or such other geographic area in which we or our affiliates have granted exclusive rights or assigned responsibilities to such distributor(s)), from such other distributor.

Supplier Approval Process. If you propose to purchase any items from a manufacturer, distributor or other supplier that we have not previously approved, you must notify us and submit, at your expense, all information, specifications and samples that we request for testing. We may charge you for the cost of these tests, whether or not we approve the supplier. We will notify you in writing within 60 days as to whether we approve your proposed supplier. In reviewing suppliers, we consider, among other factors, the ability to obtain favorable pricing and/or advertising support and/or services for the Center; the number and concentration of existing approved suppliers and distributors; standards of service such as the frequency of delivery, reporting capabilities, and prompt attention to complaints. We may give temporary approval pending a further evaluation of the supplier. We may periodically require that the testing be performed again at your expense to ensure that the supplier continues to meet our specifications. We have the right to change our specifications and standards for suppliers and distributors at any time, and we may revoke approval of a supplier or distributor that no longer meets them. Any revocation will be provided in writing and we may, but are not obligated to, provide you with a period of time to exhaust inventory. We will publish any standards and specifications that we develop for franchisees in the Manuals. Any modifications to those standards and specifications will be provided in writing to the suppliers.

No officer of IBFAD owns any interest in any authorized supplier. Our affiliate, RAD, is an approved source for certain Authorized Products, but is not the only source for those Products.

Leases. If you intend to lease the site for your Center, you must submit the proposed lease to us for approval before you sign it.

Insurance. You must purchase and maintain in force, at your expense, throughout the term of the Franchise Agreement insurance policies of the kinds, and in the amounts, specified by us in the Manuals from time to time, including, the following insurance, unless and to the extent that the Manuals provide for additional insurance or insurance in greater amounts:

(1) General liability insurance, in occurrence form, including Bodily Injury, Contractual Liability, Products & Completed Operations, Broad Form Property Damage, Personal and Advertising Injury, with limits not less than \$1,000,000 Per occurrence and \$2,000,000 General Aggregate.

(2) Property insurance for All Risks of Direct Physical Loss (Special Form) covering the building (where applicable), improvements and betterments, personal property and inventory at the store premises on a replacement cost basis. Policy must not exclude theft, vandalism or malicious mischief.

(3) Business Interruption insurance to cover loss of revenues and extra expense, including any insurable ongoing amounts due and owing to IBFAD under the Franchise Agreement or any other agreement between you and IBFAD (where insurable). Coverage must be no less than \$30,000 per month for a minimum of three months.

(4) Auto Liability Insurance in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage, per occurrence, for all owned, hired and nonowned vehicles.

(5) Workers Compensation insurance with statutory limits and Employers Liability insurance of not less than \$1,000,000 per occurrence.

(6) Comprehensive Crime Insurance or Fidelity Bond insuring against dishonest or fraudulent acts committed by any employees or agents with limits no less than \$15,000 per occurrence.

We, and any other entity with an insurable interest that we designate, must be an additional insured in such policies to the extent each has an insurable interest. All insurance policies must be written by an insurance company or companies satisfactory to us, in compliance with the standards, specifications, coverages and limits in the Manuals or otherwise provided to you in writing. We may reasonably increase the minimum coverage required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances.

* * *

We estimate that about 95% of your total purchases and leases in establishing the Center and 90 to 95% of your total purchases and leases in operating the Center will be subject to the restrictions described above.

We have not negotiated purchasing arrangements with suppliers for the benefit of franchisees, and there are no purchasing cooperatives or distribution cooperatives in our System. We do not provide material benefits to franchisees based on their use of designated or approved suppliers. Neither RAD nor any other designated supplier will make payments to us because of transactions with franchisees. IBFAD may, under appropriate circumstances, receive fees, commissions, field-of-use license royalties, or other consideration from approved suppliers based on their sales to franchisees, which will either be received directly by the National Marketing Fund described in Item 11 or be contributed by us to that Fund. When RAD receives payments from suppliers based upon those suppliers' sales to IBFAD's franchisees, it retains those payments and does not contribute those payments to the Fund.

In the fiscal year ending April 30, 2014, RAD received \$64,751 in such payments. Based on existing arrangements, RAD estimates that it will receive \$60,000 in such payments during the fiscal year ending April 30, 2015.

We will receive revenue from you as a result of selling you computer hardware and licensing the Software. During the fiscal year ending April 30, 2014, we recorded revenue of \$1,418,065 from franchisees for computer hardware and Software licensing, which represented approximately 18% of our total revenue. RAD will derive revenue from you as a result of providing telesales services and selling Interstate Batteries products and related products to you directly or through authorized distributors. During the fiscal year ending April 30, 2014, RAD received approximately \$2,073,100 from providing telesales services and it received approximately \$33,188,200 from the sale of Interstate All Battery Center products and related products to independent franchisees. This represents approximately 2% and 28% of RAD's total revenue of \$117,595,885 for the fiscal year ending April 30, 2014. The total revenue received by IBFAD for the fiscal year ending April 30, 2014, was \$7,921,771.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and related agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	Franchise Agreement Sections 3 & 7	Item 11
b. Pre-opening purchases/leases	Franchise Agreement Section 16	Items 5 & 8
c. Site development and other pre-opening requirements	Franchise Agreement Sections 8 & 9	Items 7 & 11
d. Initial and ongoing training	Franchise Agreement Section 14	Item 11
e. Opening	Franchise Agreement Section 9	Item 11
f. Fees	Franchise Agreement Sections 5 & 11; Store System/Technology Agreement Sections 2 & 7	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	Franchise Agreement Sections 12, 16 & 17.C	Items 8 & 11
h. Trademarks and proprietary information	Franchise Agreement Sections 16.K, 18 & 23.B; Store System/Technology Agreement Section 9	Items 13 & 14
i. Restrictions on products/services offered	Franchise Agreement Section 16	Item 16
j. Warranty and customer service requirements	Franchise Agreement Sections 16 & 17	Item 11
k. Territorial development and sales quotas	Franchise Agreement Section 2	Item 12
l. Ongoing product/service purchases	Franchise Agreement Section 16; Store System/Technology Agreement Sections 5, 6 & 7	Item 8
m. Maintenance, appearance and remodeling requirements	Franchise Agreement Sections 13.B & 16	Items 6 & 11
n. Insurance	Franchise Agreement Section 19	Item 8
o. Advertising	Franchise Agreement Section 11	Items 6 & 11
p. Indemnification	Franchise Agreement Section 28	Item 6
q. Owner's participation/management/staffing	Franchise Agreement Sections 16 & 20.E	Item 15
r. Records/reports	Franchise Agreement Section 6	Item 6
s. Inspections/audits	Franchise Agreement Sections 6.E & 8	Items 6 & 11
t. Transfer	Franchise Agreement Sections 21 & 22; Store System/Technology Agreement Section 14	Item 17
u. Renewal	Franchise Agreement Section 4.B	Item 17
v. Post-termination obligations	Franchise Agreement Sections 23 & 25; Store System/Technology Agreement Section 12.B.	Item 17
w. Non-competition covenants	Franchise Agreement Sections 23 & 25	Item 17
x. Dispute resolution	Franchise Agreement Sections 35 to 40	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Our Obligations Before Opening

Before you open your Center, we will:

1. Determine, in consultation with you, your Marketing Area. (Franchise Agreement, Sections 1 and 2 and Appendix A.)
2. Provide assistance in selecting the site for your Center. (Franchise Agreement, Section 3.B. and 3.D.).
3. Provide a management training program for you (or your Operating Principal, if applicable) and your Center managers. (Franchise Agreement, Section 14). This training program is described later in this Item.
4. Provide consultation and advice, as we deem appropriate, with regard to construction or remodeling of the Center, fixtures and equipment plans and specifications, employee selection and training, purchasing and inventory control. (Franchise Agreement, Sections 8, 10 and 15).
5. Provide you with a list of the Existing Accounts, if any, provided that you have first paid the Existing Account acquisition payment. (Franchise Agreement, Section 15.D.). This customer list, including any additions or changes that you make, remains solely our property. Except as provided in this paragraph, our affiliates have no obligation to share their customer lists.
6. Loan you a copy of all operating Manuals upon successful completion of the management training program and the payment of all required fees. We will provide any updates to the Manuals electronically. The Manuals are confidential and they remain solely our property. (Franchise Agreement, Section 12). We charge a fee for a replacement copy of the Manuals; the current fee is \$1,000. A copy of the Table of Contents of the Manual is attached as Exhibit M.
7. Provide you with such assistance as we deem necessary in connection with the installation, configuration and/or set-up of your Center's fixtures, graphics, computer system and other elements. (Franchise Agreement, Section 15.C.)
8. Sell you the computer hardware and a site license for the Software that we require for Interstate All Battery Centers. (Franchise Agreement, Section 16.D.; Store System/Technology Agreement).

Our Obligations After Opening

After you open your Center, we will:

1. Consult with you as we deem advisable regarding the development of the ramp up marketing campaign. At our option, we may conduct the ramp up marketing campaign on your behalf and at your expense, as described in Items 5 and 11. (Franchise Agreement, Section 11.E.).
2. Conduct telesales (or have our designee do so) on your behalf to customers and potential customers in your Marketing Area, on the terms specified in the Franchise Agreement (including payment of the telesales fee). (Franchise Agreement, Section 10.) We have the right to discontinue telesales; if we do so, you will no longer pay the telesales fee. See below under the heading "Marketing" for details.
3. Provide advice and bulletins relating to various aspects of the System and promptly advise you of new developments, modifications or improvements in the System. (Franchise Agreement, Section 15.E.)
4. Offer additional mandatory or optional training programs as we deem appropriate, if any. (Franchise Agreement, Section 14.B.) We may charge a fee for such training programs.
5. Periodically inspect your Center and its operations. (Franchise Agreement, Section 15.F.)
6. Designate one or more sources for approved products and make arrangements for them to supply you. (Franchise Agreement, Section 16.D.)

We may delegate to others the performance of any duty or obligation we have under the Franchise Agreement.

Hardware and Software

You must obtain a site license for the Software for your Center. Our current form of Store System/Technology Agreement is in Exhibit E to this Disclosure Document. The Software records sales, accounts receivable, and inventory information, financial information, and new and updated customer profiles. You must also enter into a Participation Agreement which permits you to utilize client-access licenses that are needed for your registers to communicate with our servers. The current form of Participation Agreement is also in Exhibit E to this Disclosure Document. The cost of these client access licenses is included in the fees described in Item 6. We have the right to independently access and download information from your Center; typically we do so nightly.

The computer system is highly customized and cannot be modified, efficiently and without degradation to the operation of the Software, to work with your existing computer hardware. Based on our affiliate's experience with its Centers and Battery Patrol stores, we have found that it is inefficient and costly to reconfigure the hard drive and other equipment on an individual basis, and to maintain and to support varied systems. Therefore, you must purchase the computer hardware on which the Software is loaded from us. The computer hardware package currently includes a network of three retail-hardened POS registers and peripheral devices. The brand and model of the computer hardware and peripherals varies depending on the specific hardware package available, as determined by IBFAD. The cost of purchasing the hardware ranges from approximately \$4,600 to \$17,000. The cost of purchasing the software ranges from \$13,000 to \$15,000. The supplier of the Software is Micros-Retail located at 30500 Bruce Industrial Parkway, Solon, Ohio 44139. The supplier of the software described in the Participation Agreement is Microsoft Corporation located at One Microsoft Way, Redmond, Washington 98052. The supplier of the hardware and peripherals is CompuCom Systems, Inc. located at 7171 Forest Lane, Dallas, Texas 75230.

We may require you to purchase a license for new, different or upgraded Software at any time. You must pay the license fee set by us for the new, different or upgraded Software. We will give you 90 days' notice before any required purchase of a license for new, different or upgraded Software, and will

not require you to purchase such a license or implement the change until the new, different or upgraded Software has been tested and implemented in company-owned Centers, if there are then any such Centers.

You also must pay us an annual fee for maintenance, support and upgrades to the Software. The current annual Software update and support fee is \$1,200 for up to six hardware devices and \$500 for each additional hardware device (first payment pro-rated based on signing date). This fee is payable on January 1 of each year after your Center opens for business. We may offer additional services beyond those included with the update and support package, on a per-hour basis.

You must also pay us a monthly fee for help desk services and ongoing “hot spare” maintenance of the hardware. The current monthly cost for these services is \$160, plus \$25 for each assistance request in excess of 15 during the first three months after installation and in excess of four each month thereafter.

In addition to purchasing the hardware, licensing the Software, and paying for help desk/hardware maintenance services, you must purchase dedicated internet network and power lines, and other computer-related accessory or peripheral equipment that we specify. To ensure security of POS transaction information and host software connectivity, we will specify the internet network solution you must use. The current monthly cost for this connectivity and monitoring service is \$170. We may increase this cost as network availability and service costs change. In addition to the above, you must purchase from a vendor other than us and install (or, at our option, deliver to us for our installation) other software as we may designate occasionally in the Manuals or otherwise in writing. If we install such software, you must reimburse us for our costs and expenses. In this regard, you are responsible for purchasing and installing a financial accounting system that is current with industry standards.

We require you to install and maintain a hardware and software firewall device on your point-of-sale network that follows closely to the Payment Card Industry (PCI) DSS merchant requirements as stated on the <http://www.pcisecuritystandards.org>. The point-of-sale network must be segmented off of other internal venue networks. We may suggest third party PCI compliance vendors to you, but you are responsible for your own PCI compliance at your Center. You must perform an annual PCI network scan and audit, and pass the audit to maintain compliance with our minimum PCI requirements.

Marketing

IBFAD may conduct advertising and promotional activities for Interstate All Battery Centers using direct mail, print, radio, television, digital or other means. IBFAD’s advertising and promotional activities may be local, regional or national in scope.

We may make available marketing materials for purchase by franchisees. You may also develop, or purchase from any source, materials to market and promote your franchised business, including advertising, for your own local use, but All Battery Center Marketing must approve these materials at least 10 days before their first use. All marketing and promotional materials must comply with federal and local laws and regulations and any guidelines we promulgate. Your marketing materials may not contain any statement or material which is (1) in bad taste or offensive to the public or to any group of persons; (2) defamatory of any person or an attack on any competitor; (3) an infringement upon any other person’s trade name, trademark, service mark or identification; and (4) inconsistent with the public image of the System.

We reserve the right to limit the media and geographic area in which you advertise. For example, you may not advertise in any advertising medium whose audience is located principally outside the border of your Marketing Area or where the intent or reasonably likely effect is to solicit customers outside the border of your Marketing Area. We do not authorize your use of Interstate Batteries or Interstate All Battery Center trademarks (including logos, brand names and slogans) in establishing your own social media accounts. These accounts include, but are not limited to, those on Facebook, Twitter, LinkedIn, and Pinterest. You are encouraged to take advantage of the Interstate Batteries brand Facebook page and

request items to be posted on your geo-targeted Facebook page within the corporate Facebook site, although you may list your Center on communal Web site directories (such as on-line Yellow or White pages or those for malls, cities or regions). Any such listings must be approved by us in writing before they are submitted.

Ramp Up Marketing Campaign. We or our designee will consult with you, as we deem advisable, regarding the development of a ramp up marketing campaign. You will conduct the ramp up marketing campaign developed by Interstate's endorsed third party LSM agency that you advise and collaborate with and we approve, in connection with the opening of your Center and at your expense (between \$20,000 and \$30,000 or more depending on market size and media availability). We reserve the right to implement the ramp up marketing campaign on your behalf. If necessary, we will bill you for what we feel is appropriate. You must pay the costs of implementing the ramp up marketing campaign, which will likely range between \$10,000 and \$15,000 for the initial 120 days and between an additional \$10,000 and \$15,000 for the balance of the 12 months (following 245 days) and which may include such items as development of a media plan, marketing materials, media placement costs, Interstate endorsed third party LSM agency used in developing the campaign and other related expenses as well as an administrative fee. We will invoice you for the costs of implementing the ramp up marketing campaign monthly, and you must pay that invoice within fourteen days. The ramp up marketing campaign expenses will be applied to the first year LSM expenditures described in Item 6.

Telesales. We or our designee will conduct the required telesales on your behalf to customers and potential customers whose billing addresses are in your Marketing Area, on the following terms:

1. You must have a dedicated sales person actively marketing the franchised business in your Marketing Area, have paid the Existing Account acquisition payment, and be eligible to receive the list of Existing Accounts.
2. You must not be in material default under any agreement with us or our affiliates.
3. You must be current on all payments to us and our affiliates.
4. We will offer products and services at the prices and on the terms you establish. You must keep us informed of your prices and terms. If we obtain orders for you, you must fulfill them within the time promised to the customer.
5. You must pay us the telesales fee described in Item 6.

We have the right to discontinue telesales and/or change the rate of the telesales fee upon 30 days' written notice to you. If we discontinue telesales, you will no longer be required to pay the telesales fee.

The National Marketing Fund. In addition to your local expenditures, you must make monthly contributions to a marketing fund that we have established and administer for Interstate All Battery Centers (the "Fund"). The required contribution is 1.5% of Gross Sales. You make these contributions at the same time and in the same manner as the royalty fee.

IBFAD directs all advertising, marketing and public relations programs and activities financed by the Fund, with sole discretion over the creative concepts, materials, tools and endorsements used in those programs and activities, and the geographic, market and media placement and allocation of advertising and marketing materials. We may use monies from the Fund to pay the costs of preparing and producing advertising and marketing materials (including digital, video, broadcast and printed advertising materials), employing advertising agencies, sponsorships events, administering regional and multi-regional advertising programs, , and supporting public relations, market research, test programs and initiatives and other advertising, promotional and marketing activities.

You must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Fund. You may have to pay the Fund's cost for point-of-sale and other marketing, advertising and promotional materials, including product, plus any related shipping and handling charges.

We have the right to reimbursement from the Fund for expenses directly related to maintaining and administering the Fund and the Fund's marketing programs. We may hire employees, either full-time or part-time, for the administration of the Fund. We have the right to incorporate the Fund or to operate it through a separate entity.

We separately account for the Fund, but we do not segregate the monies of the Fund from our other monies. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Fund during that year or cause the Fund to invest any surplus for future use by the Fund. We have no obligation to expend any portion of the Fund in the geographic area in which your Center is located. We do not use Fund monies to market franchises. The Fund is not audited, but we prepare annually a statement of monies collected and costs incurred by the Fund, which we will furnish to you at your request. Any funds not expended in a given year will be held over for use in the following years' advertising expenses. For the fiscal year ending April 30, 2014, 71% of the Fund expenditures were used for digital and broadcast media, search engine optimization and listing/digital services 19% of the Fund expenditures were used for in store creative work and materials production, 6% of the Fund expenditures were used for research and development and 4% were used for franchisee services technology platforms. No portion of advertising funds is used to solicit new franchise sales.

Local Store Marketing. You must spend specified amounts on Local Store Marketing ("LSM") for your Center each year. During your first calendar year, your LSM requirement will be the greater of 4% of your Gross Sales or the amount of your required ramp up marketing campaign, which we will set as between \$10,000 to \$15,000 in the first 120 days of Center operations and a total of \$20,000 to \$30,000 during your first calendar year. After your first calendar year, your LSM requirement will be the greater of 4% of Gross Sales or \$15,000, adjusted annually according to the CPI using the third year of operations as the base year. We may increase the minimum LSM to up to 6.5% of gross sales. Although in-store (point of purchase) signage is often used in support of advertising, the cost of such signage does not qualify as an LSM expenditure.

By the 10th day of each month, you must pay us a monthly LSM deposit of 4% of your gross sales for the preceding month or one-twelfth of the annual minimum expenditure for that year, whichever is greater. At the same time, you must also submit to us receipts for your LSM expenditures for the preceding month. We will then reimburse your approved LSM expenditures, up to the amount of your then-available LSM deposit balance. After reimbursement of all approved LSM expenditures you have submitted by the 10th day of the second month following any calendar quarter, if there are any remaining LSM deposits paid with respect to the most recent completed calendar quarter, we may spend those deposits for LSM activities in your Marketing Area.

Local and Regional Marketing Cooperatives. We may establish regional and/or local marketing cooperatives in your area. If such marketing cooperatives are established in your area, you must participate. If a regional and/or local cooperative is established in your area, we will designate part or all of your LSM deposits to go to the cooperative(s). The cooperative advertising fund will not exceed your LSM deposits. All franchisees will contribute at the same rate. We have the right to change this allocation. Any LSM deposits which we do not allocate to the cooperative(s) will be available for reimbursement of your LSM expenditures as described above.

Any Centers that we or our affiliates own will contribute to the Fund and to regional and local marketing cooperatives, to the extent they exist in their respective markets, on the same basis as franchisees. Vendors or suppliers also may contribute to the Fund as well as to regional and local marketing cooperatives.

Franchisee input. We do not have a formal franchisee council that advises us on advertising policies, but we gather feedback on advertising informally from franchisees. However, we do have a T.E.A.M. (T.E.A.M. is derived from “Together Everyone Achieves More”) of franchisees that serves as an additional connection point between us and franchisees on various topics, including marketing. The T.E.A.M. consists of 8 franchisee members and 5 company personnel, appointed by us. The franchisee T.E.A.M. members consist of (a) 4 members from stores that are 0 to 12 months old; (b) 2 members from stores that are 13 to 24 months old; and (c) 4 members from stores that are 25 months or older. The T.E.A.M. operates from by-laws that we may amend. We have the right to dissolve the T.E.A.M.

Site Selection

We do not select the site for your Center. You, along with an approved broker, select the site for your Center in accordance with all requirements in the site criteria and subject to our acceptance. We will provide you with our site selection guidelines and such consultation with you with respect to specific sites as we deem advisable. We generally do not own the premises or lease it to you. We may also conduct on-site evaluations of proposed sites. It typically takes about 5 weeks from the time you sign the Franchise Agreement to select a site. You must complete a site application package (the current form of which will be provided to you) for each proposed site, providing information relating to the demographic characteristics, traffic patterns, parking, neighborhood, competition from other businesses in the area, the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance and other physical characteristics of the proposed site. We may conduct an on-site review of any proposed location if we deem it appropriate.

We will advise you in writing, within 30 days of receipt of a completed site application, whether we have approved a particular site. If we don't respond to a completed real estate package within 30 days, you must treat the site as unaccepted. Failure to obtain our acceptance of a site by the site acceptance deadline specified in the Franchise Agreement, or failure of you and IBFAD to agree on a site, constitutes a material, non-curable breach of the Franchise Agreement, permitting us to terminate the Agreement immediately upon written notice. Although we accept the site and plans for construction of the Center, we assume no liability or obligation with respect to the design, construction or profitability of your Center. Our site acceptance is solely for the purpose of ensuring compliance with the terms and conditions of the Franchise Agreement.

If you will lease the Center, you must submit the proposed lease to IBFAD for approval. IBFAD may condition our decision to approve or reject the lease on any factors we deem relevant, including but not limited to the following:

1. The landlord must consent to your use of our trademarks and required signs. (Franchise Agreement, Section 7.A.1.)
2. The landlord must provide us with copies of all amendments and assignments and of all letters and notices sent to you. (Franchise Agreement, Section 7.A.2.)
3. The lease must permit us to enter the premises to make modifications necessary to protect the trademarks or the System or to cure any default under the applicable Franchise Agreement or lease. (Franchise Agreement, Section 7.A.3.)
4. The landlord must permit you to assign the lease to us or our designee without payment of any assignment fee. (Franchise Agreement, Section 7.A.4.)
5. We must have the option, but not the obligation, to assume all of your rights under the lease from the date you take possession of the leased premises without payment of an assignment fee. (Franchise Agreement, Section 7.A.5.)

6. The landlord agrees that prior to any assignment of the lease to us or our designee, you will be solely responsible for all obligations under the lease. (Franchise Agreement, Section 7.A.6.)
7. Following the expiration or termination of the Franchise Agreement, you must have the right to make alterations and modifications to the leased premises to clearly distinguish to the public the leased premises from an Interstate All Battery Center. (Franchise Agreement, Section 7.A.7.)
8. The landlord must agree not to amend or otherwise modify the lease in any manner that would affect any of the foregoing requirements without our prior written consent. (Franchise Agreement, Section 7.A.8.)
9. If the site is in a shopping center, the landlord must agree not to lease space to or permit the operation of any business whose primary business is the sale of batteries. IBFAD must be identified as a third-party beneficiary of the landlord's covenant. (Franchise Agreement, Section 7.A.9.)
10. Landlord must permit battery service/installation performed in the parking lot. (Franchise Agreement, Section 7.A.10.)

Before opening, you must complete all improvements to the Branch Center premises in accordance with our approved plans and specifications. You must obtain our prior written approval of the signage, décor, dimensions and interior layout of the Branch Center premises. In no event may the establishment of the Branch Center at any site violate any agreement to which we are or become a party. The lease for the Branch Center must comply in all respects with the Franchise Agreement. In no event may you acquire the Branch Center site or open the Branch Center without our express written authorization. The location of the Branch Center cannot be changed without our prior written approval.

Time Between Signing Of The Franchise Agreement And Opening

You must obtain our written acceptance of your site within 6 months after you sign the Franchise Agreement, and must open your Center within 9 months after you sign the Franchise Agreement. If you sign one or two additional Franchise Agreements at the time you sign the Franchise Agreement, you must open your second Center within 18 months after you sign the Franchise Agreement, and if applicable, you must open your third center within 27 months after you sign the Franchise Agreement. For additional Centers, the opening dates may vary and will be determined by us.

The typical length of time between the effective date of the Franchise Agreement and the time you open your Center for business is approximately 6 months. Factors that may affect the length of time required to open include your ability to: locate and obtain a satisfactory site and adequate financing; complete necessary construction or remodeling without significant delay; comply with local ordinance or building code requirements; and obtain and install all necessary equipment, fixtures and signs.

You may engage in commercial sales (including telesales) before opening your Center if you meet our requirements, including (a) you and your General Manager and/or dedicated salesperson have successfully completed our management training program, (b) you have installed all computer hardware and software in accordance with our requirements, (c) you have provided us copies of all insurance policies or other evidence of insurance coverage and payment of premiums as we may request, and (d) you have paid the Telesales Fee. If you sign one or two additional Franchise Agreements at the time you sign the Franchise Agreement, you may engage in commercial sales (including telesales) before opening your second (or third, if applicable) Center, provided that you satisfy the conditions in (a) through (c) in this paragraph and have paid the telesales fee under at least one of the Franchise Agreements.

Before opening your Center, you must obtain our written approval of construction or remodeling plans (Franchise Agreement, Section 8.A.) We also reserve the right to conduct a final inspection after the completion of construction or remodeling to determine whether you have complied with the Franchise Agreement. (Franchise Agreement, Section 8.E.) You may not open the Center for business without our written authorization.

Although we are not obligated to do so under the Franchise Agreement, we have initiated a program (the "Opening Incentive Program") under which any Center that meets the retail center standards outlined above and is opened before the Center's opening deadline described above will be credited 5% of gross revenues for any retail revenue generated from the retail center until the earlier of the opening deadline or the date the Center has received 9 months' of gross revenues credits under the Opening Incentive Program. We may modify, amend or discontinue the Opening Incentive Program on notice.

Training Program

We provide an initial management training program. Prior to opening a store location, we require a minimum of one approved store operator (which may be you, your Operating Principal or your designated general manager) to attend and successfully complete the Five Star training through All Battery University to our satisfaction. If a franchisee intends to set-up commercial selling prior to opening a store location, then the person conducting that business must attend the All Battery University program and achieve Five Star Certification.

Post opening, the franchisee must maintain a minimum of one Five Star Certified store operators as detailed in the Five Star Certification standards guidelines.

The Five Star Certification guidelines are updated occasionally as the business dictates.

We instruct trainees in the full range of functions involved in the operation of an Interstate All Battery Center, including operation of all equipment and personnel, public relations and accounting techniques. The training course lasts 3 weeks and generally takes place primarily at our corporate location in Dallas, Texas. We do not charge a training fee for regularly scheduled management training at our location for your first store operator. We may charge a training fee for each additional employee. You must pay all travel, living and other expenses incurred by your trainees. If we schedule a special training session at your request, we will charge you a training fee. We may change the amount of the training fee, which is currently \$500 per week per trainee.

We do not currently specify additional training requirements, but we reserve the right to require you and any of your employees that we designate to complete additional training (including courses, seminars, meetings, conferences, conventions or other training) in the future. We may charge a fee for any mandatory or optional additional training. You must pay all travel, living and other expenses incurred by your trainees or our training personnel that travel to your location or place of business. We are developing on-line modules for training in the on-going operation of Centers, which we expect to phase in over the next 12 to 24 months. We expect that such training will be mandatory and can be completed without the need to travel from your Center. We also require that you or your approved store operator attend our annual or other periodic conventions at your own expense, including travel, lodging and any convention fees.

As part of your initial or other training, you, your managers and other personnel may have to participate in classes and any refresher courses relating to any proprietary or other recycling programs we may initiate in the future.

The following chart summarizes our current initial training program, which lasts 21 days. We normally schedule training sessions approximately quarterly. The course content and hours of training may be adjusted to accommodate the participant based on the learner's knowledge level or past

experience. This decision is based solely upon the observation of the All Battery University training instructors.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Welcome / Introduction & Orientation – Interstate Philosophy	3	0	Dallas, Texas, All Battery University
Tour of Home Office	1	0	Dallas, Texas, All Battery University
How to be a Franchisee; An Inter-dependent Relationship	4	0	Dallas, Texas, All Battery University
Computer I – Operations Computer II – Accounting Computer III – P.O. System	20	0	Dallas, Texas, All Battery University
In-Store on the job training (Focus – X STORE and Custom Assembly)	0	8	Dallas, Texas, All Battery University
In-Store on the job training (Focus – X STORE and Watch Battery Installs)	0	11	Dallas, Texas, All Battery University
Battery Basics, Chemistries and Product Training I & II	16	0	Dallas, Texas, All Battery University
Custom Assembly I – Pack Assembly, Market Pricing and Design	16	0	Dallas, Texas, All Battery University
In-Store on the job training (Focus – X STORE and Custom Assembly)	0	8	Dallas, Texas, All Battery University
Optional In-Store on the job training (Focus – Custom Assembly, X STORE and Watch Battery Installs)	0	11	Dallas, Texas, All Battery University
Customer Service – Sales Floor Training	8	0	Dallas, Texas, All Battery University
B2B Training	8	0	Dallas, Texas, All Battery University
Safety / OSHA Training	2	0	Dallas, Texas, All Battery University
B2B Training – The Art of Making Sales Calls	4	0	Dallas, Texas, All Battery University
Marketing Review	2	0	Dallas, Texas, All Battery University
PowerCare Training	2	0	Dallas, Texas, All Battery University
Human Resources	2	0	Dallas, Texas, All Battery University
All Battery Intercom, Dashboard & Fairway	2	0	Dallas, Texas, All Battery University
Telesales Training	2	0	Dallas, Texas, All Battery University
Business Consultant Opening Review	2	0	Dallas, Texas, All Battery University
Training Program Certification	4	0	Dallas, Texas, All Battery University

We furnish all trainees with:

- Participant’s Guide
- Computer Based Training Modules (CBT’s on DVD)
- System Operations Manuals (on DVD)
- Reference guides and resource documents (on DVD)

Larry Jenkins supervises our training program. Mr. Jenkins is Senior Training Manager, and has been with Interstate Batteries since 1998. Mr. Jenkins facilitates many portions of the training program; specifically, he develops operational, business and technical skills, enhancing the productivity and quality of work.

Estimated travel and living expenses:

3 Week Training (in Dallas) –

Estimated travel and lodging expenses	Amount
Lodging - \$75 per night (21 nights)	\$1,575
Airfare - 2 round trip tickets (1 to Dallas and 1 to Location TBD)	\$750
Meals - \$30 per day (21 days)	\$630
Local Transportation - \$56 per day (21 days)	<u>\$1,176</u>
Estimated total (less taxes and fees)	\$4,131

Transportation

Trainees are responsible for their own transportation to and from All Battery University.

Rental Car. The typical costs for a rental car during your training can run \$1,200 - \$1,800, depending on the rental agency. Most agencies located off airport property are significantly less expensive than those located on airport property. It may be possible for you and other trainees to share a vehicle to lower your individual rental costs.

Shuttle Service. The typical costs for shuttle transportation to and from a local airport to your hotel will run \$18 to \$25 per person each way. You must allow extra travel time to and from a location when using a shuttle service.

The Manuals

The Manuals consist of five volumes, having a total of 715 pages. The subject matter and number of pages covering each subject is detailed in Exhibit M to this Disclosure Document. You may review the Manuals before signing the Franchise Agreement. The information contained in the Manuals is proprietary and confidential and a trade secret of IBFAD and you must keep it confidential. You and any of your employees who review the Manuals must sign the Confidentiality Agreement attached as Exhibit H to this Disclosure Document before seeing the Manuals.

ITEM 12

TERRITORY

The Franchise Agreement authorizes you to open and operate an Interstate All Battery Center only within your defined Marketing Area. As noted in Item 1, we will determine the Marketing Area in consultation with you before you sign the Franchise Agreement. We typically describe the Marketing Area as the geographic area defined by zip codes, effective as of the date on which the Franchise Agreement is signed. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Limited Territorial Protection.

While the Franchise Agreement is in effect, and unless we reduce or otherwise alter your limited exclusivity (as discussed below), we will not establish or operate, or license others to establish or operate, certified franchise Interstate All Battery Center retail stores at locations within the Marketing Area, which will consist of an area no less than 3 miles surrounding the Center, but in no case will such limited exclusivity extend beyond the geographic area contained in your original Marketing Area regardless of whether your Center is approved for a site that is at the edge of your Marketing Area. We may grant you

a Marketing Area larger than 3 miles surrounding the Center, such decision being made on a case-by-case basis. In addition, we will not directly solicit customers, advertise or authorize any other franchisee to directly solicit customers or advertise any Authorized Product either: (i) in any medium with an audience that is located primarily within the Marketing Area; or (2) in such a way that the intent or reasonable likely effect is the solicitation of customers within the Marketing Area. However, our affiliates or our independent distributors (which consist of individuals or entities that have signed or will sign a Confidential Distributor Agreement with IBI or another of our affiliates), will have the right to sell any Additional Product, directly solicit customers for any Additional Product and advertise in any medium any Additional Product. "Additional Products" include IBI's "1090NT Products," such as original and replacement electric storage batteries for automotive, motorcycle, marine, golf cart and other equipment and/or machinery uses. In addition, IBI has the right and has offered to its distributors the right to sell Basic Products to customers located within the primary area granted to the distributors in their distributor agreements to certain specified classes of customers. "Basic Products" include those products which IBI designates as "All Battery Products," such as alkaline and dry cell batteries and batteries for household electronics, hearing aids, security systems, cameras, laptops and cell phones. The authorized customers consist of current or future customers of the distributor that purchase primarily Additional Products and do not include commercial or retail customers who exclusively purchase Basic Products.

After your Center has been open and operating through our first fiscal year end following your Center's opening, if your Center fails to achieve gross sales equal to at least 75% of the average gross sales for all Centers for 2 consecutive years, we may redefine or reduce the size of your limited exclusivity in the Marketing Area effective immediately on written notice to you. However, the Marketing Area will not be reduced to an area of less than a 3 mile radius surrounding the Center's premises. For clarity, the Marketing Area may be much greater than a 3 mile radius surrounding the Center's premises but in no instance will it be reduced to an area less than a 3 mile radius surrounding the Center's premises.

If we determine that there is a need for an additional Center(s) in your Marketing Area, we will notify you and you will have the "first option" to apply to us to establish such additional Center(s). To establish an additional Center, you must sign our then-current form of Franchise Agreement. You must (i) submit a completed Franchise application to us within 10 days after delivery of our notice, (ii) meet our then-current standards and qualifications for new franchise rights (which standards and qualifications may pertain to, among other things, financial ability and performance under and compliance with existing franchise agreements), and (iii) you must sign our then-current form of Franchise Agreement for the additional Center(s) within 20 days after we send the Franchise Agreement(s) to you. If multiple Centers are presented to you, you must commit to all such Centers or none of them. If you fail to submit a completed franchise application, do not meet our standards and qualifications or fail to sign the Franchise Agreement within the time periods allotted, your "first option" will terminate. We may then establish, operate or license others to establish or operate the additional Center(s). We may redefine or reduce your Marketing Area to exclude certain zip codes that may be contained in the Marketing Area associated with an additional Center. Our reduction or termination of your Marketing Area would take effect upon the opening of the additional Center(s).

You may operate your Center only at the locations that we have approved. You may relocate your Center under these conditions: (1) your lease may be expiring and you may wish to move your Center to a location that has better demographics and is more cost efficient than the current location, or (2) if you are an Interstate Batteries independent distributor franchisee, then you may wish to move your current Center from a warehouse location to a more retail friendly location. You must obtain our permission before relocating the Center, including the Branch Center. Any relocation will require the relocated Center to meet all then current standards. We will consider several factors, including demographic data and the proximity of other Centers, in reviewing a request to relocate. You do not receive the right to acquire other franchises within or outside the Marketing Area.

Except with our prior written consent, you may sell, ship and advertise products only as follows: (1) within the Marketing Area specified by your Franchise Agreement, you may sell and advertise any and all Authorized Products (as defined in the Franchise Agreement); (2) you may sell and ship Basic Products and Auxiliary Products (both as defined in the Franchise Agreement) beyond your Marketing Area; (3) you may not sell or ship Additional Products (as defined in the Franchise Agreement) outside of the Marketing Area specified in your Franchise Agreement, nor may you sell or deliver any Additional Product to a customer of our affiliates' distributors (which typically include route service and consignment customers); (4) you may not advertise any Authorized Product in any advertising medium, including internet sales, websites, catalog sales, radio, telemarketing, mailers, or other direct mailings whose audience is located principally outside of your Marketing Area or where the intent or reasonably likely effect is to solicit customers outside the border of your Marketing Area; (5) within any other franchisee's Marketing Area, you may not directly solicit customers for the sale of any Authorized Product and you may not advertise any Authorized Product; and (6) you may not sell or deliver any product or service, including for example, Basic Products, Additional Products and Auxiliary Products, where such sale or delivery would be reasonably expected to introduce such products or services into commerce in a country other than the United States of America (including its territories and protectorates) (among other things, the direct sale of any product or service by you or your agent to a customer or an agent of a customer located outside of the United States of America will be deemed to constitute breach of this prohibition.)

If you are an Interstate Batteries independent distributor, if your Confidential Distributor Agreement expires or is terminated or your Primary Area of Responsibility under that agreement changes, in addition to our other rights, we have the right to change the boundaries of your CDA Territory and/or your Marketing Area under the Franchise Agreement as we deem appropriate.

If you are an Interstate Batteries independent distributor, you will have the option to sign a Letter Agreement in the form attached to the Franchise Agreement as Appendix D ("Letter Agreement"). The Letter Agreement provides for a temporarily expanded Marketing Area equal in size to the distributor's CDA Territory, but will expressly carve out and exclude the Marketing Area of any other existing third party franchisee. Under the Letter Agreement, if we decide that there is a need for an additional Interstate All Battery Center location(s) within the applicable CDA Territory, then we may (a) terminate the expanded Marketing Area and reinstate the "Marketing Area" as defined in Appendix A and A-1 of your Franchise Agreement; or (b) alter the expanded Marketing Area to exclude those Zip Codes ("Excluded Zip Codes") that may be contained in the Marketing Area associated with the additional Interstate All Battery Center location(s) to be opened in the CDA Territory. The temporarily expanded Marketing Area may also be reduced in our sole discretion, if an Interstate All Battery Center is located adjacent to the CDA Territory. If you sign the Letter Agreement, your Existing Account acquisition payment with respect to RAD's existing telesales customer accounts in the Marketing Area (as described in Item 5) will be increased to include the additional telesales accounts contained in the expanded Marketing Area.

We may discuss with any of your customers or prospective customers the possibility of becoming a "National Customer" (see discussion of the National Accounts Program below). We can use information from any source, including you, in these discussions.

Rights Reserved. We reserve all rights that we do not expressly grant to you. Except for your limited exclusivity in the Marketing Area as described above, we and our affiliates may engage in any business activities, under any name, within any geographic area and at any location. Among other things, we and our affiliates may, even within your Marketing Area: **(i)** market, sell, and distribute batteries through any means other than certified franchise Centers, including the Internet and "Interstate All Battery Center" kiosks, vending machines, stores-within-stores, and outlets at airports, universities, seasonal mall locations, fairs and trade shows; **(ii)** establish and operate, and license others to establish and operate, retail outlets and/or telesales operations of any kind that operate under names other than

“Interstate All Battery Center,” even if those outlets or operations compete with you; (iii) sell batteries under any name or mark to distributors and dealers, and recruit distributors and dealers, within your Marketing Area; and (iv) authorize any independent distributors to sell any Additional Product or advertise any Additional Product in any medium. We are not required to pay any compensation to you for soliciting or accepting orders inside your Marketing Area.

We currently do not operate any business under a different trademark that sells similar goods in any franchisee’s marketing area. If we were to do so, it may include kiosks, vending machines, stores-within-stores, and outlets at airports, universities, seasonal mall locations, fairs and trade shows. There are no plans to do so in the immediate future.

National Accounts Program. We administer a National Accounts program for Interstate All Battery Centers. If you opt into the National Accounts program and a customer in the program (a “National Customer”) prefers (or the agreement with the National Customer requires) centralized ordering, centralized shipping, centralized billing and account management, or specialized packaging or branding, we or our designee may sell and deliver batteries and battery products directly to that National Customer, regardless of its location. If you agree to and do provide certain services to the National Customer and you are not in default, we (or our designee who services the customer) will pay you monthly 5% of the dollar amount (if any) paid to us during the previous month for purchases of batteries and related products for resale or consumption to which delivery is made to the National Customer’s facilities within your Marketing Area. If you elect not to participate in the National Accounts program, or if you elect to participate but fail to satisfy the conditions of any National Accounts agreement, we may, in our sole discretion, service or authorize others to service the National Customer within your Marketing Area without compensating you. We have the right to prescribe and modify rules and regulations for the National Accounts program.

ITEM 13

TRADEMARKS

The principal mark that you will use as our franchisee is the specifically designed “Interstate All Battery Center” name and logo. You will also use the Interstate® and Inter-state® trademarks. We may also authorize you to use other marks occasionally.

IBSI owns the principal marks and has licensed them to us. We have the non-exclusive perpetual right to use and to license our franchisees to use the marks. IBSI has registered the Interstate® and Inter-state® marks on the Principal Register of the U.S. Patent and Trademark Office (“PTO”). These marks were registered on June 13, 1967, December 26, 1967, and May 2, 1989 and assigned Registration Numbers 0830122, 0841147, and 1537597. IBSI has filed affidavits of continuous use for all three registrations, and an affidavit of incontestability for Registration Number 1537597. All three registrations have been renewed.

The “Interstate All Battery Center” name was registered on the principal register of the PTO on December 1, 2009, and assigned Registration Number 3718169.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the principal marks. There also are no pending infringement, opposition or cancellation proceedings or any pending material litigation involving the principal marks. Other than the license from IBSI, there are no agreements currently in effect that significantly limit our or your rights to use or license the use of the principal marks. We know of no infringing uses that could materially affect your use of the principal marks.

You must use the principal marks and any other proprietary marks that we authorize you to use in full compliance with the rules that we prescribe. You may not use any mark, any part of any mark, any variation of a mark or any marks or names similar to a trademark as part of your corporate or other legal name.

You must notify us immediately when you learn about an infringement of, or challenge to, your use of our marks. We will take the action we believe to be appropriate. Although we have no contractual obligation to do so, we intend to protect your right to use the marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the marks. IBSI will control any administrative proceedings or litigation involving the trademark licensed by us to franchisee. The Franchise Agreement does not require us to participate in the franchisee's defense and/or to indemnify the franchisee for expenses or damages if franchisee is a party to an administrative or judicial proceeding involving a trademark licensed by us to the franchisee, or if the proceeding is resolved unfavorably to the franchisee.

We may elect to use a name other than "Interstate All Battery Center" to identify the Centers. If we change the name, you must adopt the new name, at your expense, within 90 days or such other longer period of time as we may specify.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents relevant to the franchise. However, much of the material that we will provide to you (including the Manuals, the Software and our advertising materials) is copyrighted. The copyrights in these materials are owned or licensed by RAD and IBFAD. Although RAD and IBFAD might not have registered their copyrights in these materials with the United States Copyright Office, they claim copyright protection and ownership in them through assignment or authorship and may seek registrations in the future.

We own proprietary rights to a number of business format concepts, trade dress features, and other trade secrets, which we license you to use pursuant to the Franchise Agreement. Except for information demonstrably in the public domain, you may not disclose any confidential information or our trade secrets derived from information disclosed to you by us.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We do not require that you personally supervise the day-to-day operations of your Center, but you must, at all times, employ at least one general store manager and one dedicated B2B salesperson in the Center who is Five Star Certified under our initial training program described in Item 11. Your Center must, at all times, be under the direct, on-premises supervision of a manager who has successfully completed the training program. Managers do not have to have an ownership interest in the Center, but you must, at our request, require them and all employees to sign confidentiality and non-competition covenants in a form we prescribe.

If you are owned by more than one individual, you must designate an "Operating Principal," who is subject to our approval. The Operating Principal must: (1) have full control over the day-to-day activities of the Center, including control over the standards of operation and financial performance; (2) devote full time and best efforts to supervising the development and operation of the Center; and (3) successfully complete our management training program and any additional training. If the Operating

Principal ceases to fulfill these qualifications, you must have a fully-qualified, trained replacement in place within 60 days. If you fail to comply with this requirement, we may provide a manager to operate the Center at your expense until a fully-qualified, trained replacement Operating Principal is in place. We may charge you a reasonable management fee. You and the Operating Principal, if any, must personally attend at your expense any meetings, conferences or conventions that we designate as mandatory. At all times after the Center opens, you must have a designated sales person actively marketing the franchised business in your Marketing Area.

Each of your officers and directors and all holders of a legal or beneficial interest in your business of 10% or more must jointly and severally guarantee payment and performance of the Franchise Agreement. A copy of the Guarantee and Assumption of Franchisee's Obligations is attached to the Franchise Agreement (Exhibit C to this Disclosure Document). In addition, if you, any of your officers or directors, any holder of a 10% interest in your business, or your parent, subsidiary or affiliate holds any interest in one or more other Interstate All Battery Center franchises, the party that owns that interest must execute a guarantee to us and our affiliates for the payment and performance of all obligations of the franchisee under each franchise agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell only the products and services that we approve for sale in Interstate All Battery Centers. We may designate some approved products and services as mandatory and others as optional. We may also establish specifications for your volume and mix of inventory. There is no limit on our right to change these requirements.

Except with our prior written consent, you may sell, ship and advertise products only as follows: (1) within the Marketing Area specified by your Franchise Agreement, you may sell and advertise any and all Authorized Products (as defined in the Franchise Agreement); (2) you may sell and ship Basic Products and Auxiliary Products (both as defined in the Franchise Agreement) beyond your Marketing Area; (3) you may not sell or ship Additional Products (as defined in the Franchise Agreement) outside of the Marketing Area specified in your Franchise Agreement, nor may you sell or deliver any Additional Product to a customer of our affiliates' distributors (which typically include route service and consignment customers); (4) you may not advertise any Authorized Product in any advertising medium whose audience is located principally outside of your Marketing Area or where the intent or reasonably likely effect is to solicit customers outside the border of your Marketing Area; (5) within any other franchisee's Marketing Area, you may not directly solicit customers for the sale of any Authorized Product and you may not advertise any Authorized Product; and (6) you may not sell or deliver any product or service, including for example, Basic Products, Additional Products and Auxiliary Products, where such sale or delivery would be reasonably expected to introduce such products or services into commerce in a country other than the United States of America (including its territories and protectorates) (among other things, the direct sale of any product or service by you or your agent to a customer or a customer's agent located outside of the United States of America will be deemed to constitute breach of this prohibition.) You are not permitted to consign product.

We may, at our discretion, designate certain customers as National Customers to whom we and participating franchisees will agree to sell products and services at specified rates. We may discuss with any of your customers or prospective customers at any time the possibility of becoming a National Customer, and may use in such discussions information that we receive from you or any other source. You may opt into or out of the National Accounts program. If you opt into the National Accounts program, you must participate in all National Account agreements and must service each National Account.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

FA: Franchise Agreement

BA: Branch Addendum

Provision	Section In Agreement	Summary
a. Length of the franchise term	Section 4.A. of FA; Section 9 of BA	Term is 10 years in Franchise Agreement. Branch Addendum runs with the Franchise Agreement.
b. Renewal or extension of the term	Section 4.B. of FA	3 renewal terms of 5 years each.
c. Requirements for you to renew or extend	Section 4.B. of FA	We must still be offering franchises. You must: not be in default under the Franchise Agreement or other agreements with us or our affiliates and must not have been in default during prior 12 months, make required renovations, be in compliance with then-current training requirements, have the right to remain in possession of the Center locations, sign a general release, have operated in accordance with the Franchise Agreement and the System, give notice of intent to renew and sign a renewal addendum. Our current form of general release is attached as Exhibit L. The renewal Franchise Agreement will be as offered in the then-current Disclosure Document. We may use a different form in the future with materially different terms and conditions than your original contract.
d. Termination by you	Section 24.D. of FA	You may terminate the Franchise Agreement for cause.
e. Termination by IBFAD without cause	Not Applicable.	Not Applicable.
f. Termination by IBFAD with cause	Section 24 of FA; Section 9 of BA	We may terminate the Franchise Agreement and Branch Addendum for cause.
g. "Cause" defined – curable defaults	Section 24.B. of FA	Other than the defaults listed in h. below, you have 15 days to cure monetary defaults and 45 days to cure other defaults.
h. "Cause" defined – noncurable defaults	Section 24.A. of FA	Under the Franchise Agreement, non-curable defaults include: cessation of operation of the Center for 5 consecutive days; insolvency or inability to pay creditors; filing of a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; execution on property or foreclosure on lien; breach of the confidentiality and non-competition covenants of the Franchise Agreement; transfer without prior written approval; material misrepresentation, knowing falsification of report, or omission of a material fact; failure to open your Center within the time specified by the Franchise Agreement; determination by Franchisor that continued operations would result in imminent danger to public health

Provision	Section In Agreement	Summary
	Section 9 of BA	<p>or safety; loss of possession of the franchised location; conviction of or pleading no contest to a felony, crime involving moral turpitude or other crime that we believe is reasonably likely to adversely affect the goodwill of us or the System; material breach of any representation; default beyond the applicable cure period under any other agreement with us or our affiliates; failure to maintain your Store System/Technology Agreement, if applicable; repeated notices of default; termination of your Confidential Distributor’s Agreement, if any; sale of counterfeit product; unauthorized use of Proprietary Marks.</p> <p>Under the Branch Addendum, non-curable defaults include: a default under the Franchise Agreement or the Branch Addendum.</p>
i. Your obligations on termination/nonrenewal	Section 25 of FA	<p>You must: pay all sums owed; return all electronic and hard copies of the Manuals and permanently delete all electronic versions, customer lists and profiles, all other proprietary information, and Software; continue to abide by the covenants in Section 23; discontinue use of Proprietary Marks and de-identify Center; assign to us all telephone numbers used in the operation of the Center; and furnish proof of compliance with post-termination obligations. If you are an Interstate Batteries independent distributor, termination of the Franchise Agreement will cause a default under your CDA in certain circumstances (see Exhibit F to this Disclosure Document).</p>
j. Assignment of contract by IBFAD	Section 21 of FA; Section 10 of BA	There are no limitations on our right to assign the franchise.
k. “Transfer” by you – definition	Section 22.A. of FA; Section 10 of BA	“Transfer” means to sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in you, the Franchise Agreement, the Branch Addendum or the Centers.
l. IBFAD’s approval of transfer by franchisee	Section 22 of FA; Section 10 of BA	You must obtain our approval before any Transfer.
m. Conditions for IBFAD’s approval of transfer	Section 22 of FA; Section 10 of BA	<p>Entire franchise must be transferred together; proposed transferee must demonstrate sufficient experience and qualification; sales price must not be too high; all outstanding monetary obligations must be paid; you must not be in default; you must sign a general release; transferee’s employees must complete training; you must pay transfer fee; transferee must sign agreements; you remain liable for all obligations. Our current form of general release is attached as Exhibit L. We may use a different form in the future.</p>
n. IBFAD’s right of first refusal to acquire your business	Section 22.F. of FA	We have the right to purchase the interest that you propose to transfer.
o. IBFAD’s option to purchase your business	Section 26 of FA	On expiration or earlier termination of the Franchise Agreement, we have the right to purchase your business.

Provision	Section In Agreement	Summary
p. Your death or disability	Section 22.E. of FA	The executor or personal representative will have 6 months to apply to us for permission to Transfer to your heir or beneficiary. All ordinary conditions of Transfer apply (see m. above). We have the right to run the Center until the Transfer occurs and to charge a reasonable management fee.
q. Non-competition covenants during the term of the franchise	Section 23.C. of FA	<p>During the term, you may not own, maintain, operate, engage in, advise, help, make loans to, or have any interest in, either directly or indirectly, any retail store business (a) that has batteries as a sales item that comprises at least 20% of sales or (b) that sells batteries and whose method of operation or trade dress is similar to that employed in the System. During the term, you must not hire, attempt to hire or induce any employee of us or our affiliates to leave their employment.</p> <p>All store managers and employees must sign a non-competition agreement in a form we prescribe.</p>
r. Non-competition covenants after the franchise is terminated or expires	Section 23.C. of FA	<p>For a period of 2 years following expiration, early termination, or an approved Transfer of the Franchise Agreement, you may not own, maintain, operate, engage in, advise, help, make loans to, or have any interest in, either directly or indirectly, any retail store business (a) that has batteries as a sales item that comprises at least 20% of sales or (b) that sells batteries and whose method of operation or trade dress is similar to that employed in the System. This restriction applies: (i) within your Marketing Area; (ii) within 3 miles of your Center; and (iii) within 3 miles of any then-existing Interstate All Battery Center. For a period of 2 years following expiration, you must not hire, attempt to hire or induce any employee of us or our affiliates to leave their employment.</p> <p>All store managers and employees must sign a non-competition agreement in a form we prescribe.</p>
s. Modification of the agreement	Section 31 of FA	Franchise Agreement may be modified only in writing.
t. Integration/merger clause	Section 31 of FA	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 35 of FA	Arbitration is mandatory for most disputes.
v. Choice of forum	Sections 35.B. & 36 of FA	You may only sue us or arbitrate against us in Dallas County, Texas. State franchise statutes may supersede this choice of forum; see Exhibit I.
w. Choice of law	Section 34 of FA	Texas law governs. State franchise statutes may supersede this choice of law; see Exhibit I.

This table lists certain important provisions of the Store System/Technology Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section In Store System/Technology Agreement	Summary
a. Length of the license term	Section 1.B.	Co-extensive with the term of the Franchise Agreement.
b. Renewal or extension of the term	Not Applicable.	Not Applicable.
c. Requirements for you to renew or extend	Not Applicable.	Not Applicable.
d. Termination by you	Not Applicable.	Not Applicable.
e. Termination by IBFAD without cause	Not Applicable.	Not Applicable.
f. Termination by IBFAD with cause	Section 12.A.	We may terminate the Store System/Technology Agreement for cause.
g. "Cause" defined – curable defaults	Section 12.A.	Other than the defaults listed in h. below, you have 10 days to cure monetary defaults and 30 days to cure other defaults.
h. "Cause" defined – noncurable defaults	Section 12.A.	Non-curable defaults include: breach of Confidentiality, Access to Data, or Non-modification provisions of the Store System/Technology Agreement. We may terminate the Store System/Technology Agreement immediately on these defaults.
i. Your obligations on termination/nonrenewal	Section 12.B.	You must: promptly return to IBFAD all Software, copies of Software, and operating manuals and all other materials and information relating to the Software furnished by IBFAD; and promptly erase all Software from your computer system and certify to us that you have fulfilled this obligation. You must also purge or destroy all confidential information.
j. Assignment of contract by IBFAD	Section 14.B.	There are no limitations on our right to assign the Software license.
k. "Transfer" by you – definition	Section 14.A.	"Transfer" means to transfer, assign, sell, donate, lease, rent, loan, convey, translate, demonstrate, convert to another programming language (written or spoken), encumber, distribute, or otherwise alienate the Store System/Technology Agreement, the license, the Software, or any interest therein.
l. IBFAD's approval of transfer by franchisee	Section 14.A.	If you transfer your franchise with our approval, you may transfer the Software and computer system to the same transferee.
m. Conditions for IBFAD's approval of transfer	Section 14.A.	The transferee may be required to enter into the then-current Store System/Technology Agreement.
n. IBFAD's right of first refusal to acquire your business	Not Applicable.	Not Applicable.
o. IBFAD's option to purchase your business	Not Applicable.	Not Applicable.
p. Your death or disability	Not Applicable.	Not Applicable.

Provision	Section In Store System/Technology Agreement	Summary
q. Non-competition covenants during the term of the franchise	Not Applicable.	Not Applicable.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable.	Not Applicable.
s. Modification of the agreement	Not Applicable.	Not Applicable.
t. Integration/merger clause	Not Applicable.	Not Applicable.
u. Dispute resolution by arbitration or mediation	Not Applicable.	Not Applicable.
v. Choice of forum	Not Applicable.	Not Applicable.
w. Choice of law	Section 15	Section 15 incorporates by reference the applicable law provision (§34) of the Franchise Agreement, which states that Texas law governs. State franchise statutes may supersede this choice of law; see Exhibit I.

See Exhibit I to this Disclosure Document for additional information required by certain states.

ITEM 18

PUBLIC FIGURES

Our affiliate, IBI, has entered into a Sponsorship Agreement with Joe Gibbs Racing, Inc. and Redline Sports Marketing, Inc., which grants IBI the right to be a primary sponsor of the racing team owned by Joe Gibbs Racing, Inc., which competes in the NASCAR Sprint Cup racing series. Under the terms of such agreement, IBI has the right to use the name, likeness and voice of Joe Gibbs and other members of the Joe Gibbs Racing team, including the team's drivers (which includes Kyle Busch, Matt Kenseth and Denny Hamlin as of the date of this Disclosure Document), for certain promotional activities on behalf of Interstate Batteries (including the franchises offered in this Disclosure Document). Neither Joe Gibbs nor other members of the Joe Gibbs Racing team receives any compensation from IBFAD; however, they do receive compensation from Joe Gibbs Racing, Inc. for promotion activities undertaken pursuant to the Sponsorship Agreement (the amount of compensation paid to Joe Gibbs and other team members is not available to us). IBI has produced television ads, print ads, and other media ads which feature Joe Gibbs. Neither Joe Gibbs nor other members of Joe Gibbs Racing team manage, or own any interest in, IBFAD.

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.

This Item contains certain historical information concerning sales and the cost of goods sold for:

(1) the 13 company-operated Centers that were open for the entire 12-month period ending April 30, 2014 (all of which have been open for over 10 years);

(2) the 34 certified franchise Centers that were open for the entire 36-month period ending April 30, 2014;

(3) the 39 certified franchise Centers that were open for the entire 24-month period ending April 30, 2014;

(4) the 52 certified franchise Centers that were open for the entire 12-month period ending April 30, 2014; and

(5) the 156 combined certified franchise and other franchised Centers and that were open for the entire 12-month period ending April 30, 2014.

This Item also contains certain average “same Center” gross sales annual percentage increases on a year-to-year basis for certified franchise Centers during each of the last four full fiscal years.

Certified franchise Centers carry our full product line and offer retail, commercial and custom assembly products, meet our FFS&E standards associated with their current franchise agreement, meet our current minimum retail square footage requirements and our current minimum retail gross sales percentage requirements. We have not included results for the 104 franchised Centers that do not meet one or more of the above certified franchise Center criteria and for any certified franchise Centers that opened or closed during the relevant period(s).

The first table below shows the average gross sales and average cost of goods sold as a percentage of gross sales for all 13 company-operated Centers for the 12 months ended April 30, 2014. All of these 13 company-operated Centers have been open for over 10 years as of April 30, 2014 and but for being company-operated would otherwise satisfy the above certified franchise Center criteria.

The second table shows the average gross sales, average cost of goods sold and average cost of goods sold as a percentage of gross sales for the 34 certified franchise centers open 36+ months, for the 12 months ended April 30, 2014.

The third table shows the average gross sales, average cost of goods sold and average cost of goods sold as a percentage of gross sales for the 39 certified franchise Centers open 24+ months, for the 12 months ended April 30, 2014.

The fourth table shows the average gross sales, average cost of goods sold and average cost of goods sold as a percentage of gross sales for the 52 certified franchise Centers which were open 12+ months, for the 12 months ended April 30, 2014.

The fifth table shows the average gross sales, average cost of goods sold and average cost of goods sold as a percentage of gross sales for the 152 certified franchise and other franchised Centers open 12+ months, for the 12 months ended April 30, 2014.

The sixth table shows the average “same Center” gross sales annual percentage increases on a year-to-year comparison basis for the certified franchise Centers open during the applicable periods during each of the last four full fiscal years ended April 30, 2011, 2012, 2013 and 2014.

We prepared table one based on our internal financial statements and reports. We prepared table 2 through 6 based on information reported to us by franchisees. We have not audited the information,

and cannot vouch for its accuracy. You may wish to consult a financial advisor or an accountant to help you determine how to interpret the information contained in this Item.

**YOUR FINANCIAL RESULTS ARE LIKELY TO DIFFER
FROM THOSE OF THE CENTERS DESCRIBED IN THIS ITEM.**

<u>OPERATING RESULTS FOR COMPANY-OPERATED CENTERS⁽⁶⁾</u>		
<u>OPEN 10+ YEARS (13 CENTERS)</u>		
Average Gross Sales	\$1,316,887	5 out of 13 (or 39%) attained or exceeded the average
Average Costs of Goods Sold ⁽¹⁾	55% of Gross Sales	4 out of 13 (or 31%) performed at or below the average cost of goods sold

<u>OPERATING RESULTS FOR CERTIFIED FRANCHISE CENTERS⁽²⁾</u>		
<u>OPEN 36+ MONTHS (34 CENTERS)</u>		
Average Gross Sales	\$842,514	14 out of 34 (or 41%) attained or exceeded the average
Average Costs of Goods Sold ⁽¹⁾	\$461,457	15 out of 34 (or 44%) performed at or below the average costs of goods sold
	55% of Gross Sales	20 out of 34 (or 59%) performed at or below the average cost of goods sold

<u>OPERATING RESULTS FOR CERTIFIED FRANCHISE CENTERS⁽³⁾</u>		
<u>OPEN 24+ MONTHS (39 CENTERS)</u>		
Average Gross Sales	\$792,656	18 out of 39 (or 46%) attained or exceeded the average
Average Costs of Goods Sold ⁽¹⁾	\$432,337	23 out of 39 (or 59%) performed at or below the average costs of goods sold
	55% of Gross Sales	24 out of 39 (or 62%) performed at or below the average cost of goods sold

<u>OPERATING RESULTS FOR CERTIFIED FRANCHISE CENTERS⁽⁴⁾</u>		
<u>OPEN 12+ MONTHS (52 CENTERS)</u>		
Average Gross Sales	\$666,692	22 out of 52 (or 42%) attained or exceeded the average
Average Costs of Goods Sold ⁽¹⁾	\$362,257	32 out of 52 (or 62%) performed at or below the average cost of goods sold
	54% of Gross Sales	27 out of 52 (or 52%) performed at or below the average cost of goods sold

OPERATING RESULTS FOR ALL FRANCHISE CENTERS⁽⁵⁾		
OPEN 12+ MONTHS (156 CENTERS)		
Average Gross Sales	\$642,549	63 out of 156 (or 40%) attained or exceeded the average
Average Costs of Goods Sold ⁽¹⁾	\$365,446	96 out of 156 (or 62%) performed at or below the average cost of goods sold
	57% of Gross Sales	81 out of 156 (or 52%) performed at or below the average cost of goods sold

AVERAGE "SAME CENTER" GROSS SALES PERCENTAGE INCREASE OPERATING RESULTS FOR CERTIFIED FRANCHISE CENTERS⁽⁶⁾			
OVER THE PREVIOUS FOUR FISCAL YEARS ENDING APRIL 30, 2014			
Comparison Years	Number of Stores in Comparison	Percentage Increase in Net Revenue From Fiscal Year To Fiscal Year	Number Of Centers Attaining or Exceeding Average Net Revenue Percentage Increase
Fiscal Year 2014 to Fiscal Year 2013	52	9.1%	25 out of 52 (or 48%) attained or exceeded the average
Fiscal Year 2013 to Fiscal Year 2012	35	9.8%	20 out of 35 (or 57%) attained or exceeded the average
Fiscal Year 2012 to Fiscal Year 2011	31	8.9%	19 out of 31 (or 61%) attained or exceeded the average
Fiscal Year 2011 to Fiscal Year 2010	24	8.7%	10 out of 24 (or 42%) attained or exceeded the average

NOTES

- (1) Cost of Goods Sold includes costs of starting/lighting/ignition products (a.k.a. "SLI" products), specialty products and other accessories. The Cost of Goods Sold figure includes the cost of obtaining the inventory sold, including shipping and handling costs, and also includes the cost of recycling used battery products returned to the stores by customers.

The Cost of Goods Sold figure does not reflect operating expenses of the Center, which are significant and variable. Operating expenses include, for example, supplies, bank and credit card fees, travel, salaries and employee benefits, real estate costs, depreciation and amortization, selling expenses and general and administrative expenses such as utilities

and telephone service, legal and accounting fees, insurance, and repairs and maintenance. Costs are subject to local market conditions and vary depending on the geographic location of the Center. In addition to these expenses, you must pay 5% of gross sales for royalties and contribute 1.5% of gross sales to the National Marketing Fund and spend a minimum annual amount for Local Store Marketing and/or marketing cooperatives.

In addition to operating expenses, you will also incur the full cost of constructing, remodeling, and/or equipping your Center, including the cost of obtaining and maintaining the required computer system and a site license and maintenance and support contract for the Software.

- (2) The gross sales for certified franchise Centers open 36+ months ranged from \$213,456 to \$2,073,620.
- (3) The gross sales for the certified franchise Centers open 24+ months ranged from \$213,456 to \$2,073,620.
- (4) The gross sales for the certified franchise Centers open 12+ months ranged from \$138,964 to \$2,073,620.
- (5) The gross sales for all franchised Centers open 12+ months ranged from \$47,412 to \$2,959,911; this includes franchised Centers that do not meet the criteria for a certified franchise Center described above.
- (6) IBSA's affiliate, Distributor Operations, Inc., operates 3 ABC locations that are not managed by ABC and are not represented in the company-operated centers average gross sales.

END OF NOTES

Your financial results are likely to differ from those of the Centers described in this Item, for several reasons.

First, a portion of the certified franchise Centers included in the above figures are operated by long-time Interstate Battery distributors or their affiliated companies. These Centers may have benefited from the respective distributor's existing customer base and experience in the battery business.

Second, many of the certified franchise Centers have been in operation for more than three years, and several have been operating for more than five years. These Centers may be more successful because of their maturity and experience than would a start-up retail Center.

Third, the actual results of your Center will depend on a variety of internal and external factors (some of which neither we nor you can estimate), including your management ability and business skill, competition, taxes, the availability of financing, general economic climate, demographics, and changing consumer preferences. We have written substantiation to support the information appearing in this Item. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS 2012 TO 2014**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2012	164	178	+14
	2013	178	202	+24
	2014	202	200	-2
Licensed Dealers*	2012	123	118	-7
	2013	118	118	0
	2014	118	165	+47
Company-Owned	2012	25	28	+3
	2013	28	28	0
	2014	28	28	0
Total Outlets	2012	312	324	+12
	2013	324	348	+24
	2014	348	393	+45

**TABLE NO.2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS 2012 to 2014**

State	Year	Number of Transfers
Alabama	2012	0
	2013	1
	2014	0
Arizona	2012	1
	2013	0
	2014	0
California	2012	0
	2013	0
	2014	1
Connecticut	2012	1
	2013	0
	2014	0
Florida	2012	0
	2013	0
	2014	1
Idaho	2012	1
	2013	0
	2014	0
Illinois	2012	0
	2013	0

State	Year	Number of Transfers
	2014	1
Iowa	2012	1
	2013	0
	2014	0
Kansas	2012	0
	2013	0
	2014	0
Massachusetts	2012	1
	2013	0
	2014	1
New York	2012	0
	2013	0
	2014	0
Ohio	2012	2
	2013	2
	2014	0
Oklahoma	2012	0
	2013	0
	2014	0
Pennsylvania	2012	0
	2013	0
	2014	1
Texas	2012	0
	2013	0
	2014	2
Utah	2012	0
	2013	0
	2014	0
Ontario, CN	2012	1
	2013	0
	2014	0
Totals	2012	8
	2013	3
	2014	7

**TABLE NO. 3A
STATUS OF FRANCHISED OUTLETS
FOR FISCAL YEARS 2012 TO 2014**

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets Operating At End of Year
Alabama	2012	1	2	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	2	1
Alaska	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	1	0

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets Operating At End of Year
Arizona ⁽¹⁾	2012	4	0	0	0	0	0	4
	2013	4	0	0	0	0	0	4
	2014	4	0	0	0	0	0	4
Arkansas	2012	1	1	0	0	0	0	2
	2013	2	1	0	0	0	0	3
	2014	3	0	0	0	0	0	3
California	2012	13	0	2	0	0	0	11
	2013	11	0	0	0	0	0	11
	2014	11	0	1	0	0	0	10
Colorado	2012	4	0	0	0	0	0	4
	2013	4	2	0	0	0	0	6
	2014	6	0	0	0	0	0	6
Connecticut	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2
	2014	2	1	0	0	0	0	3
Delaware	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
Dominican Republic	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	1	0	0	0	0	2
Florida	2012	4	3	0	0	0	0	7
	2013	7	2	0	0	0	0	9
	2014	9	0	0	0	0	0	9
Georgia	2012	4	0	0	0	0	0	4
	2013	4	1	0	0	0	0	5
	2014	5	1	0	0	0	0	6
Idaho	2012	1	2	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
Illinois ⁽²⁾⁽³⁾	2012	12	1	0	0	0	0	13
	2013	13	1	0	0	0	0	14
	2014	14	0	1	0	0	0	13
Indiana	2012	3	1	0	0	0	0	4
	2013	4	0	0	0	0	0	4
	2014	4	2	0	0	0	0	6
Iowa	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	1	0	0	0	0	4
Louisiana	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
	2014	5	1	0	0	0	0	6
Kansas	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	1	0	0	0	2
Kentucky	2012	1	1	0	0	0	0	2

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets Operating At End of Year
	2013	2	2	0	0	0	0	4
	2014	4	0	0	0	0	2	2
Maryland	2012	2	0	0	0	0	0	2
	2013	2	0	1	0	0	0	1
	2014	1	0	0	0	0	0	1
Massachusetts ⁽¹⁾	2012	5	0	0	0	0	0	5
	2013	5	1	0	0	0	0	6
	2014	6	2	0	0	0	0	8
Michigan ⁽¹⁾	2012	3	0	1	0	0	0	2
	2013	2	1	0	0	0	0	3
	2014	3	0	0	0	0	0	3
Minnesota ⁽¹⁾	2012	5	0	0	0	0	0	5
	2013	5	1	0	0	0	0	6
	2014	6	1	0	0	0	0	7
Mississippi	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
Missouri	2012	3	0	0	0	0	0	3
	2013	3	1	0	0	0	0	4
	2014	4	0	0	0	0	0	4
Montana	2012	1	1	0	0	0	0	2
	2013	2	1	0	0	0	0	3
	2014	3	0	0	0	0	0	3
Nebraska	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
Nevada	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
New Hampshire	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
New Mexico	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
New York	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6
	2014	6	2	0	0	0	0	8
North Carolina	2012	5	2	0	0	0	0	7
	2013	7	1	1	0	0	0	7
	2014	7	0	0	0	0	2	5
North Dakota	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
Ohio	2012	3	0	0	0	0	1	2
	2013	2	0	1	0	0	0	1

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets Operating At End of Year
	2014	1	3	0	0	0	0	4
Oklahoma	2012	4	0	0	0	0	0	4
	2013	4	0	0	0	0	0	4
	2014	4	0	0	0	0	0	4
Oregon	2012	4	0	0	0	0	0	4
	2013	4	1	0	0	0	0	5
	2014	5	0	0	0	0	0	5
Pennsylvania	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
	2014	5	0	1	0	0	0	4
South Carolina	2012	3	0	0	1	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	1	0	0	0	0	3
South Dakota ^{(1) (3)}	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
Tennessee	2012	4	0	0	0	0	0	4
	2013	4	1	0	0	0	0	5
	2014	5	0	1	0	0	2	2
Texas ⁽³⁾	2012	12	0	0	0	0	0	12
	2013	12	4	0	0	0	0	16
	2014	16	0	1	0	0	1	14
Utah	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	1	0	0	0	0	3
Vermont	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
Virginia	2012	6	0	0	0	0	0	6
	2013	6	2	0	0	0	0	8
	2014	8	2	0	0	0	0	10
Washington	2012	5	0	0	0	0	0	5
	2013	5	0	1	0	0	0	4
	2014	4	0	1	0	0	1	2
West Virginia	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2
	2014	2	0	1	0	0	1	0
Wisconsin	2012	3	1	0	0	0	0	4
	2013	4	1	0	0	0	0	5
	2014	5	0	0	0	0	0	5
Wyoming	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
	2014	0	2	0	0	0	0	2
Puerto Rico	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets Operating At End of Year
Canada	2012	7	0	0	0	0	0	7
	2013	7	0	0	0	0	0	7
	2014	7	0	0	0	0	0	7
Totals	2012	164	16	3	1	0	1	178
	2013	178	28	4	0	0	0	202
	2014	202	19	8	0	0	13	200

**TABLE NO. 3B
STATUS OF LICENSED DEALER OUTLETS
FOR FISCAL YEARS 2012 TO 2014**

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets Operating At End of Year
Alabama	2012	4	0	0	0	0	0	4
	2013	4	0	0	0	0	0	4
	2014	4	2	0	0	0	0	6
Arizona	2012	1	1	0	0	0	0	2
	2013	1	1	0	0	0	0	2
	2014	2	2	0	0	0	0	4
California	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6
	2014	6	8	0	0	0	0	14
Colorado	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	2	0	0	0	0	4
Connecticut	2012	3	0	0	0	0	2	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	1	0
Delaware	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
Florida	2012	9	0	0	0	0	1	8
	2013	8	0	0	0	0	0	8
	2014	8	3	0	0	0	0	11
Georgia	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
	2014	5	2	0	0	0	0	7
Idaho	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
Illinois	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	1	2
Indiana	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets Operating At End of Year
	2014	6	0	0	0	0	0	6
Iowa	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
Kansas	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	3	2	0	0	0	0	3
Kentucky	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	1	2
Louisiana	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	1	0	0	0	0	3
Maine	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	1	0	0	0	0	2
Maryland	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
Massachusetts	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
Michigan	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6
	2014	6	3	0	0	0	0	9
Mississippi	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
Missouri	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	1	0	0	0	0	2
Montana	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
Nebraska	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
New Jersey	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
	2014	5	1	0	0	0	0	6
New Mexico	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
New York	2012	4	0	0	0	0	0	4
	2013	4	0	0	0	0	0	4
	2014	4	2	0	0	0	0	6

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets Operating At End of Year
North Carolina	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	2	0	0	0	0	4
Ohio	2012	11	0	0	0	0	1	10
	2013	10	0	0	0	0	0	10
	2014	10	1	0	0	0	0	11
Oregon	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
Pennsylvania	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6
	2014	6	1	0	0	0	0	7
South Carolina	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	2	0	0	0	0	5
Tennessee	2012	5	0	0	0	0	0	5
	2013	5	0	0	0	0	0	5
	2014	5	1	0	0	0	0	6
Texas	2012	7	0	0	0	0	1	6
	2013	6	0	0	0	0	0	6
	2014	6	11	0	0	0	0	17
Utah	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	1	1
Vermont	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
Virginia	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
Washington	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
West Virginia	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	1	0	0	0	0	3
Wisconsin	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	0
Canada	2012	4	0	0	0	0	2	2
	2013	2	0	0	0	0	0	2
	2014	2	2	0	0	0	0	4
Totals	2012	123	2	0	0	0	7	118
	2013	118	0	0	0	0	0	118
	2014	118	51	0	0	0	4	165

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR FISCAL YEARS 2012 TO 2014⁽¹⁾⁽²⁾

State	Year	Outlets Operating at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets Operating At End of Year
California	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
	2014	1	0	0	0	0	1
Colorado	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
	2014	1	0	0	0	0	1
Florida	2012	0	1	0	0	0	1
	2013	1	0	0	0	0	1
	2014	1	0	0	0	0	1
Georgia	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
	2014	1	0	0	0	0	1
Iowa	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
	2014	1	0	0	0	0	1
Kansas	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
	2014	1	0	0	0	0	1
Nebraska	2012	3	0	0	0	0	3
	2013	3	0	0	0	0	3
	2014	3	0	0	0	0	3
North Carolina	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
	2014	1	0	0	0	0	1
Oklahoma	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
	2014	1	0	0	0	0	1
Texas	2012	11	1	0	0	0	12
	2013	12	0	0	0	0	12
	2014	12	0	0	0	0	12
Canada	2012	4	1	0	0	0	5
	2013	5	0	0	0	0	5
	2014	5	0	0	0	0	5
Totals	2012	25	3	0	0	0	28
	2013	28	0	0	0	0	28
	2014	28	0	0	0	0	28

Note:

- (1) As noted in Item 1, as of April 30, 2014, ABC and its affiliates operated the company-owned stores.

- (2) IBI operates 15 ABC locations that are not managed by ABC, but are, however, reflected in company-owned operated locations.

**TABLE NO. 5
PROJECTED OPENINGS
AS OF APRIL 30, 2014**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Licensed Dealer Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Alabama	0	0	0	0
Arizona	3	3	0	0
California	0	0	0	0
Colorado	1	0	0	0
Connecticut	1	1	0	0
Delaware	0	0	0	0
Florida	13	1	0	0
Georgia	0	0	0	0
Idaho	1	1	0	0
Indiana	0	0	0	0
Iowa	0	0	0	0
Kentucky	1	1	0	0
Louisiana	2	1	0	0
Massachusetts	5	2	0	0
Maryland	0	0	0	0
Minnesota	3	3	0	0
Missouri	0	0	0	0
Montana	0	0	0	0
Nevada	1	1	0	0
New York	1	1	0	0
North Carolina	3	3	0	0
Ohio	4	1	0	0
Ontario	0	0	0	0
Oregon	2	2	0	0
South Carolina	1	1	0	0
Tennessee	1	1	0	0
Texas	3	3	0	0
Utah	2	2	0	0
Virginia	4	3	0	0
Wisconsin	2	1	0	0
Wyoming	0	0	0	0
Totals	55	32	0	0

Information concerning Interstate All Battery Centers as of the past 3 fiscal year-ends is by state (states not listed had no Centers during the 3-year period). Our past 3 fiscal years ended on April 30, 2014, April 30, 2013 and April 30, 2012.

List of Current Franchisees

Attached as Exhibit J is a list of the addresses and telephone numbers of all franchised Interstate All Battery Centers as of April 30, 2014.

Also attached as Exhibit J is a list of the names of the franchisees that had signed agreements and the locations of the Centers that were not operational as of April 30, 2014.

List of Former Franchisees

The below franchisees had franchise agreements that were canceled, terminated or not renewed, or the franchisees voluntarily ceased to do business, during the period from May 1, 2013 through April 30, 2014. No franchisees failed to communicate with us during the 10 weeks before the date of this Disclosure Document. The last known address and telephone number for each of these franchisees is listed below. In this chart, *means the Center was a warehouse Center location and **means the Center never opened.

Andy Roberson
812 Ola St.
Clanton, AL 35045
(205) 389-1355
(2 Centers)**

Matt Brown
3674 Leticia Ln
Tallahassee, FL 32312
(850) 509-9113
(1 Center)**

Verne Monette
7740 Shoon St.
Anchorage, AK 99518
(907) 349-1577
(1 Center)*

Dean Opstead
P.O. Box 19022
Topeka, KS 66619
(785) 862-2393
(1 Center)*

Bill Gehrig
2321 Pontius Ave.
Los Angeles, CA 90064
(1 Center)*

David Absher
250 S. Kinzie
Bradley, IL 60915
(815) 802-1083
(1 Center)*

Mike Corbridge
3701 Pell Circle
Sacramento, CA 95838
(916) 921-6074
(1 Center)*

Ken Machonis
139 Washington St.
Auburn, MA 01501
(508) 791-7904
(1 Center)*

Mike Johnston
300 Willow
Ft. Collins, CO 80524
(970) 484-1307
(1 Center)*

Dan Hartel
335 E. 78th St.
Bloomington, MN 55420
(952) 345-1190
(1 Center)*

Henry Paloci
15803 Lockmaben
Fort Meyers, FL 33912
(239) 561-9502
(1 Center)**

Paul Anderson
259 Industrial Park Dr.
Waynesville, NC 28786
(828) 454-1925
(1 Center)*

Tom Oliver
141 Rte. 106
Cardondale, PA 18407
(1 Center)*

Rick Horne
4625 Shallowford Rd.
Chattanooga, TN 37411
(423) 899-5717
(1 Center)*

Bryce Myrick
1481 Cr. 324
Abilene, TX 79606
(325) 725-4354
(1 Center)

John Chunn
2995 Preston Rd.
Frisco, TX 75034
(214) 705-0504
(2 Centers)

Jeff Washburn
3504 Hemlock Ct.
Temple, TX 76502
(254) 935-2213
(1 Center)

Tom Allen
727 131st St.
Everett, WA 98204
(425) 743-7677
(1 Center)*

Rick Honnold
5417 East Trent
Spokane, WA 99212
(509) 534-0676
(1 Center)*

Ron Farmer
35 Washington Ave.
Huntington, WV 25701
(304) 523-6344
(1 Center)*

In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Previously-Owned Franchised Outlets

If you are purchasing a previously-owned franchised outlet, we will provide you additional information on the previously-owned franchised outlet in an addendum to this Disclosure Document.

Confidentiality Clauses

During the last 3 fiscal years, we have signed agreements with franchisees that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experience.

Trademark-Specific Franchisee Organizations

We are not currently aware of any trademark-specific franchisee organizations associated with the franchise system which we have created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

The audited balance sheets of IBFAD as of April 30, 2014 and 2013 and related statements of operations, stockholders' equity, and cash flows for the fiscal years ending April 30, 2014, 2013 and 2012 are attached as Exhibit K.

ITEM 22

CONTRACTS

The following contracts appear in Exhibits to this Disclosure Document:

Exhibit C	Franchise Agreement
Exhibit D	Branch Addendum
Exhibit E	Store System/Technology Agreement and Participation Agreement
Exhibit F	Addendum to Confidential Distributor Agreement
Exhibit G	Credit and Security Agreement
Exhibit H	Confidentiality Agreement
Exhibit L	General Release
Exhibit M	Promissory Note

Some states require changes to the Franchise Agreement and Store System/Technology Agreement, which will be made in an addendum to the respective agreement. The state-required addenda appear in Exhibit I (after the Franchise Agreement in Exhibit C and after the Store System/Technology Agreement in Exhibit E).

ITEM 23

RECEIPTS

The last two pages of this Disclosure Document are detachable receipt pages. Please sign and date each of them as of the date you received this Disclosure Document and return one copy to us.

EXHIBIT A
STATE ADMINISTRATORS

STATE ADMINISTRATORS

California:

Department of Business Oversight
1-866-275-2677

Los Angeles

320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento

1515 K Street, Suite 200
Sacramento, CA 95814-4052
(916) 445-7205

San Diego

1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559

Connecticut:

John P. Burke
Banking Commissioner
Department of Banking
Securities and Business Investments Div.
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8299

Hawaii:

Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2744

Illinois:

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana:

Securities Commissioner
Securities Division
Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

Maryland:

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan:

Department of the Attorney General
Consumer Protection Division
Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933

Minnesota:

Commissioner
Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
(651) 296-6328

New York:

New York State Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, NY 10271
(212) 416-8211

North Carolina:

Department of the Secretary of State
Business Opportunities Division
2 South Salisbury Street
Raleigh, NC 27601-2903

North Dakota:

North Dakota Securities Department
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

Oregon:

Div. of Finance & Corp. Securities
Department of Consumer &
Business Services, Room 410
350 Winter Street, NE
Salem, OR 97301-3881
(503) 378-4140

Rhode Island:

Securities Division
Department of Business Regulation
John O. Pastore Complex, Bldg. 69-1
1511 Pontiac Avenue
Cranston, RI 02920
(401) 222-3048

South Carolina:

Secretary of State's Office
Edgar Brown Building
1205 Pendleton Street, Suite 525
Columbia, SC 29201

South Dakota:

Franchise Administrator
Division of Securities
Department of Labor & Regulation
445 East Capitol Avenue
Pierre, SD 57501
(605) 773-4823

Virginia:

State Corporation Commission
Division of Securities & Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington:

Securities Division
Department of Financial Institutions
150 Israel Road, SW
Olympia, WA 98501
(360) 902-8760

Wisconsin:

Division of Securities
Department of Financial Institutions
345 W. Washington Avenue, 4th Floor
Madison, WI 53703
(608) 266-8557

EXHIBIT B
AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

Arizona

CT Corporation System
3225 N. Central Ave.
Phoenix, AZ 85012

California

Commissioner of Business Oversight
Department of Business Oversight
1515 K Street, Suite 200
Sacramento, CA 95814-4052

CT Corporation System
818 W. Seventh Street
Los Angeles, CA 90017

Colorado

The Corporation Company
1675 Broadway
Denver, CO 80202

Connecticut

Banking Commissioner
Department of Banking
Securities and Business Investments Div.
260 Constitution Plaza
Hartford, CT 06103-1800

Florida

CT Corporation System
1200 South Pine Island Road
Plantation, FL 33324

Hawaii

Commissioner of Securities
335 Merchant Street
Honolulu, HI 96813

The Corporation Company, Inc.
1000 Bishop Street
Honolulu, HI 93813

Idaho

CT Corporation System
300 North 6th Street
Boise, ID 83701

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

CT Corporation System
208 S. LaSalle Street, Suite 814
Chicago, IL 60604

Indiana

Indiana Secretary of State
201 State House
200 W. Washington Street
Indianapolis, IN 46204

CT Corporation System
251 E. Ohio Street, Suite 1100
Indianapolis, IN 46204

Iowa

CT Corporation System
2222 Grand Avenue
Des Moines, IA 50312

Kansas

The Corporation Company, Inc.
515 S. Kansas Avenue
Topeka, KS 66603

Maryland

Securities Commissioner
Securities Division
Office of the Attorney General
200 St. Paul Place
Baltimore, MD 21202-2020

The Corporation Trust Incorporated
300 East Lombard Street
Baltimore, MD 21202

Massachusetts

CT Corporation System
101 Federal Street
Boston, MA 02110

Michigan

The Corporation Company
30600 Telegraph Road
Bingham Farms, MI 48025

Minnesota

Minnesota Commissioner of Commerce
Market Assurance Division
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

CT Corporation System, Inc.
405 Second Avenue, South
Minneapolis, MN 55401

Mississippi

CT Corporation System
631 Lakeland East Drive
Flowood, MS 39208

Missouri

CT Corporation System
120 South Central Avenue
Clayton, MO 63105

Nebraska

CT Corporation System
206 South 13th Street, Suite 500
Lincoln, NE 68508

New York

New York Secretary of State
41 State Street
Albany, NY 10271

CT Corporation System
111 Eighth Avenue
New York, NY 10011

North Carolina

North Carolina Secretary of State
2 South Salisbury Street
Raleigh, NC 27601-2903

CT Corporation System
225 Hillsborough St.
Raleigh, NC 27603

North Dakota

North Dakota Securities Department
600 East Boulevard, Fifth Floor
Bismarck, ND 58505-0510

CT Corporation System
314 East Thayer Avenue
Bismarck, ND 58501

Ohio

CT Corporation System
1300 East 9th Street, Suite 1010
Cleveland, OH 44114

Oklahoma

The Corporation Company
120 North Robinson
735 First National Bldg.
Oklahoma City, OK 73102

Rhode Island

Director, Rhode Island Department of
Business Regulation
Securities Division
John O. Pastore Complex, Bldg. 69-1
1511 Pontiac Avenue
Providence, RI 02920

CT Corporation System
10 Weybosset Street
Providence, RI 02903

South Carolina

CT Corporation System
75 Beattie Place
Greenville, SC 29601

South Dakota

Director, Division of Securities
Department of Labor and Regulation
445 East Capitol Avenue
Pierre, SD 57501

CT Corporation System
319 S. Coteau Street
Pierre, SD 57501

Texas

Walter C. Holmes, III
12770 Merit Drive, Suite 400
Dallas, TX 75251

Virginia

Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

CT Corporation System
4701 Cox Road, Suite 301
Glen Allen, VA 23060

Washington

Director, Securities Division
Department of Financial Institutions
150 Israel Road, SW
Tumwater, WA 98501

CT Corporation System
520 Pike Street
Seattle, WA 98101

Wisconsin

Wisconsin Commissioner of Securities
Department of Financial Institutions
345 W. Washington Avenue, 4th Floor
P.O. Box 1768
Madison, WI 53701

CT Corporation System
8025 Excelsior Drive, Suite 200
Madison, WI 53707

EXHIBIT C

FRANCHISE AGREEMENT AND STATE-REQUIRED AMENDMENTS

INTERSTATE ALL BATTERY CENTER
FRANCHISE AGREEMENT



BETWEEN

**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

AND

{FRANCHISEE NAME}

{ABC Location Name}

SUMMARY PAGES

Effective Date: **{Date}**

Term: 10 years from the Effective Date

Franchisee: **{FRANCHISEE NAME}**

Franchisee Corporate Address: **{Address}**

Center Business Address (if different): _____

Phone Number: _____ Fax Number: _____

E-Mail Address: _____

License Fee: \$37,500

Transfer Fee: \$5,000

Royalty Fee: 5% of Gross Sales

Telesales Fee: then current hourly rate

Ramp Up Marketing Campaign: An amount determined by Franchisor between \$10,000 to \$15,000 in the first 120 days of Center operations and a total of \$20,000 to \$30,000 during the first Operating Year

Initial Marketing Materials Expenditure: up to \$5,000

Monthly Advertising Fee: 1.5% of Gross Sales

LSM: (a) not less than \$10,000 during the first 120 days after the Center opens for business and not less than \$20,000 in total during the first Operating Year (defined below) of the Center spent in accordance with the ramp up marketing campaign; and (b) a minimum of 4% of Gross Sales (as defined in Section 5.B.) during the first Operating Year and, for each subsequent Operating Year the greater of the following: (i) a percentage of Gross Sales specified by Franchisor, which shall not exceed 6.5% of Gross Sales (provided, further that Franchisor shall not increase such required LSM expenditure by more than 1% of Gross Sales for any calendar year); and (ii) \$15,000, increased for inflation annually in accordance with the Consumer Price Index using the calendar year that includes the first day of the third Operating Year as the base year

Ad Fund Contribution: 0.5% of Gross Sales (subject to increase up to 2% of Gross Sales)

Software and License and Support Fees: \$1,200 per year (first payment pro-rated) for up to 6 hardware devices; \$500 for each additional hardware device

Set Up Fee: \$5,000

Rescheduling Fee: then current hourly rate

Existing Accounting Fee: \$ _____

Cumulative Existing Account Fee (Section 5.C.) \$ _____

Addresses for Notices:

Franchisor:
Interstate Battery Franchising & Development, Inc.
4301 121st Street
Urbandale, IA 50323
Attn: Franchise Department)
Facsimile: 800-246-1024

with a copy to Franchisor's Legal Department
Interstate Battery Franchising & Development, Inc.
12770 Merit Dr.
Dallas, TX 75251
Attn: Legal Dept.

Franchisee: Mailing address for Franchisee Corporate Office shown above.

Insurance Requirements:

(1) General liability insurance, in occurrence form, including Bodily Injury, Contractual Liability, Products & Completed Operations, Broad Form Property Damage, Personal and Advertising Injury, with limits not less than \$1,000,000 Per occurrence and \$2,000,000 General Aggregate.

(2) Property insurance for All Risks of Direct Physical Loss (Special Form) covering the building (where applicable), improvements and betterments, personal property and inventory at the store premises on a replacement cost basis. Policy must not exclude theft, vandalism or malicious mischief.

(3) Business Interruption insurance to cover loss of revenues and extra expense, including any insurable ongoing amounts due and owing under this Franchise Agreement or any other agreement between Franchisor and Franchisee and their affiliates (where insurable). Coverage must be no less than \$30,000 per month for a minimum of three months.

(4) Auto Liability Insurance in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage, per occurrence, for all owned, hired and nonowned vehicles.

(5) Workers Compensation insurance with statutory limits and Employers Liability insurance of not less than \$1,000,000 per occurrence.

(6) Comprehensive Crime Insurance or Fidelity Bond insuring against dishonest or fraudulent acts committed by any employees or agents with limits no less than \$15,000 per occurrence.

Disclosure Law Compliance:

Delivery Date of Franchise Disclosure Document: _____, 201__.

Delivery Date of completed Franchise Agreement: _____, 201__.

Terms under Distributor Addendum (if applicable):

Approved Warehouse Location (Distributor Addendum). **{Address}**

Marketing Area (Recital C). That portion of the Interstate Distributor Territory of “**{Distributor Name}**” which is comprised of the area within the following zip codes, as such zip codes are configured on the Effective Date:

; provided, however that (a) Franchisor may redefine or reduce the size of the Market Area, effective immediately upon written notice to Franchisee if, for any two consecutive Calculation Years following the conclusion of the first Calculation Year or portion thereof to occur after the opening of Franchisee’s Center, franchisee’s Center’s gross sales do not equal or exceed 75% of the System Average Gross Sales for that Calculation Year, and (b) in no event shall the Market Area consist of or be reduced to an area of less than three a (3) mile radius surrounding **{Address}**.

CDA Territory (Section 16.H.). That portion of the Interstate Distributor Territory of “**{Distributor Name}**” comprised of the territory which is coextensive with Distributor’s Primary Area (as defined in the CDA) and as described and highlighted in Appendix B.

Any political boundaries (including, without limitation, zip codes) contained in the two descriptions above shall be considered fixed as of the date of this Agreement and shall not change notwithstanding a political reorganization or a change in those boundaries. Unless otherwise specified, all street boundaries shall be deemed to end at the center line.

Franchisee Ownership:

Franchisee’s Operating Principal is: **{FRANCHISEE NAME}**

CORPORATE OWNERSHIP

The number of authorized shares of Franchisee that have been issued is _____ and the name, address, number of shares owned (legally or beneficially) and office held by each shareholder is as follows:

<u>Name</u>	<u>Address</u>	<u>No. of shares</u>	<u>Office Held</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

LIMITED LIABILITY COMPANY FRANCHISEE

If Franchisee is a limited liability company, the name, address and percentage interest of each member is as follows:

<u>Name</u>	<u>Address</u>	<u>Percentage Interest</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

PARTNERSHIP INTERESTS

If Franchisee is a partnership, the name, address and partnership interest of each partner, whether general or limited, is as follows:

<u>Name</u>	<u>Address</u>	<u>Partnership Interest</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

**INTERSTATE ALL BATTERY CENTER
FRANCHISE AGREEMENT**

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Appendix A - Definitions of Certain Terms

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Appendix D – Distributor Addendum to Franchise Agreement

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Appendix G – Credit and Security Agreement

Appendix H – Confidentiality Agreement

Appendix I – Assignment of Telephone Numbers

Appendix J – SBA Addendum

State-Specific Amendments

INTERSTATE ALL BATTERY CENTER FRANCHISE AGREEMENT

This Interstate All Batter Center Franchise Agreement is made and entered into as of the Effective Date between the Franchisor and Franchisee set forth in the Summary Pages. Capitalized terms in this Agreement are used with the meanings assigned in the definitions included herein and as attached as Appendix A this Agreement, which Definitions are incorporated into this Agreement by reference. The Summary Pages are made a part of this Agreement for all purposes.

RECITALS:

A. As a result of the expenditure of time, skill, effort and money, Franchisor has developed and owns a system (the “System”) relating to the development, establishment and operation of retail stores for the sale of batteries and related products and services to consumers and business customers, including products marketed by Franchisor’s affiliate, Interstate Batteries, Inc.

B. Franchisor identifies the System and the retail stores operating under the System by means of the Interstate® mark and the “Interstate All Battery Center” trade name, as well as other trade names, service marks, trademarks, logos, insignias, slogans, emblems, symbols and designs which Franchisor has designated or may in the future designate for use with the System (collectively, the “Proprietary Marks”).

C. Franchisee desires to obtain the right to operate an Interstate All Battery Center (the “Center”) at a location to be approved by Franchisor within the geographic territory designated in the Summary Pages (the “Marketing Area”).

D. Franchisee understands and acknowledges the importance of Franchisor’s standards of quality, operations and service and the necessity of Franchisee’s developing and operating the Center in strict conformity with this Agreement.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant.

A. Grant of Rights. Subject to the provisions of this Agreement, Franchisor hereby grants to Franchisee the right, and Franchisee hereby undertakes the obligation, to develop a Center under the System within the Marketing Area defined in the Summary Pages at a site approved by Franchisor as hereinafter provided, and thereafter to operate the Center for the Term, as hereinafter defined.

B. Limited Territorial Protection.

(1) While this Agreement is in effect, subject to Section 17, and unless Franchisor reduces or otherwise alters this limited exclusivity pursuant to this Section 1.B, Franchisor shall not (i) establish or operate, or license others to establish or operate, certified Interstate All Battery Centers at locations within the Marketing Area, (ii) directly solicit customers, advertise or authorize any other franchisee to directly solicit customers or advertise any Authorized Product, in any medium whose audience is located principally within the Marketing Area or where the intent or reasonable likely effect is to solicit customers located principally within the Marketing Area; provided, however, that Franchisor’s affiliates and Franchisor’s independent distributors (which shall consist of individuals and entities which have signed or shall in the future sign a Confidential Distributor Agreement with Franchisor’s affiliate Interstate Batteries, Inc. or such affiliates successor) shall have the right to (x) sell any Additional

Product, (y) directly solicit customers for any Additional Product, and (z) advertise in any medium any Additional Product, within the Marketing Area.

(A) After the end of each fiscal year of Franchisor that commences on or after the first anniversary of the Center's opening, Franchisor will calculate the System Average Gross Sales (as defined below) for the 12-month period coinciding with Franchisor's fiscal year then most recently ended (each such 12-month period, "Calculation Year"). "System Average Gross Sales" means the mean average gross sales for the Calculation Year of all company-owned and franchised certified Interstate All Battery Centers that were open and operating throughout the Calculation Year.

(B) Franchisor may redefine or reduce the size of the Marketing Area effectively immediately upon written notice to Franchisee if, for any two consecutive Calculation Years following the conclusion of the first Calculation Year or portion thereof to occur after the opening of Franchisee's Center, Franchisee's Center's gross sales do not equal or exceed 75% of the System Average Gross Sales for that Calculation Year; provided, however that in no event shall the Marketing Area consist of or be reduced to an area of less than a 3 mile radius surrounding Center premises.

(C) If Franchisor decides at its sole discretion that there is a need for 1 or more additional Interstate All Battery Center locations within the Marketing Area, Franchisor shall notify Franchisee of such decision, and Franchisee shall have the "first option" to apply to enter into Franchisor's then-current form of Franchise Agreement for each of such additional Interstate All Battery Center locations. If Franchisor elects to present more than 1 All Battery Center location to Franchisee with respect to such first option, Franchisee shall have the right to apply to enter into Franchisee Agreements only as to all such locations (and not as to less than all such locations). In the event (1) Franchisee fails to submit a completed franchise agreement application to Franchisor within 10 days of notice of the option by Franchisor, (2) Franchisee fails to meet Franchisor's then-current standards and qualifications for new franchise rights (which standards and qualifications may pertain to, among other things, financial ability, and performance under and compliance with existing franchise agreements with Franchisor), or (3) fails to execute Franchisor's then-current form of Franchise Agreement within 20 days of delivery of such agreement to Franchisee, then Franchisee's "first option" granted under this Agreement shall terminate and Franchisor may at its sole discretion (i) establish, operate or license others to establish or operate such additional Interstate All Battery Center location(s), (ii) redefine or reduce the Marketing Area to exclude certain Zip Codes that may be contained in the Marketing Area associated with such additional Interstate All Battery Center location(s) or a comparable area to be allocated to such additional Interstate All Battery Center location(s) owned or operated by Franchisor, and (iii) redefine or reduce the Marketing Area to exclude certain Zip Codes that may be contained in the Marketing Area associated with such additional Interstate All Battery Center location(s) or a comparable area to be allocated to such additional Interstate All Battery Center location(s) owned or operated by Franchisor. Such reduction or termination of the Marketing Area and the Marketing Area will take effect immediately upon the opening of the additional Interstate All Battery Center location(s).

C. Rights Reserved. Franchisor reserves all rights not expressly granted hereunder. Except as expressly provided in Section 1.B., Franchisor and its affiliates may, among other things, engage in, and may license others to engage in, any business activities, under any name, in any geographic area and at any location, without regard to any adverse effects of such activities on the business of Franchisee and without any obligation or liability to Franchisee. Among other things, Franchisor and its affiliates may, within the Marketing Area: (1) market, sell, and distribute batteries through any means other than certified Interstate All Battery Centers, such as, without limitation, the Internet and "Interstate All Battery Center" kiosks, vending machines, stores-within-stores, and outlets at airports, universities, seasonal mall locations, fairs and trade shows; (2) establish and operate, and license others to establish and operate, retail stores and/or telesales operations that operate under marks other than "Interstate All Battery Centers"; (3) sell batteries under any name or mark to distributors and dealers in the Marketing Area, and recruit distributors and dealers in the Marketing Area, and (4) themselves, and authorize independent distributors (as defined in Section 1.B) to, sell any Additional Product and advertise in any medium any

Additional Product. As used in this Agreement, an “affiliate” or “affiliates” of an entity means and includes all entities controlling, controlled by, or under common control with the entity referred to.

2. Development Schedule.

Franchisee shall obtain Franchisor’s written acceptance of a site for the Center within 6 months after the Effective Date, and shall obtain Franchisor’s written approval to open the Center for business and shall open the Center for business within 9 months after the Effective Date; provided, however, that if Franchisee has executed, contemporaneous with the execution of this Agreement, 1 or 2 additional franchise agreements with Franchisor for the establishment and operation of a total of 1 or 2 additional Centers (all such franchise agreements, including this Agreement, are referred to herein as the “Multiple Agreements”), Franchisee shall (i) open the second Center to be established under the Multiple Agreements for business not later than 18 months after the Effective Date, and (ii) if applicable, open the third Center to be established under the Multiple Agreements for business not later than 27 months after the Effective Date. Strict compliance by Franchisee with the foregoing schedule is essential to this Agreement. Any failure by Franchisee to fulfill its obligation to develop and open the Center pursuant to the foregoing schedule, or to obtain site acceptance pursuant to the foregoing schedule, unless such failure is caused by force majeure, shall constitute a non-curable breach of this Agreement permitting Franchisor to terminate this Agreement immediately by giving written notice of termination to Franchisee.

Franchisee shall not engage in business with customers until the opening of the Center with Franchisor’s express written authorization. However, in response to Franchisee’s request, Franchisor may authorize Franchisee to engage in specified limited business activities with customers before the Center has opened, in which event Franchisee shall comply with the limitations, terms and other requirements of Franchisor’s authorization.

3. Development Procedures.

A. Franchisee’s Responsibility. Franchisee assumes all cost, liability, risk and expense for selecting and developing a site for the Center and constructing or remodeling and equipping the Center at the approved site. Franchisee shall not make any binding commitments to purchase or lease any site until the site has been approved by Franchisor.

B. Site Selection Assistance. Franchisor shall provide Franchisee, at no cost to Franchisee, with: (1) Franchisor’s site selection guidelines and such consultation with respect thereto as we deem advisable; and (2) one on-site evaluation, if deemed advisable by Franchisor as part of its evaluation of Franchisee’s request for site acceptance. If Franchisee requests additional site visits or assistance, or if Franchisor believes additional site visits or assistance are necessary, Franchisor will pay to Franchisor the then current additional site visit fee and pay or reimburse to Franchisor its out-of-pocket expenses incurred in providing the assistance, including costs of transportation, lodging, and meals.

C. Site Application. For each proposed site for a Center, Franchisee shall, if requested by Franchisor, submit to Franchisor a Site Application, a current profit and loss statement and balance sheet, and a personal financial statement for each Guarantor of this Agreement. In addition, Franchisee shall submit a complete real estate package (containing such information as Franchisor may reasonably require) for a proposed site which Franchisee reasonably believes to conform to site selection criteria Franchisor establishes from time to time for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the nature of other businesses in proximity to the site, other commercial characteristics of the site (including the purchase price, rental obligations and other lease terms for the proposed site), and the size, appearance, other physical characteristics, and a site plan of the premises.

D. Site Acceptance. Within 30 days after Franchisor’s receipt of the complete Site Application for a proposed site, Franchisor shall advise Franchisee in writing whether Franchisor has

accepted the site. If Franchisor does not respond to a completed real estate package within 30 days, Franchisor shall be deemed to have denied acceptance of the site. Franchisor's acceptance or denial of acceptance of a site may be subject to reasonable conditions as determined in its sole discretion. Franchisor's approval of a site is not an assurance that the Center will achieve a certain sales volume or level of profitability; it means only that the proposed site meets Franchisor's minimum criteria for All Battery Center Centers. Once your site is approved, Franchisor is not responsible for any construction delays due to change orders, acts of God, disputes with landlords, architects, contractors, subcontractors, or any other vendor or due to any other action or reason occurring under your management of the build out.

4. Term.

A. Term. The term of this Agreement ("Term") shall begin on the Effective Date and, unless this Agreement is terminated sooner, shall end at 12:01 a.m. C.S.T. on the 10th anniversary of the Effective Date.

B. Renewal Terms.

(1) Subject to the provisions of this Section 4.B. and provided Franchisor is then offering franchises for the establishment and operation of Interstate All Battery Centers, at the expiration of the Term, Franchisee shall have an option to remain a franchisee for 3 consecutive terms ("Renewal Terms") of 5 years each. Franchisee shall give Franchisor written notice of whether or not Franchisee intends to exercise its renewal option not less than 12 months nor more than 24 months before the expiration of the Term or the applicable Renewal Term. Franchisee's failure to provide Franchisor the required notice in a timely manner constitutes a waiver by Franchisee of its option to remain a franchisee beyond the expiration of the Term or the applicable Renewal Term.

(2) If Franchisee desires to continue as a franchisee for one or more Renewal Terms, Franchisee must comply with all of the following conditions prior to the end of the Term or the applicable Renewal Term:

(A) Franchisee shall not be in default under this Agreement or any other agreement between Franchisee and Franchisor or Franchisor's affiliates, and, at any time during the 12 months before the date of Franchisee's notice and the 12 months before the expiration of the Term or first Renewal Term, Franchisee shall not have been in default beyond the applicable cure period, if any, under this Agreement or any other agreement between Franchisee and Franchisor or Franchisor's affiliates.

(B) Franchisee shall make the capital expenditures required to renovate and modernize the Center to conform to the interior and exterior designs, decor, color schemes, furnishings and equipment and presentation of the Proprietary Marks consistent with the image for new Interstate All Battery Centers at the time Franchisee provides Franchisor the renewal notice, including such structural changes, remodeling, redecoration and modifications to existing improvements as may be necessary to do so.

(C) Franchisee and its employees shall be in compliance with Franchisor's then-current training requirements.

(D) Franchisee shall submit proof reasonably acceptable to Franchisor that Franchisee has the right to remain in possession of the Center site, or other premises acceptable to Franchisor, for the relevant Renewal Term, and shall be current on all monetary obligations owed by Franchisee to Franchisee's landlord.

(E) Franchisee shall execute a general release and a covenant not to sue, in a form satisfactory to Franchisor, of and with respect to any and all claims against Franchisor, its affiliates,

and their respective then-past and then-present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Franchisee and Franchisor or its affiliates, and Franchisee's operation of the Center.

(F) As determined by Franchisor in its reasonable discretion, Franchisee shall have operated the Center in accordance with this Agreement and with the System (as set forth in the Manuals or otherwise and as revised from time to time by Franchisor).

(3) Within 4 months after Franchisor's receipt of Franchisee's written notice of its intent to renew, Franchisor shall advise Franchisee whether or not Franchisee is entitled to remain a franchisee for the relevant Renewal Term. If Franchisor intends to permit Franchisee to remain a franchisee for the relevant Renewal Term, Franchisor's notice will contain preliminary information regarding actions Franchisee must take to satisfy Sections 4.B.(2)(B) and (C). If Franchisor does not intend to permit Franchisee to remain a franchisee for the relevant Renewal Term, Franchisor's notice shall specify the reasons for non-renewal. If Franchisor chooses not to permit Franchisee to remain a franchisee for the relevant Renewal Term, Franchisor shall have the right to unilaterally extend the Term or first Renewal Term of this Agreement as necessary to comply with any applicable laws.

(4) If Franchisee will remain a franchisee for the Renewal Term, Franchisor shall forward to Franchisee a renewal addendum for the Renewal Term for Franchisee's signature at least 4 months prior to the expiration of the Term or first Renewal Term. The terms and provisions of the renewal addendum may differ from, and may modify, the terms and provisions of this Agreement. If Franchisee exercises its renewal option pursuant to this Section 4, Franchisee shall continue to operate the Center throughout the Renewal Term.

(5) Franchisee shall execute Franchisor's then-current form of franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation the imposition of a different fee structure, except that Franchisee shall not be required to pay any additional initial license fee and the length of the term (and, if applicable, the renewal term) thereof shall be equal to then-unexercised renewal term(s) as specified in Section 4.B (1) hereof.

5. Fees.

A. License Fee. Franchisee shall pay Franchisor, at the time this Agreement is signed by Franchisee, the sum of \$37,500 ("License Fee"). The License Fee is fully earned by Franchisor when paid, is not refundable, and is not credited against any other fees to be paid to Franchisor.

B. Royalty Fee. On or before the 10th day of each calendar month, Franchisee shall pay Franchisor a nonrefundable royalty fee in an amount equal to 5% of Franchisee's Gross Sales (as defined below) for the preceding month.

"Gross Sales" shall include all revenue from the sale of all services and products and all other income of every kind and nature related to the business conducted by Franchisee under this Agreement (the "Franchised Business"), whether for cash or credit and regardless of collection in the case of credit; provided, however, that Gross Sales shall not include any sales taxes or other taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority. Sales or transfers by the Franchised Business to any affiliate of Franchisee or to any party related to Franchisee shall be included in, and reported as, Gross Sales as if made at prices not less than the Franchised Business' regular prices. If Franchisee sells services or products which then are returned to Franchisee by the purchaser, the sale price shall be included in Gross Sales in the accounting period in which the sale is made, and the amount refunded to the customer shall be subtracted from Gross Sales in the accounting period in which the

return is accepted. Revenues from gift certificates shall be included in Gross Sales in the accounting period when redeemed but not when purchased.

C. Existing Account Fee. Franchisee shall pay Franchisor the existing account fee specified in the Summary Pages with respect to the telesales customer accounts of Franchisor's affiliate Retail Acquisition & Development, Inc. ("RAD") as of the Effective Date that have a billing address in the Marketing Area (as defined in the Summary Pages) ("Existing Accounts"). The fee shall be paid to Franchisor on or before the date on which the computer system is installed at Franchisee's site pursuant to Appendix F hereof. Upon payment, and so long as Franchisee is not in default of this Agreement, Franchisee shall have the right to service the Existing Accounts. Unless Franchisee advises Franchisor that Franchisee elects to call on one or more of the Existing Accounts in person, Franchisor or its designee will continue to conduct telesales to the Existing Accounts pursuant to Section 10.

D. Telesales Fee. Franchisee shall pay Franchisor the telesales fees as set forth in Section 10. The telesales fee shall be paid monthly within 30 days after Franchisee's receipt of Franchisor's invoice therefore. Notwithstanding the above, Franchisor shall have the option to require the telesales fee to be paid at the same time and in the same manner as other monthly payments due hereunder, upon notice to Franchisee.

E. Advertising Fee. Franchisee shall pay Franchisor the advertising fees set forth in Section 11.

F. Software License and Support Fees. Franchisee shall pay Franchisor or its designee all software license and support fees as described in Section 16.E. and the software license agreement(s) to be executed by Franchisee.

G. Set Up Fee. Upon execution of this Agreement, Franchisee shall pay Franchisor or its designee a fee of \$5,000, to reimburse Franchisor for its costs and expenses associated with Franchisor's installation, configuration and/or set up of the Center's fixtures, graphics, computer system, B2B system and such other elements of the Center as Franchisor deems appropriate (the "Set Up Fee").

H. Rescheduling Fee. If Franchisee seeks to reschedule the final inspection described in Section 8.E. hereof or the Center set up described in Section 15.C. hereof, after a date therefor has been determined by Franchisor and communicated to Franchisee, Franchisor may condition its approval thereof upon payment by Franchisee of a rescheduling fee of \$500.

I. Remittance Reports. On or before the 10th day of each calendar month, Franchisee shall report to Franchisor in writing (or, at Franchisor's election, by electronic mail, polling by computer or such other form or method as Franchisor may designate) the amount of Gross Sales of the Franchised Business during the preceding calendar month, and shall submit such other data and information as Franchisor may require.

J. Method of Payment. Except as otherwise described above, on or before the 10th day of each calendar month, Franchisee shall pay Franchisor (by check or by such other form or method as Franchisor may designate) all monthly payments due from Franchisee to Franchisor under this Agreement, including royalty fees, advertising fees and interest charges.

Upon receipt of written notice from Franchisor, Franchisee shall designate an account at a commercial bank acceptable to Franchisor (the "Account") for payment of all amounts due from Franchisee to Franchisor and its affiliates by electronic funds transfer. In connection with payment of these fees by electronic funds transfer, Franchisor may designate a day for payment ("Due Date") different than that provided in the preceding paragraph. On each Due Date, Franchisor will transfer from the Account the amount due as reported to Franchisor in Franchisee's remittance report or as determined by Franchisor from the records contained in the cash registers/computer terminals of the Center. If

Franchisee fails to report Gross Sales to Franchisor for a reporting period, Franchisor will transfer from the Account an amount calculated in accordance with Franchisor's estimate of the Gross Sales during the period. If, at any time, Franchisor determines that Franchisee has underreported Gross Sales or has underpaid the royalty fee or other amounts due to Franchisor and its affiliates under this Agreement or any other agreement, Franchisor shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after Franchisor and Franchisee determine that such credit is due.

In connection with payment of fees by electronic funds transfer, Franchisee shall: (1) comply with procedures specified by Franchisor in the Manuals; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 5.J.; (3) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account; and (4) make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof.

Franchisee shall not be entitled to set off, deduct or otherwise withhold any monies payable by Franchisee under this Agreement on grounds of any alleged non-performance by Franchisor of any of its obligations or for any other reason.

K. Interest. If any payments by Franchisee due to Franchisor or its affiliates are not received by Franchisor or the affiliate by the date due, Franchisee, in addition to paying the amount owed, shall pay Franchisor or the affiliate interest on the amount owed from the date due until paid at the lesser of the maximum lawful rate permitted or 1.5% per calendar month (or portion of a calendar month). The foregoing remedy shall be in addition to Franchisor's and its affiliates' other remedies and rights under this Agreement or applicable law. Franchisee need not pay interest hereunder if Franchisor, having implemented payment by electronic funds transfer, fails to transfer the amount due in a timely manner from a properly funded Account through no fault of Franchisee.

L. Partial Payments. No payment by Franchisee or acceptance by Franchisor of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Any endorsement, statement or communication by Franchisee to the effect that Franchisee's payment of a lesser amount than due constitutes full payment shall be given no effect and Franchisor may accept the partial payment without prejudice to any rights or remedies it may have against Franchisee. Franchisor's acceptance of payments by Franchisee other than as set forth in this Agreement shall not constitute a waiver of Franchisor's right to demand payment in accordance with the requirements of this Agreement. Notwithstanding any designation by Franchisee, Franchisor shall have sole discretion to apply any payments by Franchisee to any of its past due indebtedness for royalty fees, advertising contributions, existing account fees, telesales fees, purchases from Franchisor or its affiliates, interest, or any other indebtedness. Franchisor's acceptance of payment from any entity other than the named Franchisee shall be deemed to be payment by the named Franchisee and shall not be deemed to be recognition or substitution of the paying entity for the named Franchisee.

M. Collection Costs and Taxes. Franchisee agrees to pay to Franchisor or its affiliates on demand any and all costs and expenses incurred by Franchisor or its affiliates in collecting any monies owed by Franchisee to Franchisor or its affiliates. These costs and expenses include, but are not limited to, costs and commissions due a collection agency, reasonable attorneys' fees (including any attorneys' fees incurred by Franchisor or its affiliates in bankruptcy proceedings), court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing. If any sales tax, gross receipts tax, or similar tax (other than income tax) is imposed on Franchisor by reason of its performing its obligations under this Agreement, Franchisee shall reimburse Franchisor the amount of those taxes within 30 days after receipt of an invoice from Franchisor.

6. Recordkeeping and Reports.

A. Recordkeeping. Franchisee agrees to use the computerized cash and data capture and retrieval systems specified by Franchisor in the Manuals from time to time. Franchisee shall keep and maintain, using generally accepted accounting principles and in accordance with any procedures set forth in the Manuals, complete and accurate books and records of its business operations under this Agreement sufficient to fully report to Franchisor, and shall preserve all of its books, records and state and federal tax returns for at least 5 years after the later of preparation or filing (or such longer period as may be required by any governmental entity) and make them available and provide duplicate copies to Franchisor within 5 days after Franchisor's written request.

B. Monthly Reports. Franchisee shall, at Franchisee's expense, submit to Franchisor, in the form prescribed by Franchisor, a monthly income statement, balance sheet, and aged trial balance, all prepared in accordance with generally accepted accounting principles (the "Monthly Financials"). The Monthly Financials shall be submitted within 20 days after the end of the month to which they relate, and shall be signed by Franchisee or by Franchisee's treasurer or chief financial officer attesting that the Monthly Financials are true and correct.

C. Annual Reports. At Franchisor's request, Franchisee shall, at its expense, provide to Franchisor either a reviewed or audited profit and loss statement and balance sheet within 60 days after the end of each fiscal year of Franchisee, signed by Franchisee or by Franchisee's treasurer or chief financial officer attesting that the financial statements present fairly the financial position of Franchisee and the results of operations of the Center during the period covered. Franchisor shall have the right, in its reasonable discretion, to require that Franchisee submit audited statements for any fiscal year.

D. Other Reports. Franchisee shall submit to Franchisor, for review or auditing, such other forms, reports, records, information and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request or as specified by Franchisor from time to time in the Manuals or otherwise in writing.

E. Franchisor's Audit Rights. Franchisor or its designee shall have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy and audit Franchisee's books, records and federal and state tax returns, and such other forms, reports, information and data as Franchisor reasonably may designate. If an inspection or audit discloses an understatement of Gross Sales, Franchisee shall pay Franchisor, within 10 days after Franchisee's receipt of the inspection or audit report, the deficiency in the royalty fees and other fees plus interest (at the rate and on the terms provided in Section 5.K.) from the date originally due until the date of payment. If an inspection or audit is made necessary by Franchisee's failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records or information on a timely basis, or if an understatement of Gross Sales for any month during the period of any audit is determined by any audit or inspection to be greater than 2%, Franchisee also shall reimburse Franchisor for the reasonable cost of the audit or inspection, including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, room and board and compensation of Franchisor's employees or designees involved in the audit or inspection. The foregoing remedies shall be in addition to Franchisor's other remedies and rights under this Agreement or applicable law.

7. Lease Provisions.

A. Franchisee shall submit the proposed lease for the Center to Franchisor for approval before the lease is executed. Any lease, sublease, letter of intent or lease memorandum for the Center shall contain provisions that satisfy the following requirements during the entire term of the lease, including any renewal terms:

(1) The landlord consents to Franchisee's use of the proprietary signs, distinctive exterior and interior designs and layouts, and the Proprietary Marks prescribed by Franchisor, and, upon expiration or the earlier termination of the lease, consents to permit Franchisee, at Franchisee's expense, to remove all such items and other trade fixtures, so long as Franchisee makes repairs to the building made necessary by such removal.

(2) The landlord agrees to provide Franchisor (at the same time they are sent to Franchisee) a copy of all amendments and assignments and of all letters and notices sent to Franchisee pertaining to the lease or the leased premises.

(3) Franchisor shall have the right to enter the leased premises to make any modifications or alterations, at its own cost, necessary to protect the System and the Proprietary Marks and to cure, within the time periods provided by the lease, any default under the lease, all without being guilty of trespass or other tort.

(4) Franchisee may assign the lease to Franchisor or Franchisor's designee with landlord's consent (which consent shall not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

(5) The landlord agrees to consent to Franchisee collaterally assigning the lease to Franchisor or its designee, granting Franchisor the option, but not the obligation, to assume the lease from the date Franchisor takes possession of the leased premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

(6) The landlord agrees that, prior to any assignment of the lease to Franchisor or its designee, Franchisee shall be solely responsible for all obligations, debts and payments under the lease.

(7) The landlord agrees that, following the expiration or earlier termination of this Agreement, Franchisee shall have the right to make those alterations and modifications to the leased premises as may be necessary to clearly distinguish to the public the leased premises from an Interstate All Battery Center and also to make such specific additional changes as Franchisor may reasonably request for that purpose. The landlord also agrees that, if Franchisee fails to make these alterations and modifications promptly, Franchisor shall have the right to do so without being guilty of trespass or other tort so long as Franchisor makes repairs to the building made necessary by such activity.

(8) The landlord agrees not to amend or otherwise modify the lease in any manner that would affect any of the foregoing requirements without Franchisor's prior written consent, which consent shall not be unreasonably withheld.

(9) If the Center is to be located in a shopping center, the landlord agrees not to permit any other store which principally sells batteries to be located in the shopping center and agrees that Franchisor shall be a third party beneficiary of this covenant.

(10) Landlord must permit battery service/installation performed in the parking lot.

B. Franchisee shall provide Franchisor with a copy of the fully-executed lease or sublease (which shall be for at least the Term) for the Center within 30 days after receiving Franchisor's written acceptance of a site for the Center but in any event prior to the commencement of construction or remodeling of the Center.

8. Construction and Remodeling.

A. Center Development. Franchisee assumes all cost, liability and expense for developing, constructing and equipping the Center. Franchisor shall furnish to Franchisee one copy of prototypical

plans and specifications for an Interstate All Battery Center, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, mechanical, electrical, plumbing, elevations, storefront and color scheme. It shall be Franchisee's responsibility to have prepared all required construction or remodeling plans and specifications to suit the shape and dimensions of the site approved by Franchisor, and Franchisee shall ensure that these plans and specifications comply with applicable laws, ordinances, building codes and permit requirements and with lease requirements and restrictions. Franchisee shall use only registered architects, registered engineers, and professional and licensed contractors that are approved by Franchisor.

Franchisee shall submit proposed construction or remodeling plans, specifications and drawings prepared in accordance with Section 8 of this Agreement ("Plans") to Franchisor within 30 days after receiving Franchisor's written acceptance of a site for the Center and shall submit all revised or "as built" Plans during the course of such construction or remodeling. Franchisor shall review the Plans for conformance with the standards of the System, but not for compliance with legal requirements or any other purpose. Franchisor shall approve or refuse to approve the Plans for the proposed Center and notify Franchisee within 30 days after Franchisor receives the Plans. (Franchisor's approval shall not be unreasonably withheld.) Once Franchisor has approved the Plans, no substantial change shall be made to the Plans without the prior approval of Franchisor, which shall not be unreasonably withheld. If, in the course of construction or remodeling, any such change in the Plans is contemplated, Franchisor's approval must first be obtained before proceeding.

Franchisee shall not begin site preparation or construction or remodeling before receiving written notification from Franchisor that Franchisor has approved the Plans. All construction or remodeling must be in accordance with Plans approved by Franchisor and must comply in all respects with applicable laws, ordinances and local rules and regulations. The Center may not open if construction or remodeling has not been performed in substantial compliance with Plans approved by Franchisor, and this Agreement may be terminated if such non-compliance is not timely cured within a commercially reasonable amount of time. Franchisor may furnish guidance to Franchisee in developing the Center and may periodically inspect the premises during its development.

B. Commencement and Completion of Construction or Remodeling. Construction or remodeling of the Center shall commence within 30 days after Franchisee receives Franchisor's written acceptance of a site for the Center. Construction shall be deemed to have commenced only after Franchisee has obtained all required permits and: (a) with respect to a free-standing Center, Franchisee has begun the installation of building footings with the intent to maintain continuous construction thereafter; or (b) with respect to a non-free-standing Center or a Center being converted from a prior use, Franchisee has begun the installation of electrical wiring with the intent to maintain continuous construction thereafter. Once construction or remodeling has commenced, it shall continue uninterrupted until completed.

C. Acquisition of Necessary Furnishings, Fixtures and Equipment. Franchisee agrees to use in the development and operation of the Center only those fixtures, furnishings, equipment and signs that Franchisor has approved in accordance with Section 16.D.

If Franchisee builds any portion of the Center not in compliance with Franchisor's specifications without receiving Franchisor's prior written consent, Franchisor shall have the right to delay the opening of the Center until Franchisee, at its sole expense, brings the Center's development into full compliance with Franchisor's specifications.

D. Inspection, Cooperation. During the course of construction or remodeling, Franchisee shall (and shall cause Franchisee's architect, engineer, contractors, subcontractors and other representatives and agents to) cooperate fully with Franchisor for the purpose of permitting Franchisor to inspect the premises and the course of construction or remodeling of the Center in order to determine whether construction or remodeling is proceeding according to the Plans. Without limiting the generality

of the foregoing, Franchisee and Franchisee's architect, engineer, contractors, subcontractors and other representatives and agents shall: (1) supply Franchisor with samples of materials, test borings, corings, due diligence environmental studies, supplies, equipment and other material and reports, if any such tests, studies or reports indicate there may be material problems or as Franchisor may request; and (2) afford Franchisor's representatives access to the site and to the construction or remodeling work in order to permit Franchisor to carry out its inspections. Franchisee also shall submit to Franchisor, progress reports as requested by Franchisor fulfilling the terms of this Section 8 regarding the course of construction or remodeling.

E. Final Inspection and Opening Date. Franchisee shall notify Franchisor in writing at least 30 days prior to the date Franchisee expects construction or remodeling to be completed and a certificate of occupancy issued. If requested by Franchisor, Franchisee shall submit a copy of the certificate of occupancy to Franchisor. Franchisor reserves the right to conduct a final inspection of the Center and its premises to determine whether Franchisee has complied with this Agreement.

F. No Franchisor Liability. Notwithstanding the right of Franchisor to approve the Plans and to inspect the construction or remodeling work and the Center, and notwithstanding any information or advice Franchisor may furnish, Franchisor shall have no liability or obligation with respect to the design, construction or remodeling of the Center, Franchisor's rights being exercised solely for the purpose of ensuring compliance with the terms and conditions of this Agreement.

9. Approval to Open Center.

Franchisee shall not open the Center for business without Franchisor's express written authorization. Franchisor will not authorize the opening of the Center unless all of the following conditions have been met:

A. Franchisee is not in default under this Agreement or any other agreements with Franchisor or its affiliates and, for the previous 6 months, Franchisee has not been in default beyond the applicable cure period, if any, under any agreement with Franchisor or its affiliates.

B. Franchisee is current on all obligations due Franchisor and its affiliates.

C. Franchisee has certified to Franchisor in writing that the Center was constructed or remodeled in accordance with the Plans approved by Franchisor and in compliance with all applicable federal, state and local law and codes.

D. If the site is leased, the lease complies fully with the requirements of Section 7 hereof and Franchisor has received a copy of the fully-executed lease.

E. Franchisee has obtained a certificate of occupancy and all other required health, safety or fire department certificates, if any.

F. Franchisee has certified to Franchisor in writing that the installation of all items of furnishings, fixtures, equipment, signs, computer terminals and related equipment, supplies and other items has been accomplished and that Franchisee has hired and trained a staff, all in accordance with the requirements of this Agreement and the Manuals.

G. Franchisor has determined that the Center has been constructed or remodeled and equipped, and that Franchisee has hired and trained a staff, all in accordance with the requirements of this Agreement and the Manuals.

H. Franchisor has been furnished with copies of all insurance policies required by Section 19 or such other evidence of insurance coverage and payment of premiums as Franchisor reasonably may request.

I. All required and Franchisor approved interior and exterior signage is installed and operating properly.

Notwithstanding the above, Franchisee shall have the right to engage in commercial sales (including, without limitation, telesales as provided in Section 10, below) before the Center is opened for business, provided; (a) Franchisee and Franchisee's general manager and/or dedicated sales person have successfully completed the management training program described in Section 14.A of this Agreement, (b) Franchisee has installed all computer hardware and software, in accordance with Section 16.E hereof, and (c) Franchisee has furnished Franchisor with copies of all insurance policies required by Section 19 or such other evidence of insurance coverage and payment of premiums as Franchisor reasonably may request. If Franchisee has entered into Multiple Agreements as described in Section 2 hereof, Franchisee shall have the right to engage in commercial sales (including, without limitation, telesales as provided in Section 10, below) to customers and potential customers whose billing addresses are in the Marketing Area (as defined in the Summary Pages) before the Center is opened for business, provided the conditions described above in subsections (a)-(c) of this paragraph are satisfied and Franchisee has paid to Franchisor the telesales fee described in any one of the Multiple Agreements. However, this paragraph shall not be deemed to constitute a waiver of any telesales fees described in the Multiple Agreements, and unless sooner paid in accordance with this paragraph, all such telesales fees shall otherwise be paid upon opening of the applicable Center.

10. Telesales.

Franchisor or its designee shall conduct telesales on behalf of Franchisee to customers and potential customers whose billing addresses are in the Marketing Area (as defined in the Summary Pages), on the following terms:

A. Franchisee must have a dedicated sales person actively marketing the Franchised Business in the Marketing Area, and must be eligible to receive the list of Existing Accounts pursuant to Section 5.C.

B. Franchisee must not be in material default under this Agreement or any other agreements with Franchisor or its affiliates.

C. Franchisee must be current on all payments due Franchisor and its affiliates.

D. Franchisor shall offer products to telesales customers at the prices and on the terms established by Franchisee from time to time. Franchisee shall keep Franchisor informed of changes in prices and terms of sale. All orders received by Franchisor as a result of telesales in the Marketing Area shall be referred to Franchisee and, if accepted by Franchisee, shall be fulfilled by Franchisee within the time stated by Franchisor to the customer.

E. Franchisee shall pay Franchisor a telesales fee in the amount established by Franchisor from time to time in the Manuals (as defined in Section 12 hereof) or otherwise in writing.

F. Franchisor shall have the right, but not the obligation, to offer to franchisee more than one (1) package of telesales services and to alter, amend, modify and discontinue any such packages upon notice to Franchisee. In the event Franchisor offers to Franchisee more than one (1) package of telesales services, Franchisee shall select one (1) such package and shall execute and return such election and order forms, and contracts applicable thereto as Franchisor may designate from time to time. Franchisee shall pay the telesales fee applicable thereto.

G. Franchisee shall not itself perform, nor shall Franchisee engage a party other than Franchisor or Franchisor's designee to perform telesales on behalf of the Center.

Franchisor reserves the right to cease conducting, and to have its designee cease conducting, telesales on behalf of Franchisee. If Franchisor exercises that right, Franchisee shall not thereafter be required to pay a telesales fee to Franchisor.

11. Advertising and Promotion.

A. Fund. Franchisor shall establish, maintain and administer a fund for the creation and development of such advertising, marketing and/or public relations, research and related programs, activities and/or materials concerning or relating to Interstate All Battery Centers as Franchisor may, in its sole discretion, deem appropriate ("Fund"). Franchisee shall contribute to the Fund a monthly advertising fee in an amount equal to 1.5% of Gross Sales, at the same time and in the same manner as the royalty fee. Any Centers owned by Franchisor or its affiliates shall contribute to the Fund, and to any cooperatives established pursuant to Section 11.D. of which those Centers are members, on the same basis as franchisees.

Franchisor shall direct all advertising, marketing, and public relations programs and activities financed by the Fund, with sole discretion over the creative concepts, materials and endorsements used in those programs and activities, and the geographic, market and media placement and allocation of advertising and marketing materials. Franchisee agrees that the Fund may be used to pay the costs of preparing and producing such associated materials and programs as Franchisor may determine, including video, audio and written advertising materials; employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail, product and other media advertising and employing advertising agencies to assist with these efforts; and supporting public relations, market research, test programs and initiatives and other advertising, promotional and marketing activities. Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Fund.

B. Treatment of Fund. Franchisor may be reimbursed by the Fund for expenses directly related to maintaining and administering the Fund and the Fund's marketing programs, including, without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Fund. Franchisor may hire employees, either full-time or part-time, for the administration of the Fund. No monies of the Fund shall be used to defray any of Franchisor's general operating expenses. Franchisor shall separately account for the Fund, but the monies of the Fund shall not be required to be segregated from Franchisor's other monies. Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions to the Fund during that year or cause the Fund to invest any surplus for future use by the Fund. A statement of monies collected and costs incurred by the Fund shall be prepared annually by Franchisor and shall be furnished to Franchisee within a reasonable period of time following a written request. If it deems it appropriate, Franchisor may incorporate the Fund or operate the Fund through a separate entity, and such successor entity shall have all rights and duties of Franchisor pursuant to this Section 11.

C. Local Store Marketing. Franchisee agrees to spend for local store marketing ("LSM") not less than \$10,000 during the first 120 days after the Center opens for business and not less than \$20,000 in total during the first Operating Year (defined below) in accordance with the ramp up campaign marketing campaign described below in Section 11.E. In addition to the above-described ramp up marketing campaign expenditure, Franchisee agrees to spend for LSM a minimum of 4% of Gross Sales (as defined in Section 5.B.) during the first Operating Year and, for each subsequent Operating Year the greater of the following: (i) a percentage of Gross Sales specified by Franchisor, which shall not exceed 6.5% of Gross Sales (provided, further that Franchisor shall not increase such required LSM expenditure by more than 1% of Gross Sales for any calendar year); and (ii) \$15,000, increased for inflation annually in accordance with the Consumer Price Index using the calendar year that includes the first day of the

third Operating Year as the base year. "Operating Year" means the twelve-month period beginning the first day of the first month in which the Center opens for business, and each twelve-month period thereafter. Franchisor periodically shall advise Franchisee of the kinds of advertising and sales promotions authorized by Franchisor as qualified LSM expenditures.

(1) On or before the 10th day of each calendar month, Franchisee shall (a) pay Franchisor as an LSM deposit the amount representing the percentage specified pursuant to 11.C.(i) above multiplied by Franchisee's Gross Sales for the preceding month and (b) provide Franchisor copies of all documentation demonstrating the amount and types of LSM expenditures made by Franchisee in the preceding month. Franchisor will reimburse Franchisee for qualified LSM expenditures approved by Franchisor up to the amount of Franchisee's LSM deposits then available for reimbursement. (The amount available for reimbursement may be reduced pursuant to Section 11.D.) If, by the 10th day of the second month following the end of a calendar quarter, Franchisee has failed to submit documentation of qualified LSM expenditures during the calendar quarter then ended equal to the LSM deposits paid by Franchisee with respect to Franchisee's Gross Sales during that calendar quarter, Franchisor may in its sole discretion spend such remaining LSM deposits for advertising in Franchisee's Marketing Area.

(2) Local advertising and promotion materials may be purchased by Franchisee from any source. If purchased from a source other than Franchisor, those materials shall comply with federal and local laws and regulations and with such guidelines for advertising and promotions as may be promulgated from time to time by Franchisor, and shall be submitted to Franchisor for its approval prior to first use. Franchisor shall be deemed to have disapproved such advertising materials if it does not otherwise advise Franchisee in writing within 30 days after its receipt of the advertising. In no event shall Franchisee's advertising contain any statement or material which may be considered: (1) in bad taste or offensive to the public or to any group of persons; (2) defamatory of any person or an attack on any competitor; (3) to infringe upon the use, without permission, of any other person's trade name, trademark, service mark or identification; or (4) inconsistent with the public image of Franchisor or the System.

(3) Franchisor may limit the media and/or the geographic areas in which Franchisee advertises. Franchisee may not launch an independent Web site on the Internet. Any listing of the Center by Franchisee must first have received Franchisor's written approval.

D. Local and Regional Marketing Cooperatives. Franchisor may establish local and/or regional marketing cooperatives for the area and/or region in which the Center is located. Any cooperative established by Franchisor may be incorporated by Franchisor and shall be operated in accordance with rules promulgated by Franchisor from time to time.

(1) If Franchisor establishes one or more cooperatives for the area and/or region in which the Center is located, Franchisee shall become a member of such cooperatives as Franchisor may designate in such manner as Franchisor may direct, and Franchisor may allocate all or part of Franchisee's LSM deposits among any cooperatives of which Franchisee is a member and may revise the allocation from time to time. Monies of a cooperative may be used for the same purposes as the monies of the Fund may be used pursuant to Sections 11.A. and 11.B. Any amounts paid by Franchisee and allocated to a cooperative shall be credited toward Franchisee's minimum required LSM expenditure for that Operating Year, and shall not be available for reimbursement of Franchisee's LSM expenditures.

(2) Franchisor shall have the right to terminate (and subsequently restart) any marketing cooperative. Upon termination, all monies in the cooperative shall be spent for advertising and/or promotional purposes. Franchisor shall have the sole right, but not the obligation, to enforce the obligations of franchisees who are members of any cooperative to contribute to the cooperative. Neither Franchisee nor any other franchisee who contributes to the cooperative shall be deemed a third-party beneficiary with respect to the cooperative obligations of other franchisees or have any right to enforce the obligation of any franchisee to contribute to the cooperative.

E. Ramp Up Marketing Campaign. Franchisor or its designee shall consult with Franchisee, as Franchisor deems advisable, regarding the development of an initial ramp up marketing campaign. Franchisee will conduct the ramp up marketing campaign that Franchisor approves, in connection with the opening and the first twelve months of operation of the Center and at Franchisee's expense. Franchisor shall solicit Franchisee's suggestions (which shall be advisory only) with respect to the plan for the ramp up marketing campaign (the "Plan"). Notwithstanding the above, Franchisor reserves the right to implement the Plan, and Franchisee shall pay Franchisor's invoice for the costs of developing and implementing the Plan within 14 days after it is sent; the invoice may include an administrative fee to Franchisor. Franchisee understands that the ramp up marketing campaign may not result in the securing of any customers. Amounts paid by Franchisee for the Plan do qualify as LSM expenditures.

12. Operating Manuals.

Franchisor will loan Franchisee a copy of the confidential and proprietary Pre-Opening Manual upon execution of this Agreement, and copies of all other confidential and proprietary Manuals upon Franchisee's successful completion of training. (All manuals provided by Franchisor are referred to as the "Manuals.") The Manuals contain information and knowledge that is necessary and material to the System. (As used in this Agreement, the term "Manuals" also includes other publications, materials, drawings, memoranda, videotapes and audio tapes that Franchisor may give or lend to Franchisee from time to time.) Franchisor may, at its option, furnish all or part of the Manuals online or in electronic form, and may supplement or amend the Manuals from time to time by letter, electronic mail, bulletin, videotapes, audio tapes, software or other communications to reflect changes in the image, specifications and standards relating to equipping, furnishing and operating Interstate All Battery Centers. Franchisee shall keep all copies of the Manuals up-to-date with all additions and deletions provided by Franchisor, and shall purchase whatever equipment (including, without limitation, a video cassette recorder, computer system, dedicated phone line, facsimile machine, etc.) may be necessary to receive these communications. If a dispute relating to the contents of the Manuals develops, the master copy maintained by Franchisor at its principal offices shall control.

The Manuals contain detailed standards, specifications, instructions, requirements, methods and procedures for management and operation of Interstate All Battery Centers. The Manuals also may relate to the selection, purchase, storage, preparation, packaging, service and sale of all products and services sold by Interstate All Battery Centers; management and employee training; marketing, advertising and sales promotions; maintenance and repair of buildings, grounds, equipment, graphics, signs, interior and exterior decor items, fixtures and furnishings; employee dress and appearance standards; and accounting, bookkeeping, records retention and other business systems, procedures and operations. Franchisee agrees at all times to operate the Center in strict conformity with the Manuals; to keep one copy of the Manuals available at the Center; not to reproduce the Manuals or any part of them except as expressly authorized by this Agreement; and to treat the Manuals as confidential and proprietary and to disclose the contents of the Manuals only to those employees of Franchisee who have a need to know because of their job responsibilities. If Franchisee loses its copy of the Manuals, Franchisor may charge Franchisee a fee for providing a replacement copy.

13. Modifications of the System.

A. Franchisor, in its sole discretion, shall be entitled to change or modify the System from time to time, including modifications to the Manuals, the required equipment, the signage, the building and premises of the Interstate All Battery Centers (including the trade dress, decor and color schemes), the presentation of the Proprietary Marks, the adoption of new administrative forms and methods of reporting and of payment of any monies owed to Franchisor (including electronic means of reporting and payment), and the adoption and use of new or modified Proprietary Marks or copyrighted materials. Franchisee shall accept and use or display in the Center any such changes or modifications in the System as if they were a part of the System at the time this Agreement was executed, and Franchisee will make

such expenditures (subject to Section 13.B below) as the changes or modifications in the System may require.

B. From time to time (but not more often than once every 5 years), Franchisor may require Franchisee to make, at Franchisee's expense, extensive structural changes, major remodeling and renovations and substantial modifications to existing equipment and improvements to modernize and conform the Center to the then-current image of new Interstate All Battery Centers. Capital expenses necessary for the repair and maintenance of the Center and their contents are not subject to the frequency limitations described in the preceding sentence. Within 60 days after receipt of Franchisor's written notice regarding the required modernization, Franchisee shall prepare and complete drawings and plans for the required modernization. Those drawings and plans must be submitted to, and their use approved by, Franchisor prior to the commencement of work. Franchisee shall complete the required modernization within the time reasonably specified by Franchisor in its written notice.

C. Franchisor shall have the right, in its sole discretion, to waive, defer or permit variations from the standards of the System or this Agreement for any franchisee or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other condition or circumstance. Franchisor shall have the right, in its sole discretion, to deny any such requests Franchisor believes would not be in the best interests of the System.

D. If Franchisee develops any new concepts, processes or improvements relating to the System, whether or not pursuant to a Franchisor-authorized test, Franchisee shall notify Franchisor and provide Franchisor promptly with all information regarding the new concept, process or improvement, all of which shall become the property of Franchisor and which may be incorporated into the System without any payment to Franchisee.

14. Training.

A. Management Training Program. Franchisor shall provide Franchisee (or, if Franchisee is owned by more than one individual, Franchisee's Operating Principal, defined in Section 20.E.) a management training program in the operation of Interstate All Battery Centers at the times and places designated by Franchisor. The management training program will include classroom instruction and training at training facilities and at an Interstate All Battery Center designated by Franchisor. Franchisee or Franchisee's Operating Principal shall attend and successfully complete the management training program.

Franchisor shall charge no tuition fee for attendance at regularly scheduled management training at Franchisor's location. If Franchisor schedules a special training session at Franchisee's request, Franchisee shall pay Franchisor, for each trainee, a tuition fee as established by Franchisor from time to time. Franchisee shall pay all travel, living and other expenses incurred by Franchisee and by Franchisee's trainees while attending the training. Franchisor reserves the right to require Franchisee to replace any trainee whom Franchisor determines not to be successfully completing the training program, and to designate additional persons to attend and successfully complete the training program if Franchisor determines that one or more of Franchisee's trainees has failed successfully to complete the training program.

B. Additional Training. Franchisor shall have the right to require that Franchisee, the Operating Principal, Franchisee's general manager and any other employees of Franchisee designated by Franchisor take and successfully complete other training courses in addition to the management training program. Franchisor reserves the right to require Franchisee to pay a tuition fee for these additional training programs as established by Franchisor from time to time. Franchisee shall pay all travel, living and other expenses incurred by Franchisee and by Franchisee's employees while attending the training or Franchisor's training personnel that travel to Franchisee's location or place of business. At Franchisor's

request, Franchisee shall require the manager of the Center to attend, at Franchisee's expense, such meetings, conferences and conventions as Franchisor may specify.

C. Training by Franchisee. Franchisee shall conduct such initial and continuing training programs for its employees relating to the System and/or the requirements of this Agreement as Franchisor may require.

15. Additional Services by Franchisor.

In addition to the services described elsewhere in this Agreement, during the Term, Franchisor shall make the following services available to Franchisee:

A. Pre-Opening Assistance. Franchisor shall provide consultation and advice to Franchisee as Franchisor deems appropriate with regard to construction and operation of Centers, building layout, furnishings, fixtures and equipment plans and specifications for Centers, purchasing and inventory control, and such other matters as Franchisor deems appropriate. If Franchisee requests additional pre-opening site visits or assistance, or if Franchisor believes additional pre-opening site visits or assistance are necessary, Franchisee will pay to Franchisor the then current additional preopening assistance and site visit fee and pay or reimburse to Franchisor its out-of-pocket expenses incurred in providing the assistance, including costs of transportation, lodging, and meals.

B. Opening Assistance. Upon Franchisee's reasonable request, Franchisor shall provide assistance in opening the Center, as Franchisor deems appropriate in light of Franchisee's needs and the availability of Franchisor personnel. Franchisee will pay or reimburse to Franchisor its out-of-pocket expenses incurred in providing such opening assistance, including costs of transportation, lodging, and meals.

C. Center Set-Up. Prior to the Center's Opening, Franchisor shall provide to Franchisee such assistance as Franchisor deems necessary in connection with the installation, configuration and/or set up of the Center's fixtures, graphics, computer system, and other elements of the Center.

D. Use of Franchisor Customer List. If Franchisor's affiliate RAD has any established customers whose billing addresses are in the Marketing Area (as defined in the Summary Pages), Franchisor will share the identity of and information regarding those customers with Franchisee on the terms provided in Section 5.C. Franchisee understands that RAD may not have any such customers in the Marketing Area. RAD's customer list, as in existence prior to this Agreement and as supplemented by Franchisee during the Term, is and shall remain confidential information owned by RAD and Franchisor.

E. Post-Opening Assistance. Franchisor shall make available to Franchisee, as Franchisor deems appropriate, its knowledge and expertise regarding the System and pertinent new developments, techniques and improvements in the areas of retail store design, management, sales promotion, service concepts and other areas. Franchisor may fulfill its obligation in this section through visits by Franchisor's representatives to the Center or Franchisee's offices, the distribution of printed or filmed material, an Intranet or other electronic forum, meetings or seminars, telephone communications, or other forms of communication.

F. Franchisor's Right to Inspect. Franchisor shall have the right, free of charge, at any reasonable time and (except as otherwise specified herein) without prior notice to Franchisee to: (1) observe and inspect the Center; (2) photograph and videotape the operations of the Center on reasonable notice for such consecutive or intermittent periods as Franchisor deems necessary; (3) interview Franchisee's personnel; (4) interview Franchisee's customers; (5) remove any product from the Center for inspection; and (6) inspect and copy any books, records and documents relating to the operation of the Center or, upon the request of Franchisor, require Franchisee to send copies thereof to Franchisor. Franchisee agrees to cooperate fully with Franchisor in connection with any such inspections,

observations, videotaping, product removal and interviews. Franchisee shall present to its customers such evaluation forms as may be periodically prescribed by Franchisor and shall participate and/or request its customers to participate in any surveys performed by or on behalf of Franchisor. Franchisee shall take all necessary steps to immediately correct any deficiencies detected during these inspections, including ceasing further sale of unauthorized products and ceasing further use of any equipment, advertising materials or supplies that do not conform with Franchisor's standards and requirements.

G. Delegation. Franchisor may, from time to time, delegate the performance of any portion or all of its obligations and duties under this Agreement to designees, whether agents of Franchisor or independent contractors with which Franchisor has contracted to provide the service.

16. Performance Standards.

Products sold and services performed under the Proprietary Marks have a reputation for quality. This reputation has been developed and maintained by Franchisor, and it is of the utmost importance to Franchisor, Franchisee and all other franchisees of Franchisor that this reputation be maintained. In recognition of the mutual benefits that come from maintaining the reputation for quality enjoyed by the System, Franchisee covenants and agrees, with respect to its conducting of the Franchised Business, that Franchisee and its employees shall comply with all of the requirements of the System as set forth in this Agreement and the Manuals or otherwise, and Franchisee additionally shall comply with the following:

A. Standards, Specifications and Procedures. Franchisee acknowledges that each and every detail of the appearance, layout, decor, services and operation of the Center is important to Franchisor and other Interstate All Battery Center franchisees. Franchisee agrees to cooperate with Franchisor by maintaining these high standards in connection with the Center. Franchisee further agrees to comply with all System specifications, standards and operating procedures (whether contained in the Manuals or any other written communication to Franchisee) relating to the appearance, function, cleanliness and operation of the Center, including, but not limited to: (1) sales and marketing procedures and customer service; (2) advertising and promotional programs; (3) layout, decor and color scheme of the Center; (4) appearance and dress of employees; (5) safety, maintenance, appearance, cleanliness, standards of service, and operation of the Center; (6) submission of requests for approval of brands and types of products, supplies and suppliers; (7) use and illumination of signs, posters, displays, standard formats and similar items; (8) identification of Franchisee as the owner of the Center operating it as a licensee of Franchisor; and (9) brands and types of fixtures, furnishings, equipment and packaging. Franchisee shall comply with mandatory specifications, standards and operating procedures, including installation of upgraded or additional equipment, that Franchisor prescribes from time to time in the Manuals or otherwise.

B. Authorized Products and Services. Franchisee acknowledges that the reputation and goodwill of Interstate All Battery Centers are based upon, and can only be maintained by, the sale of high quality products, and the presentation, packaging and service of such products in an efficient and appealing manner.

As used in this Agreement, the terms "Basic Products," "Additional Products" and "Auxiliary Products" (collectively, "Authorized Products") shall have the meanings given them in Appendix A hereto. Franchisor may revise the contents of these categories and may add products to, and remove products from, the list of Authorized Products from time to time. Franchisor may specify types and brands of products that constitute Authorized Products. Franchisee shall at all times sell all Basic Products and those Additional Products which Franchisor may from time to time specify as mandatory, including products marketed by Franchisor or its affiliates; and Franchisee shall not sell any product that is not an Authorized Product. Franchisee shall purchase Authorized Products only from sources designated or approved by Franchisor.

Franchisee shall at all times maintain for the Center an inventory of all mandatory Authorized Products, and only of Authorized Products, sufficient in Franchisor's judgment for Franchisee to meet

reasonably anticipated customer demand. If, in Franchisor's judgment, Franchisee is not maintaining a sufficient inventory of all mandatory Authorized Products, Franchisor may, at Franchisee's expense, supply to and stock the Center with sufficient product to meet Franchisee's inventory requirements. Franchisor may, from time to time, conduct market research and testing to determine consumer trends and the salability of new products and services. Franchisee shall cooperate in these efforts by participating in Franchisor's customer surveys and market research programs if requested by Franchisor. All customer surveys and market research programs shall be at Franchisor's sole cost and expense, unless such survey or program has been approved by Franchisee and Franchisee has approved its proportionate cost. Franchisee shall not test any products or services publicly without first being requested to by Franchisor and signing a test letter agreement in a form satisfactory to Franchisor.

C. Credit and Security Agreement. Concurrently with the execution of this Agreement, Franchisee shall execute a Credit and Security Agreement in the form prescribed by Franchisor to secure payment of all monetary obligations of Franchisee to Franchisor and its affiliates, including but not limited to obligations arising from product purchases.

D. Approved Suppliers. Franchisee shall purchase all products, equipment, signs, fixtures, furnishings, and supplies (other than hardware and software as described in Section 16.E.) only from distributors and suppliers approved for Franchisee by Franchisor. Franchisor may approve one or more distributors or other suppliers for their full range of products or only as to certain products and may approve a distributor or other supplier only as to certain products. In determining the number and identity of suppliers to be approved, Franchisor may consider, among other factors, the ability to obtain favorable pricing and/or advertising support and/or services for any group of Interstate All Battery Centers franchised or operated by Franchisor or its affiliates and the number and concentration of existing approved suppliers and distributors. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, and other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such distributor or other supplier by Franchisor. Franchisor may establish distribution facilities owned and operated by Franchisor or an affiliate and designate such facilities as an approved distributor or supplier.

If Franchisee proposes to purchase any item from a manufacturer, distributor, vendor or other supplier that Franchisor has not previously approved, Franchisee shall first notify Franchisor and submit to Franchisor or, at Franchisor's direction, to an independent testing laboratory, at Franchisee's expense, such information, specifications and samples as Franchisor reasonably requests. A charge not to exceed the actual cost of the test may be made by Franchisor or by an independent testing laboratory designated by Franchisor and shall be paid by Franchisee, whether or not Franchisor approves the proposed supplier. Franchisor shall notify Franchisee, within 60 days of Franchisor's receipt of all requested information and samples and of payment of test charges, as to whether Franchisee is authorized to purchase such products from such manufacturer, distributor, vendor or other supplier. Authorization shall be deemed denied if Franchisor has not given its approval within 60 days. Franchisor may periodically require that the testing be performed again at Franchisee's expense to ensure that the supplier continues to meet Franchisor's specifications.

FRANCHISOR AND ITS AFFILIATES DISCLAIM ALL EXPRESS OR IMPLIED WARRANTIES CONCERNING ANY PRODUCTS OR SERVICES PROVIDED BY APPROVED SUPPLIERS, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AVAILABILITY, QUALITY, PRICING OR PROFITABILITY. Franchisee acknowledges that Franchisor may, under appropriate circumstances, receive fees, commissions, field-of-use license royalties, or other consideration from approved suppliers based on sales to franchisees, which consideration either shall be received directly by the Fund described in Section 11.A or be contributed by Franchisor to the Fund. Franchisee acknowledges that Franchisor may charge suppliers reasonable testing or inspection fees in connection with their requests for approval or their continued status as approved suppliers.

E. Hardware and Software. Franchisee understands that the computer system to be used in the Center is highly customized and that the computer system cannot be modified, efficiently and without degradation to the operation of the software programs, to work with such computer hardware as Franchisee may have. Accordingly, Franchisee agrees to purchase the computer system to be used in the Center from Franchisor or a supplier designated by Franchisor. Franchisor shall install the computer hardware (fully configured and loaded with Franchisor's designated software programs) at the Center. Franchisee shall procure and install required dedicated telephone and power lines, modems, printers and other computer-related accessory or peripheral equipment as Franchisor specifies in the Manuals or otherwise. Franchisee shall provide all assistance required by Franchisor to bring Franchisee's computer system on-line with Franchisor's computers at Franchisor's offices at the earliest possible time. Franchisee agrees that Franchisor shall have the free and unfettered right to retrieve, copy, store, and use any data, customer information and other information from Franchisee's computers as Franchisor, in its sole discretion, deems appropriate, with the telephonic cost of the retrieval to be borne by Franchisor, including electronically polling the daily sales, customer information and other data of the Center. All of the hardware and software specified to be installed or purchased, or activities Franchisee is to accomplish, and the delivery cost of all hardware and software, shall be at Franchisee's expense.

Franchisee shall: (1) use the proprietary software program prescribed by Franchisor, including system documentation manuals and other proprietary materials now and hereafter developed by Franchisor, in connection with the operation of the Center; (2) execute Franchisor's standard software license agreement; (3) input and maintain in Franchisee's computer such data and information as Franchisor prescribes in the Manuals, software programs, documentation or otherwise; and (4) purchase new, different or upgraded software programs, system documentation manuals and other proprietary materials at then-current prices (except as provided in this Section), whenever Franchisor adopts such new, different or upgraded programs, manuals and materials system-wide; provided that, with respect to any required purchase of new, different or upgraded software programs: (i) Franchisee shall be required to purchase any such program only after it has been tested and implemented in Franchisor-owned Centers, if any such Centers then exist, and (ii) Franchisee shall be notified of the required purchase no less than 90 days before Franchisee is required to implement the program. Franchisee shall purchase from a vendor other than Franchisor and install (or, at Franchisor's option, deliver to Franchisor for installation by Franchisor) such other software, including, without limitation, a financial accounting system, as Franchisor may specify from time to time in the Manuals or otherwise in writing. In the event Franchisor installs such software, Franchisee shall reimburse Franchisor for its reasonable costs and expenses incurred in connection with such installation.

Franchisee acknowledges that computer systems are designed to accommodate a finite amount of data and terminals, and that, as these limits are reached, or as technology or software is developed in the future, Franchisor may, in its sole discretion, mandate that Franchisee: (A) add memory, ports and other accessories or peripheral equipment or additional, new or substitute software to the original computer system purchased by Franchisee; and (B) replace or upgrade the entire computer system with a larger system capable of assuming and discharging the computer-related tasks and functions specified by Franchisor. Franchisee acknowledges that computer designs and functions change periodically and that Franchisor may desire to make substantial modifications to its computer specifications or to require installation of entirely different systems during the Term and any Renewal Term of this Agreement.

To ensure full operational efficiency and communication capability between Franchisor's computers and those of all Centers, Franchisee agrees, at its expense, to keep its computer systems in good maintenance and repair and to make additions, changes, modifications, substitutions and replacements to its computer hardware, software, telephone and power lines and other computer-related facilities as directed by Franchisor, and on the dates and within the times specified by Franchisor in its sole discretion. Upon termination or expiration of this Agreement, all computer software, disks, tapes and other magnetic storage media used in the Franchised Business shall be returned to Franchisor in good condition, excepting normal wear and tear.

Franchisee shall at all times maintain, separate from the computer system to be used in the Franchised Business, an e-mail address so as to permit communication between Franchisor and Franchisee over the Internet.

F. Upkeep of the Center. Franchisee shall, at its expense, constantly maintain and continuously operate the Center and all furniture, fixtures, equipment, furnishings, floor coverings, interior and exterior signage, the building interior and exterior, interior and exterior lighting, landscaping and parking lot surfaces in first-class condition and repair in accordance with the requirements specified in the Manuals, including all ongoing necessary remodeling, redecorating, refurbishing and repairs. Franchisee shall promptly and diligently perform all necessary maintenance, repairs and replacements to the Center and its premises as Franchisor may prescribe from time to time, including periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and decor.

Franchisee shall not make any material alterations to the Center or its premises that affect operations or the image of the Center without Franchisor's prior written approval. Franchisee acknowledges and agrees that the requirements of this Section are reasonable and necessary to promote public acceptance and patronage of Interstate All Battery Centers, to assist Franchisee to compete effectively in the marketplace, and to avoid deterioration or obsolescence of the operation of the Center.

G. Operation of the Center. During the Term and any Renewal Term of this Agreement, Franchisee shall use the approved site solely for the operation of the Center and shall maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate the Center at its maximum capacity and efficiency for the minimum number of days and hours set forth in the Manuals (subject to the requirements of local laws and licensing requirements).

Franchisee shall immediately resolve any customer complaints regarding the quality of products, service and/or cleanliness of the Center or any similar complaints. When any customer complaints cannot be immediately resolved, Franchisee shall use best efforts to resolve the customer complaints as soon as practicable and shall, whenever feasible, give the customer the benefit of the doubt. If Franchisor, in its sole discretion, determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if Franchisor, in its sole discretion, believes that Franchisee has failed adequately to address or resolve any customer complaints, Franchisor may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover Franchisor's reasonable costs and expenses in resolving the customer complaints, which amount Franchisee shall pay to Franchisor immediately on demand. Franchisor may require Franchisee to accept returns of warranted products purchased by customers at other Interstate All Battery Centers without reimbursement from Franchisor or from the Interstate All Battery Center which sold the product.

H. Customers. Except with Franchisor's prior written consent, Franchisee shall not sell or deliver any (i) product or service, including without limitation, Basic Products, Additional Products and Auxiliary Products, where such sale or delivery would be reasonably expected to introduce such products or services into commerce in a country other than the United States of America (including its territories and protectorates) (For purposes of this Section 16.H, among other things, the direct sale of any product or service by Franchisee or its agent to a customer or an agent thereof located outside of the United States of America shall be deemed to constitute a breach hereof), (ii) Additional Product outside of the Marketing Area, or (iii) Additional Product to any customer of Franchisor's affiliate's distributors (as further described in Section 1.B.(1) hereof), nor shall Franchisee (a) advertise any Authorized Product or the Center in any advertising medium (1) whose audience is located principally outside the border of the Marketing Area (as defined in the Summary Pages) or (2) where the intent or reasonably likely effect is to solicit customers located principally outside the border of the Marketing Area or (b) directly solicit customers within another System franchisee's Marketing Area for the sale of any Authorized Product or advertise any Authorized Product within another System franchisee's Marketing Area. Franchisee shall add all customers to whom it sells batteries in or from the Center to the customer list owned by Franchisor

and shall continually update the customer list as additional information concerning those customers is obtained. Franchisor may discuss with any customer or prospective customer of Franchisee, at any time, the possibility of that customer's becoming a National Customer (as that term is defined in Section 17), and may utilize in that regard information from whatever source derived, including information derived from Franchisee.

I. Recycling Program. Franchisee shall participate in Franchisor's recycling program as set forth in the Manuals and shall not participate in any other recycling program or otherwise purchase, acquire or accept possession of previously used batteries or other recyclable products (including, without limitation, any product containing lead or a lead-based component) without Franchisor's prior written consent. Franchisor may, in its discretion, require Franchisee to accept and to recycle batteries which Franchisee did not sell. Franchisee shall be responsible for the expense of operating the recycling program. Revenue received by Franchisee from the recycling program shall be included in Gross Sales.

J. Management and Personnel. The Center shall at all times be under the direct, on-premises supervision of a manager who has successfully completed Franchisor's management training program. If the Center employs at any time fewer than 2 managers who have successfully completed Franchisor's management training program, Franchisee shall hire a new manager within 60 days and enroll him in Franchisor's management training program. Franchisee (or, if Franchisee is owned by more than one individual, the Operating Principal) shall remain active in overseeing the operations of the Center. At all times after the Center opens, Franchisee shall have a dedicated sales person actively marketing the Franchised Business in the Marketing Area. Franchisee shall be solely responsible for all employment matters with respect to employees of the Center, including their hiring and the terms of their employment and compensation, and for the proper training of such employees in the operation of the Center.

K. Signs and Logos. Franchisee shall prominently display in and upon the land and buildings of the Center interior and exterior signs and logos using the name "Interstate All Battery Center," without any prefix or suffix, and/or other advertising signs and logos, of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time direct. Franchisee shall not display in or upon the Center any sign, logo or advertising media of any kind not approved by Franchisor. Except if otherwise directed by Franchisor, Franchisee shall identify and conduct the Franchised Business under the name "Interstate All Battery Center," without prefix or suffix.

L. Compliance with Laws and Good Business Practices. Franchisee shall secure and maintain in force in its name all required licenses, permits and certificates relating to the operation of the Center. Franchisee shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all laws and regulations governing or relating to immigration and discrimination, access by persons with disabilities, occupational hazards and health insurance, employment laws, including, without limitation, worker's compensation insurance, unemployment insurance, and the withholding and payment of federal and state income taxes, social security taxes and sales taxes. All advertising and promotion by Franchisee shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee shall, in all dealings with Franchisee's customers, suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice that may be injurious to the business of Franchisor, Interstate All Battery Centers or the goodwill associated with the Proprietary Marks.

Franchisee shall notify Franchisor in writing within 5 days: (1) after the commencement of any action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee, the Center or the Franchised Business; and (2) of any notice of violation of any law, ordinance or regulation relating to health, the environment or sanitation at the Center.

17. National Accounts.

The term “National Account” as used in this Agreement refers to agreements between Franchisor and certain customers (“National Customers”) pursuant to which Franchisor and participating franchisees agree to sell batteries and/or related products at specified rates (“National Account Rates”) or in accordance with certain delivery procedures or other services. Franchisor has sole discretion as to whether to designate a particular customer as a National Customer, when to execute a National Account agreement with a particular customer, the manner of negotiation of that agreement, and the terms and conditions of that agreement. Franchisee acknowledges and agrees that the availability of National Account Rates and services to National Customers enhances the value of the National Account agreements and inures to the benefit of Franchisee, other franchisees under the System, and Franchisor.

A. Election to Service National Accounts. Upon request by Franchisor, Franchisee shall notify Franchisor in writing whether or not Franchisee wishes and intends to service National Customers in its Marketing Area pursuant to National Account agreements which have been and may be negotiated by Franchisor. If Franchisee informs Franchisor that it will participate in Franchisor’s National Account program, Franchisee shall be obligated to participate in each and every National Account agreement signed by Franchisor under the terms of each agreement and for the duration of each agreement unless Franchisee terminates its participation as provided in Section 17.B.

B. Voluntary Termination of National Account Participation. Franchisee may terminate its participation in the National Account program by giving Franchisor at least 30 days’ prior written notice of its intention. Franchisee shall have no obligation to provide service under any National Account agreement signed after Franchisee gives notice of its intention to terminate participation in the National Account program. However, Franchisee must continue to honor each National Account agreement that was in effect before Franchisee terminated its participation until that agreement expires. If any National Account agreement does not have a defined term, Franchisee must continue to honor the agreement for a period of one year following the date on which Franchisee gives notice of its intention to terminate its participation in the National Accounts program.

C. Service of National Accounts by Franchisee. If Franchisee undertakes to service National Customers in its Marketing Area, Franchisee shall comply with all terms and conditions specified by Franchisor pertaining to the National Account agreements and with all rules and regulations specified by Franchisor pertaining to the National Account program.

D. Service of National Accounts by Franchisor. Service of National Customers by Franchisor or its designee in accordance with this Section 17.D. shall not be deemed to violate Section 1.B.

(1) If, at any time, Franchisee elects not to service National Accounts, or if Franchisee elects to service National Accounts but fails to satisfy the conditions and obligations of any National Account agreement, Franchisor may, in its sole discretion, service or authorize others to service the National Customers anywhere within Franchisee’s Marketing Area without providing any compensation to Franchisee.

(2) If Franchisee has elected to participate in the National Accounts program, but a National Customer prefers (or the agreement with the National Customer requires) centralized ordering, centralized shipping, centralized billing and account management, or specialized packaging or branding, Franchisor may service or authorize others to service such National Customers anywhere within Franchisee’s Marketing Area. If Franchisee is not in default and Franchisee agrees to and does provide the National Customer various services required by Franchisor, including, but not limited to, accepting batteries for recycling, Franchisor (or the designee who services the account in Franchisee’s Marketing Area) shall pay Franchisee, on a monthly basis, 5% of the dollar amount (if any) paid to Franchisor or its designee during the previous month for purchases of batteries and related products by a National

Customer to which delivery is made to a National Customer facility located in Franchisee's Marketing Area.

18. Proprietary Marks.

Franchisee's right to use the Proprietary Marks is limited to its use of the Proprietary Marks in the operation of the Franchised Business as expressly provided in this Agreement and the Manuals. Franchisee shall not use any of the Proprietary Marks except those which Franchisee is expressly authorized in the Manuals to use, and then only in the manner authorized in the Manuals. Franchisee shall display such decals or other identification as Franchisor may require on delivery vehicles used by Franchisee in the business franchised hereunder, but Franchisee shall not otherwise use the Proprietary Marks on any vehicles without Franchisor's prior written approval. Franchisee shall not otherwise use the Proprietary Marks, or any variations of the Proprietary Marks, or any marks or names confusingly similar to the Proprietary Marks, in any manner not authorized by Franchisor or in any corporate or partnership name, and shall not use any other trade names, service marks or trademarks in conjunction with the Center or the Franchised Business. If local laws or ordinances require that Franchisee file an affidavit of doing business under an assumed name or otherwise make a filing indicating that the Proprietary Marks are being used as a fictitious or assumed name, Franchisee shall include in such filing or application an indication that the filing is made "as a Franchisee of Interstate Battery Franchising & Development, Inc." Franchisor shall, from time to time, advise Franchisee as to which Proprietary Marks have been registered, and Franchisee shall use the symbol ® with all registered trademarks and the symbols ™ or ℠ with all pending registrations or other trademarks or service marks so as to protect same.

If Franchisor should elect to use a name other than "Interstate All Battery Center" to identify the retail stores operating under the System, Franchisor may select another name and notify Franchisee to change all or some items bearing the Proprietary Marks and the identification of the Center to the new name within a reasonable period of time (which shall not be less than 90 days) as determined by Franchisor, without any liability to Franchisee, and the System and this Agreement shall be deemed amended to substitute that name. Franchisee agrees that nothing in this Agreement gives it any right, title or interest in the Proprietary Marks (except the right to use the Proprietary Marks in accordance with the terms of this Agreement), that the Proprietary Marks are the sole property of Franchisor and its affiliates, that Franchisee shall not directly or indirectly contest the validity or ownership of the Proprietary Marks or Franchisor's right to license the Proprietary Marks, and that any and all uses by Franchisee of the Proprietary Marks and the goodwill arising therefrom shall inure exclusively to the benefit of Franchisor and its affiliates. Franchisee will not seek to register, reregister, assert claim to ownership of, license or allow others to use, or otherwise appropriate to itself any of the Proprietary Marks or any mark or name confusingly similar thereto, or the goodwill symbolized by any of the foregoing, except to the extent such action inures to the benefit of, and has the prior written approval of, Franchisor. Any unauthorized use of the Proprietary Marks by Franchisee or attempt by Franchisee, directly or indirectly, to register the Proprietary Marks in any jurisdiction shall constitute a breach of this Agreement and an infringement of Franchisor's rights in and to the Proprietary Marks.

Franchisee shall inform Franchisor promptly in writing as to any infringement of the Proprietary Marks of which it has knowledge. Franchisee shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement without first obtaining Franchisor's written approval. Franchisor shall have the right, but not the obligation, to bring such action or take such steps as it may deem advisable to prevent any such infringement and to join Franchisee as a party to any action in which Franchisor is or may be a party and as to which Franchisee is or would be a necessary or proper party. Franchisee also shall promptly notify Franchisor of any litigation (including administrative or arbitration proceedings) instituted against Franchisor or Franchisee relating to the Proprietary Marks. Franchisee shall execute any and all instruments and documents, render such other assistance and do any acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's

interests in the Proprietary Marks, including Franchisor's interests in litigation or proceeding before the U.S. Patent and Trademark Office or other tribunal relating to the Proprietary Marks.

19. Insurance.

A. Franchisee agrees to purchase and maintain in force, at its expense, throughout the term of this Agreement insurance policies of the kinds, and in the amounts, specified by Franchisor in the Manuals from time to time, including, without limitation, the following insurance, unless and to the extent that the Manuals shall provide for additional insurance or insurance in greater amounts:

(1) Comprehensive general liability insurance, including products liability, property damage, and personal injury coverage with a combined single limit of at least \$2,000,000;

(2) Worker's compensation, employer's liability and other insurance to meet statutory requirements;

(3) Fire, vandalism, theft, burglary and extended coverage insurance with primary and excess limits of not less than 100% replacement value of the Center and fixtures, equipment and inventory; and

(4) Automobile liability insurance for owned and non-owned business vehicles including personal injury, wrongful death and property damage with coverage of at least \$1,000,000 per occurrence.

B. Franchisee shall be responsible for all loss or damage arising from or related to Franchisee's conduct of the Franchised Business or its development and operation of the Center, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Center. Franchisor, and any other entity with an insurable interest designated by Franchisor, shall be an additional insured in such policies to the extent each has an insurable interest. All insurance policies shall be written by an insurance company or companies satisfactory to Franchisor, in compliance with the standards, specifications, coverages and limits set forth in the Manuals or otherwise provided to Franchisee in writing. Franchisor may reasonably increase the minimum coverage required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. Franchisee shall be given written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits.

C. No later than 30 days after Franchisee receives Franchisor's written acceptance of a site for the Center, and on each policy renewal date thereafter, Franchisee shall submit to Franchisor evidence of insurance for the Center meeting the requirements set forth in the Manuals and proof of payment therefor. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days' prior written notice to Franchisor. Upon request, Franchisee also shall provide to Franchisor copies of all or any policies and policy amendments and riders.

D. Franchisee acknowledges that no requirement for insurance contained in this Agreement constitutes advice or a representation by Franchisor that only such policies, in such amounts, are necessary to protect Franchisee from losses in connection with the Franchised Business. Maintenance of this insurance, and the performance by Franchisee of its obligations under this Section, shall not relieve Franchisee of liability under the indemnification provisions of this Agreement.

E. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as those requirements may be revised from time to time through the Manuals or otherwise in writing, Franchisor shall have the immediate right and authority, but not the obligation, to

procure such insurance and charge its cost to Franchisee. All out-of-pocket costs incurred by Franchisor in obtaining such insurance on behalf of Franchisee shall be reimbursed to Franchisor by Franchisee immediately upon its receipt of an invoice therefor.

20. Organization of Franchisee.

A. Representations. If Franchisee is a corporation, a limited liability company or a partnership, Franchisee makes the following representations and warranties: (1) it is duly organized and validly existing under the laws of the state of its formation; (2) it is qualified to do business in the state(s) in which the Territory is located; (3) execution of this Agreement and the development and operation of the Center are permitted by its governing documents; and (4) Franchisee's Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that the activities of Franchisee are limited exclusively to the development and operation of the Center and such other Centers (if any) as Franchisor may authorize Franchisee to develop and operate.

B. Governing Documents. If Franchisee is a corporation, Franchisee represents and warrants that copies of Franchisee's Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, have been furnished to Franchisor. If Franchisee is a limited liability company, Franchisee represents and warrants that copies of Franchisee's Articles of Organization, other governing documents and any amendments, including the resolution of the Members or Managers authorizing entry into and performance of this Agreement, have been furnished to Franchisor. If Franchisee is a partnership, Franchisee represents and warrants that copies of Franchisee's written partnership agreement, other governing documents and any amendments, have been furnished to Franchisor, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by Franchisee's written partnership agreement. When any of these governing documents are modified or changed, Franchisee shall provide copies to Franchisor promptly.

C. Ownership Interests. If Franchisee is a corporation, a limited liability company or a partnership, Franchisee represents and warrants that all interests in Franchisee are owned as set forth in the Summary Pages. In addition, if Franchisee is a corporation, Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If Franchisee is a limited liability company, Franchisee shall maintain a current list of all members (and the percentage membership interest of each member). If Franchisee is a partnership, Franchisee shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership of each owner). Franchisee shall comply with Section 22 prior to any change in ownership interests and shall execute and deliver to Franchisor addenda in the Summary Pages as changes occur in order to ensure the information contained in in the Summary Pages is true, accurate and complete at all times.

D. Guarantees. All of Franchisee's officers and directors and all holders of a legal or a beneficial interest in Franchisee of 10% or more ("10% Owners") shall jointly and severally guarantee Franchisee's performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee and Assumption of Franchisee's Obligations. If Franchisee, any officer or director of Franchisee, any 10% Owner, or any parent, subsidiary or affiliate of Franchisee holds any interest in one or more Interstate All Battery Center franchises, the party that owns that interest shall execute, concurrently with this Agreement, a cross-guarantee to Franchisor and its affiliates of the performance of all obligations of the franchisee under each such Interstate All Battery Center franchise agreement.

E. Operating Principal. Franchisee shall designate and retain an individual to serve as the Operating Principal. The Operating Principal as of the date of this Agreement is identified in the Summary Pages. The Operating Principal shall meet all of the following requirements:

(1) The Operating Principal shall, at a minimum, have full control over the day-to-day activities of the Center, including control over the standards of operation and financial performance.

(2) The Operating Principal shall devote full time and best efforts to supervising the development and operation of the Center and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility.

(3) The Operating Principal shall successfully complete Franchisor's management training program and any additional training required by Franchisor.

(4) Franchisor shall have approved the Operating Principal, and not have later withdrawn that approval.

If the Operating Principal no longer qualifies as such, Franchisee shall designate in writing to Franchisor another person to act as Operating Principal within 60 days, which designee shall meet all of the requirements of Section 20.E.

21. Transfers by Franchisor.

Franchisor shall have the absolute, unrestricted right, exercisable at any time, to transfer and assign this Agreement or all or any part of its rights and obligations under this Agreement to any person or legal entity whatsoever. Upon notification to Franchisee of assignment of this Agreement by Franchisor, Franchisee shall look solely to the assignee for performance of this Agreement. Franchisor shall remain liable for obligations to Franchisee incurred before the date of assignment, but Franchisor shall have no liability to Franchisee for subsequent performance hereunder.

22. Transfers by Franchisee.

A. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Franchisor has entered into this Agreement in reliance on Franchisee's (or its owners') business skill, financial capacity, personal character, experience and demonstrated or purported ability in developing and operating high quality retail store operations. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation or other legal entity which directly or indirectly controls Franchisee, shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in Franchisee, this Agreement, or the Center (collectively "Transfer") without the prior written consent of Franchisor. Franchisee may only transfer its interest in this Agreement along with its interest in the Center operated pursuant to this Agreement.

Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having the prior written consent of Franchisor shall be null and void and shall constitute a breach of this Agreement, for which Franchisor may terminate this Agreement without providing Franchisee an opportunity to cure the breach.

B. If Franchisee desires to transfer this Agreement and the Center, Franchisee shall advise Franchisor in writing of the proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, and submit a copy of all contracts and all other agreements or proposals, and all other information requested by Franchisor, relating to the proposed Transfer. If Franchisor does not exercise its right of first refusal pursuant to Section 22.F, the decision as to whether or not to approve a proposed Transfer shall be made by Franchisor in its sole discretion and shall take into account such factors as may be deemed relevant by Franchisor. These factors may include, but need not be limited to, the following:

(1) The proposed transferee (and, if the proposed transferee is other than an individual, such owners of an interest in the transferee as Franchisor may request) must demonstrate that it has extensive experience in high quality retail store operations of a character and complexity similar to Interstate All Battery Centers; meets Franchisor's managerial, operational, experience, quality, character and business standards for a franchisee; possesses a good character, business reputation and credit rating; has an organization whose management culture is compatible with Franchisor's management culture; and has adequate financial resources and working capital to meet Franchisee's obligations under this Agreement.

(2) The sales price shall not be so high, in Franchisor's reasonable judgment, as to jeopardize the ability of the transferee to develop, maintain, operate and promote the Center and meet financial obligations to Franchisor, third parties and creditors. Franchisor's decision with respect to a proposed Transfer shall not create any liability on the part of Franchisor: (A) to the transferee, if Franchisor approves the Transfer and the transferee experiences financial difficulties; or (B) to Franchisee or the proposed transferee, if Franchisor disapproves the Transfer pursuant to this Section 22 or for other legitimate business reasons. Franchisor, without any liability to Franchisee or the proposed transferee, has the right, in its sole discretion, to communicate and counsel with Franchisee and the proposed transferee regarding any aspect of the proposed Transfer.

(3) All of Franchisee's accrued monetary obligations to Franchisor and its affiliates (whether arising under this Agreement or otherwise) and all other outstanding obligations related to the Franchised Business (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) have been satisfied or, in the reasonable judgment of Franchisor, adequately provided for. Franchisor reserves the right to require that a reasonable sum of money be placed in escrow to ensure that all of these obligations are satisfied.

(4) Franchisee is not then in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor or its affiliates.

(5) Franchisee, all owners of an interest in Franchisee, and all guarantors of Franchisee's obligations shall execute a general release and covenant not to sue, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and their past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Franchisee and Franchisor or its affiliates and Franchisee's operation of the Franchised Business and of such other Interstate All Battery Centers as Franchisee may operate pursuant to other franchise agreements. Franchisor may require similar releases from the proposed transferee and its owners.

(6) Unless waived by Franchisor in its sole discretion, the transferee and employees of the transferee designated by Franchisor shall complete satisfactorily the training specified in Sections 14.A.-B.

C. If Franchisor approves a proposed Transfer, then before the Transfer becomes effective:

(1) The transferor shall pay Franchisor a nonrefundable Transfer fee of \$5,000 to compensate Franchisor for its costs and expenses, including legal and accounting expenses, in connection with review of the Transfer application, but such fee shall not be in compensation for any services Franchisor may provide to Franchisee related to identifying or evaluating the Center or Franchisee's assets or to otherwise facilitate the Transfer.

(2) Franchisee and the proposed transferee shall execute Franchisor's then-current standard form franchise agreement (or, if Franchisor is not then issuing new franchises, the form of most then-recently issued franchise agreement) for an initial and/or renewal term beginning on the date of

effectiveness of the Transfer. All of the transferee's officers, directors and 10% Owners shall execute guarantees of the type required by Section 20.D., and Franchisor shall release Franchisee's guarantors of all future obligations under their respective guarantees, except with respect to obligations incurred prior to the effective date of the Transfer and with respect to the performance of the covenants contained in Sections 23.C. and D. of this Agreement.

(3) The transferor shall remain liable for all obligations to Franchisor incurred before the effective date of the Transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence that liability.

D. If Franchisee is an individual or a partnership and desires to Transfer this Agreement to a corporation (or limited liability company) formed for the convenience of ownership, the requirements of Sections 22.A., B. and C. shall apply to such a Transfer; however, Franchisee will not be required to pay a Transfer fee. Franchisor's approval also will be conditioned on the following: (1) the corporation (or limited liability company) must be newly organized; (2) prior to the Transfer, Franchisor must receive a copy of the documents specified in Section 20.B. and the transferee shall comply with the remaining provisions of Section 20; and (3) Franchisee must own all voting securities of the corporation (or membership interests of the limited liability company) or, if Franchisee is owned by more than one individual, each person shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the Transfer.

E. If Franchisee or any 10% Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative or trustee must apply to Franchisor in writing within six months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this Section 22. In addition, if the deceased or incapacitated person is Franchisee or the Operating Principal, Franchisor shall have the right (but not the obligation) to take over operation of the Center until the Transfer is completed, and to charge a reasonable management fee for its services. For purposes of this Section 22.E., "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Sections 22.B. and 22.C. above, the executor may transfer the decedent's interest to another transferee that Franchisor has approved, subject to all the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 22.E. within a reasonable time after the date of death or appointment of a personal representative or trustee, Franchisor may terminate this Agreement under Section 24.A.

F. Franchisee shall not grant any security interest in this Agreement, the Franchised Business, the Center, the approved site, or related assets without Franchisor's prior written approval, which will not be unreasonably withheld. Franchisor's approval may be conditioned, in its sole discretion, on the written agreement of the secured party that, in the event of a default by Franchisee under any agreement related to the security interest, Franchisor shall have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of all sums then due to the secured party.

G. If any party holding any interest in Franchisee or in this Agreement receives a bona fide offer from a third party or otherwise desires to undertake any Transfer that would require Franchisor's approval (other than a Transfer for convenience of ownership pursuant to Section 22.D.), the party shall notify Franchisor in writing of the terms of the proposed Transfer, and shall provide such information and documentation relating to the proposed Transfer as Franchisor may reasonably require. Franchisor may elect to purchase the interest that the seller proposes to Transfer any time within 30 days after receipt of written notification and all documents and other information required by Section 22.B., by sending written notice to the seller that Franchisor intends to purchase the seller's interest on the same economic

terms and conditions offered by the third party (except that Franchisor shall not be obligated to pay any finder's or broker's fees). Franchisor shall have the right to conduct customary due diligence and to propose appropriate documentation for the transaction. In purchasing the interest, Franchisor shall be entitled to set off any monies owed to Franchisor by Franchisee. If the offer to Franchisee involves assets in addition to this Agreement and the Center, the seller's notice to Franchisor shall state the cash value of that portion of the offer received by the seller relating to this Agreement and the Center.

If the proposed Transfer provides for payment of consideration other than cash or if it involves intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties are unable to agree within 30 days on the reasonable cash equivalent of the non-cash part of the offer received by the seller, this amount shall be determined by 2 professionally certified appraisers, the seller selecting one and Franchisor selecting one. If the amounts set by the 2 appraisers differ by more than 10% of the higher amount, the 2 appraisers shall select a 3rd professionally certified appraiser who also shall determine the reasonable equivalent in cash of the non-cash part of the offer received by the seller. The average value set by the appraisers (whether 2 or 3 appraisers as the case may be) shall be conclusive, and Franchisor may exercise its right of first refusal within 30 days after being advised in writing of the decision of the appraisers. If, within a reasonable time, the seller fails to select a professionally certified appraiser, or the appraiser selected by the seller fails to set an amount, or the 2 appraisers do not agree on a 3rd third appraiser when such an appraiser is required, then in any of those events the amount determined by the appraiser selected by Franchisor shall be conclusive. In any case, the fees and costs of the appraiser or appraisers shall be borne equally by the parties.

Franchisor's failure to exercise its right of first refusal shall not constitute approval of the proposed Transfer nor a waiver of any other provision of this Section 22 with respect to a proposed Transfer. If Franchisor does not exercise its right of first refusal, Franchisee or the seller may not thereafter Transfer the interest at a lower price or on more favorable terms than those that have been offered to Franchisor. Franchisor shall again be given a right of first refusal if a transaction does not close within 6 months after Franchisor elected not to exercise its right of first refusal. In no event shall Franchisee or the seller offer the interest for sale or transfer at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign, through any advertisement, either in the newspapers or otherwise, without first having obtained the written approval of Franchisor to the auction or advertisement.

H. Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Franchisee. Franchisee also acknowledges that Franchisor's contact with potential transferees for the purpose of protecting its business interests shall not constitute improper or unlawful conduct. Franchisee expressly authorizes Franchisor to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable transactions. Franchisee waives any claim that action Franchisor takes in relation to a proposed transfer to protect its business interests constitutes tortious interference with contractual or business relationships.

I. Franchisor's consent to any Transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee, nor will it be deemed a waiver of Franchisor's right to give or withhold approval to future Transfers.

23. Covenants.

A. Best Efforts. During the term of this Agreement, Franchisee and the Operating Principal, if any, shall devote their best efforts to the development, management and operation of the Center.

B. Confidentiality. Franchisee acknowledges and agrees that: (1) Franchisor owns all right, title and interest in and to the System. Franchisee further acknowledges that the System includes trade secrets and confidential and proprietary information and know-how, including customer lists and customer information, that gives Franchisor a competitive advantage; (2) Franchisor has taken all measures appropriate to protect the trade secrets and the confidentiality of the proprietary information and know-how of the System; (3) all materials and other information now or hereafter provided or disclosed to Franchisee regarding the System is disclosed in confidence; (4) Franchisee has no right to disclose any part of the System to anyone who is not an employee of Franchisee; (5) Franchisee may disclose to its employees only those parts of the System that an employee needs to know because of the employee's job responsibilities; and (6) Franchisee will have a system in place to ensure that its employees keep confidential Franchisor's trade secrets and confidential and proprietary information, and, if requested by Franchisor, Franchisee shall obtain from those of its employees designated by Franchisor an executed Confidential Disclosure Agreement in the form prescribed by Franchisor. Franchisee further acknowledges that, by entering into this Agreement, Franchisee does not acquire any ownership interest in the System, and that Franchisee's use or duplication of the System or any part of the System in any other business or disclosure of same to others for such use would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

Franchisee shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Proprietary Marks or the System. Any and all information, knowledge, know-how and techniques, including the Manuals, and all drawings, materials, equipment, specifications, techniques and other data that Franchisor or its affiliates designates as confidential shall be deemed confidential for purposes of this Agreement.

C. Restrictions. Franchisee acknowledges and agrees that: (1) pursuant to this Agreement, Franchisee will have access to valuable trade secrets, customer lists and customer information, specialized training and confidential information from Franchisor and/or its affiliates regarding the development, operation, purchasing, sales and marketing methods, plans, strategies and techniques of Franchisor and the System; (2) the know-how regarding the System and the opportunities, associations and experience acquired by Franchisee pursuant to this Agreement are of substantial value; (3) in developing the System, Franchisor and its affiliates have made substantial investments of time, effort and money; (4) Franchisor would be unable adequately to protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable adequately to encourage a free exchange of ideas and information among the operators of Interstate All Battery Centers if franchisees were permitted to engage in the activity described in Section 23.C.(1) or to hold interests in the businesses described in Section 23.C.(2); and (5) restrictions on Franchisee's right to hold interests in, or perform services for, the businesses described in Section 23.C.(2) will not unduly limit its activities.

Accordingly, Franchisee covenants and agrees that during the Term of this Agreement, and for a continuous uninterrupted period of 2 years following its expiration, termination, or an approved Transfer to a new Franchisee, Franchisee shall not, without Franchisor's prior written consent, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, or other entity:

(1) Divert or attempt to divert any actual or prospective business or customer of the Center to any other person or entity, by direct or indirect inducement or otherwise.

(2) Hire, attempt to hire or induce any employee to leave the employment of Franchisor or any of Franchisor's affiliates, including but not limited to the following of Franchisor's affiliates: Retail Acquisition & Development, Inc. and All Battery Centers, Inc.

(3) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any business (a) that has batteries as a primary sales item (*i.e.*, a sales item that comprises at least 20% of monthly sales by dollar volume) or (b) that sells batteries and whose method of operation is similar to that employed in the System. During the Term, there is no geographical limitation on this restriction. Following the expiration of the Term, earlier termination of this Agreement, or an approved Transfer of this Agreement, this restriction shall apply to any business located (i) within the Marketing Area; (ii) at or within 3 miles of the Center; or (iii) within 3 miles of any then-existing Interstate All Battery Center, except as otherwise approved in writing by Franchisor.

If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the 2-year period following the expiration, termination or approved Transfer of this Agreement, Franchisee fails to comply with its obligations under this Section 23.C.(2), that period of non-compliance shall not be credited toward Franchisee's satisfaction of the 2-year obligation.

D. Applicability. The restrictions contained in this Section 23 shall apply to Franchisee and to all guarantors of Franchisee's obligations, and, with respect to guarantors, shall apply until 2 years after the earlier of (i) the expiration, termination or approved Transfer of this Agreement and (ii) the time when the guarantor ceases to be the Operating Principal or an officer, director, or a 10% Owner. At Franchisor's request, and unless otherwise prohibited by law, Franchisee shall obtain (and provide copies to Franchisor) covenants similar in substance to those contained in Sections 23.B and C, in a form prescribed by Franchisor from time to time in the Manuals, from all employees of Franchisee designated by Franchisor and from such family members of guarantors as may be designated by Franchisor, which covenants shall name Franchisor as a third-party beneficiary of the covenants with the independent right to enforce them. The restrictions contained in this Section 23 shall not apply to ownership of less than a 5% legal or beneficial ownership in the outstanding equity securities of any publicly held corporation. The existence of any claim Franchisee, the Operating Principal, any guarantor, Franchisee's officers, directors, or 10% Owners may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 23.

24. Termination.

A. Termination Without Cure Period. In addition to the grounds for termination stated elsewhere in this Agreement, Franchisor may terminate this Agreement, and the rights granted by this Agreement, upon written notice to Franchisee, without affording Franchisee an opportunity to cure, upon the occurrence of any of the following events:

(1) Franchisee ceases to continuously operate the Center for a period in excess of 5 consecutive days, unless the closing is due to force majeure or is approved in writing in advance by Franchisor.

(2) Franchisee is insolvent or is unable to pay its creditors; files a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against Franchisee a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization, which is not dismissed within 60 days of the filing; Franchisee makes an assignment for the benefit of creditors; or a receiver or trustee is appointed for Franchisee and not dismissed within 60 days of the appointment.

(3) Execution is levied against Franchisee's business or property; suit to foreclose any lien or mortgage against the premises or equipment of the Center is instituted against Franchisee and is not dismissed within 60 days; or the real or personal property of the Center is sold after levy thereupon by any sheriff, marshal or constable.

- (4) There is a breach of any obligation under Section 23.
- (5) Any Transfer that requires Franchisor's prior written approval occurs without Franchisee having obtained Franchisor's prior written approval.
- (6) Franchisor discovers that Franchisee made a material misrepresentation or omitted a material fact in the information that was furnished to Franchisor in connection with Franchisor's decision to enter into this Agreement.
- (7) Franchisee or any affiliate of Franchisee knowingly falsifies any report required to be furnished to Franchisor or its affiliates or makes any material misrepresentation in its dealings with any of them, whether under this Agreement or otherwise, or Franchisee fails to disclose any material facts to Franchisor.
- (8) Franchisee fails to open the Center within the time required by this Agreement.
- (9) Franchisor makes a reasonable determination that continued operation of the Center by Franchisee will result in an imminent danger to public health or safety.
- (10) Franchisee loses possession of the site of the Center. If the loss of possession is through no act, or failure to act, on Franchisee's part, Franchisee may relocate the Center (without paying any initial license fee or transfer fee) at its expense if: (1) Franchisor approves the new location; (2) Franchisee constructs and equips a Center at the new location in accordance with the then-current System standards and specifications; (3) a Center at the new location is open to the public for business within 6 months after the loss of possession of the original Center location; and (4) Franchisee reimburses Franchisor for all reasonable expenses actually incurred by Franchisor in connection with the acceptance of the new location.
- (11) Franchisee, the Operating Principal, any director or officer of Franchisee, or any 10% Owner is convicted of, or pleads no contest to, a felony charge; a crime involving moral turpitude; or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect the goodwill of Franchisor or the System.
- (12) There is a material breach of any representation or warranty by Franchisee set forth in Section 45.
- (13) Franchisee, the Operating Principal, or any 10% Owner remains in default beyond the applicable cure period (if any) under any other agreement with Franchisor or its affiliates, or Franchisee remains in default beyond the applicable cure period (if any) under any real estate lease, equipment lease, or financing instrument relating to the Center, or Franchisee remains in default beyond the applicable cure period (if any) with any vendor or supplier to the Center, or Franchisee fails to pay when due any taxes or assessments relating to the Center or its employees, unless Franchisee is actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization.
- (14) The software license agreement with Franchisor is terminated in accordance with the provisions of that agreement.
- (15) Franchisee receives 3 or more notices of default under Section 24.B. within a 12-month period.

(16) If, on the Effective Date, Franchisee or an affiliate of Franchisee is party to a Confidential Distributor Agreement with Interstate Batteries, Inc., an affiliate of Franchisor, and that agreement is terminated thereafter for any reason by any party.

(17) Franchisee sells or offers to sell any counterfeit product.

(18) Franchisee uses any of the Proprietary Marks in any manner not authorized by or under this Agreement, or engages in any conduct which in Franchisor's judgment is reasonably likely to cause injury to any of the Proprietary Marks or to the goodwill associated with them.

B. Termination Following Expiration of Cure Period.

(1) Franchisee will be in default under this Agreement for any failure to comply with any of its obligations under or pursuant to this Agreement, or to carry out the terms of this Agreement in good faith. Except for those events listed in Sections 24.A., B.(2) and C., Franchisee shall have 45 days after written notice of default from Franchisor within which to remedy the default and provide evidence of that remedy to Franchisor. If any such default is not cured within that time, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of that time, unless Franchisor notifies Franchisee otherwise in writing. Notwithstanding the foregoing, if in Franchisor's judgment the default cannot be corrected within 45 days, Franchisee shall have such additional time to correct the default as Franchisor may reasonably allow (not to exceed 105 days), provided that (a) Franchisee begins taking the actions necessary to correct the default during the 45 day cure period and diligently and in good faith pursues those actions to completion, and (b) before expiration of the 45 day cure period Franchisee has timely requested and received an extension of the cure period from Franchisor in writing.

(2) Notwithstanding the provisions of Section 24.B.(1), if Franchisee defaults in the payment of any monies owed to Franchisor or its affiliates when such monies become due and payable and Franchisee fails to pay such monies within 15 days after receiving written notice of default, then this Agreement will terminate effective immediately upon expiration of that time, unless Franchisor notifies Franchisee otherwise in writing.

C. Termination Following Inspection. Franchisor intends to conduct from time to time inspections of the Center to evaluate Franchisee's compliance with the System and this Agreement. Following each inspection, Franchisor will provide Franchisee an inspection report listing Franchisee's score on the inspection and those conditions at the Center that must be rectified. If Franchisee fails to achieve a passing score on an inspection, the inspection report shall constitute a notice of default. If Franchisee fails to achieve a passing score on the next inspection (which shall be conducted not sooner than 30 days after Franchisee's receipt of the inspection report for the prior inspection), Franchisor may terminate this Agreement, without opportunity to cure, by providing Franchisee written notice of termination along with the inspection report.

D. Termination by Franchisee. If Franchisee is not in default and Franchisor breaches a material provision of this Agreement, Franchisor shall have 45 days after written notice of default from Franchisee (or up to 105 days if, in Franchisor's judgment the default cannot be remedied within 45 days) within which to remedy the default and provide evidence of that remedy to Franchisee. If any such default is not cured within that time, Franchisee may terminate this Agreement. The termination shall be effective 10 days after Franchisor receives written notice of termination from Franchisee.

E. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

25. Obligations on Termination or Expiration.

Upon termination or expiration of this Agreement:

A. Franchisee shall immediately pay Franchisor and its affiliates all sums due and owing Franchisor or its affiliates pursuant to this Agreement and any other agreement to which Franchisee is a party.

B. Franchisee shall promptly return to Franchisor all copies of the Manuals and all other materials and information furnished by Franchisor, and shall promptly return to Franchisor, in good condition and repair excepting normal wear and tear, all computer software, disks, tapes and other magnetic storage media, used by Franchisee in the Franchised Business.

C. Franchisee and all persons subject to the covenants contained in Section 23 shall continue to abide by those covenants, pursuant to the terms set out therein, and shall not, directly or indirectly, take any action that violates those covenants.

D. Franchisee shall immediately discontinue all use of the Proprietary Marks and of any and all items bearing the Proprietary Marks; remove the Proprietary Marks from clothing, signs, materials, motor vehicles and other items owned or used by Franchisee; cancel all advertising that contains the Proprietary Marks (including web sites and telephone directory listings); assign to Franchisor or its designee all telephone numbers, domain names, and email addresses which have been used by the Franchised Business or the Center; and take such action as may be necessary to cancel any filings or registrations for the Franchised Business or the Center that contain any Proprietary Marks.

E. Franchisee shall promptly make such alterations and modifications to the Center as may be necessary to clearly distinguish to the public the facility from its former appearance and also make those specific additional changes as Franchisor may request for that purpose. If Franchisee fails to promptly make these alterations and modifications, Franchisor shall have the right to do so at Franchisee's expense without being guilty of trespass or other tort.

F. Upon termination of this Agreement by Franchisor due to an event of default of Franchisee, Franchisor may immediately instruct the telephone company to transfer use and control of the Center's telephone number(s) to Franchisor or its designee. Franchisee irrevocably constitutes and appoints Franchisor and its designees as Franchisee's agent and attorney-in-fact to effect the transfer of the Center's telephone number(s), including authority to execute and deliver on Franchisee's behalf any "Transfer of Service Agreement" the telephone company requires, and to revoke any call-forwarding or similar instructions Franchisee has given the telephone company. In connection therewith, Franchisee shall execute an Assignment of Telephone Number(s) in the form of Appendix J attached hereto. Franchisee shall have no liability to Franchisor on account of or arising from any action it authorizes or takes to effect the transfer of the Center's telephone number(s) in accordance with this Section 25.F. In addition, Franchisor shall be entitled to injunctive or similar relief, without bond, against Franchisee and any other person bound under Article 25 to enforce compliance with these requirements.

G. Franchisee shall furnish to Franchisor, within 30 days after the effective date of termination or expiration, evidence reasonably satisfactory to Franchisor of Franchisee's compliance with Sections 25.A. through 25.E.

H. After termination or expiration of this Agreement, Franchisee shall not, except with respect to a franchised Interstate All Battery Center which is then open and operating pursuant to an effective franchise agreement: (1) operate or do business under any name or in any manner that might tend to give the public the impression that Franchisee is connected in any way with Franchisor or has any right to use the System or the Proprietary Marks; or (2) make use or avail itself of any of the materials or information, deemed confidential or proprietary in nature, furnished or disclosed by Franchisor under this

Agreement, or disclose or reveal any such materials or information, deemed confidential or proprietary in nature, or any portion thereof to anyone else; or (3) assist anyone not licensed by Franchisor to construct or equip a retail store substantially similar to an Interstate All Battery Center.

26. Option to Purchase.

A. Upon the termination or expiration of this Agreement for any reason, Franchisor shall give written notice to Franchisee, within 30 days from the date of such termination or expiration, whether Franchisor intends to exercise the option to purchase from Franchisee some or all of the assets used in the Center (“Assets”), subject to agreement on price or Franchisor’s satisfaction with the Purchase Price determined as hereafter provided. As used in this Section 26, “Assets” shall mean and include, without limitation, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory (non-perishable products, materials and supplies) used in the Franchised Business. Franchisor shall have the unrestricted right to assign this option to purchase the Assets. Franchisor or its assignee shall be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to: (1) ownership, condition and title; (2) liens and encumbrances; (3) environmental and hazardous substances; and (4) validity of contracts and liabilities inuring to Franchisor or affecting the Assets, whether contingent or otherwise.

B. The purchase price for the Assets (“Purchase Price”) shall be their fair market value, determined as of the effective date of purchase in a manner that accounts for reasonable depreciation and condition of the Assets; provided, however, that the Purchase Price for the Assets shall not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of the Franchised Business nor any goodwill or “going concern” value for the Franchised Business. Franchisor may exclude from the Assets purchased in accordance with this Section any equipment, vehicles, furnishings, fixtures, signs, and inventory that are not approved as meeting then-current standards for an Interstate All Battery Center or for which Franchisee cannot deliver a Bill of Sale in a form satisfactory to Franchisor.

C. If Franchisor and Franchisee are unable to agree on the fair market value of the Assets within 30 days after Franchisee’s receipt of Franchisor’s notice of its intent to exercise its option to purchase the Assets, the fair market value shall be determined by 2 professionally certified appraisers, Franchisee selecting one and Franchisor selecting one. If the valuations set by the 2 appraisers differ by more than 10% of the higher amount, the 2 appraisers shall select a 3rd professionally certified appraiser who also shall appraise the fair market value of the Assets. The average value set by the appraisers (whether 2 or 3 appraisers as the case may be) shall be conclusive and shall be the Purchase Price. If, within a reasonable time, Franchisee fails to select a professionally certified appraiser, or the appraiser selected by Franchisee fails to set a value, or the 2 appraisers do not agree on a 3rd appraiser when such an appraiser is required, then in any of those events the value set by the appraiser selected by Franchisor shall be conclusive.

D. The appraisers shall be given full access to the Center and Franchisee’s books and records during customary business hours to conduct the appraisal, and shall value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section 26. The fees and costs of the appraiser or appraisers shall be borne equally by Franchisor and Franchisee.

E. Within 3 days after the Purchase Price has been determined, Franchisor may exercise its option to purchase the Assets by so notifying Franchisee. The Purchase Price shall be paid in cash or cash equivalents at the closing of the purchase (“Closing”), which shall take place no later than 60 days after Franchisor’s receipt of the valuations set by the appraisers. At the Closing, Franchisee shall deliver instruments transferring to Franchisor or its assignee: (1) good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor or its assignee), with all sales and other transfer taxes paid by Franchisee; (2) all licenses

and permits for the Franchised Business that may be assigned or transferred, with appropriate consents if required; and (3) the lease or sublease for the Center, with appropriate consents if required. If Franchisee cannot deliver clear title to all of the purchased Assets as indicated in this Section, or if there are other unresolved issues, the Closing shall be accomplished through an escrow.

F. Prior to Closing, Franchisee and Franchisor shall comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state in which the Center is located and the bulk sales provisions of any applicable tax laws and regulations. Franchisee shall, prior to or simultaneously with the Closing, pay all tax liabilities incurred in connection with the operation of the Center prior to Closing. Franchisor shall have the right to set off against and reduce the Purchase Price by any and all amounts owed by Franchisee to Franchisor and its affiliates, and the amount of any encumbrances or liens against the Assets or any obligations assumed by Franchisor.

G. If Franchisor or its assignee exercises the option to purchase, then Franchisee shall maintain in force all insurance policies required under this Agreement until the Closing. If the Center is leased, Franchisor agrees to use reasonable efforts to effect a termination of the existing lease for the Center. If the lease for the Center is assigned to Franchisor or if Franchisor subleases the Center from Franchisee, Franchisor shall indemnify and hold Franchisee harmless from any ongoing liability under the lease from the date Franchisor assumes possession of the Center. If Franchisee owns the Center, Franchisor, at its option, will either purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with Franchisee on terms comparable to those for which similar commercial properties in the area are then being leased. The initial term of this lease with Franchisee shall be at least 10 years and the rent shall be the fair market rental value of the Franchised Location. If Franchisee and Franchisor cannot agree on the fair market rental value of any Franchised Location, then the rental value shall be determined by an appraiser or appraisers selected and paid in the manner described in Sections 26.C. and D.

27. Relationship of the Parties.

This Agreement does not create a fiduciary or other special relationship between the parties. Franchisee is an independent contractor with entire control and direction of the development and operation of the Center, and the Franchised Business subject only to the conditions and covenants established by this Agreement. No agency, employment, or partnership is created or implied by the terms of this Agreement, and Franchisee is not and shall not hold itself out as agent, legal representative, partner, subsidiary, joint venturer or employee of Franchisor. Franchisee shall have no right or power to, and shall not, bind or obligate Franchisor in any way or manner, nor represent that Franchisee has any right to do so. Franchisee shall not issue any press releases without the prior written approval of Franchisor.

The sole relationship between Franchisee and Franchisor is a commercial, arms' length business relationship and, except as provided in Section 28, there are no third party beneficiaries to this Agreement. In all public records, in dealings with other persons, and on letterheads and business forms, Franchisee shall indicate its independent ownership of the Center and the Franchised Business and that Franchisee is solely a franchisee of Franchisor. Franchisee shall post a sign in a conspicuous location in the Center which will contain Franchisee's name and state that the Center is independently owned and operated by Franchisee under a franchise agreement with Franchisor.

28. Indemnification.

A. Franchisee and all guarantors of Franchisee's obligations under this Agreement (except as the guarantors' obligations are limited by the attached Guarantee) shall, at all times, indemnify, defend (with counsel selected by Franchisor and approved by Franchisee), and hold harmless (to the fullest extent permitted by law) Franchisor and its affiliates, and their respective successors, assigns, past and present directors, officers, employees, agents and representatives (collectively "Franchisor's Indemnitees") from

and against all “losses and expenses” (as defined below) incurred in connection with any action, suit, proceeding, claim, judgment or appeal thereof by or against Franchisor’s Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with Franchisee’s activities under or pursuant to this Agreement, unless such loss, liability or damage is solely due to the gross negligence or willful misconduct of Franchisor. Franchisee shall give Franchisor prompt notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Franchisee and, upon request, shall furnish Franchisor with copies of any documents pertaining to such matters as Franchisor may request.

At Franchisee’s expense and risk, Franchisor may elect to assume, by agreement with Franchisee (but under no circumstances will Franchisor be obligated to undertake), the defense and/or settlement of any action, suit, proceeding, claim, judgment or appeal thereof subject to this indemnification. Such an undertaking shall in no manner or form diminish Franchisee’s obligation to indemnify and hold harmless Franchisor.

B. As used in this Section, the phrase “losses and expenses” shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; settlement amounts; judgments; compensation for damages to Franchisor’s reputation and goodwill; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

29. Consents, Approvals and Waivers.

A. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor; and any such approval or consent, in order to be effective and binding upon Franchisor, must be obtained in writing.

B. Franchisor makes no warranties or guarantees upon which Franchisee may rely by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement, and assumes no liability or obligation to Franchisee therefor, or by reason of any denial of any request therefor. Franchisor shall not, by virtue of any approvals, advice or services provided to Franchisee, assume responsibility or liability to Franchisee or to any third parties to which Franchisor would not otherwise be subject.

C. No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of Franchisor’s right to demand exact compliance with any of the terms of this Agreement. A waiver by Franchisor of any particular default by Franchisee shall not affect or impair Franchisor’s rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants of this Agreement affect or impair Franchisor’s right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of the Term. Subsequent acceptance by Franchisor of any payments due it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

30. Notices.

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement, and: (A) if to Franchisee, is sent to Franchisee at the address, facsimile number or electronic mail address stated in the preamble to

this Agreement, or to such other address as may be set forth in the Summary Pages; and (B) if to Franchisor, is sent to Franchisor and Franchisor's Legal Department at the addresses set forth in the Summary Pages. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices shall be immediately effective upon: (1) receipt of personal delivery; (2) transmission by facsimile or electronic mail via Internet or Intranet to the number(s) or electronic mail address set forth in the Summary Pages with electronic confirmation of receipt; (3) mailing in the United States mail, postage prepaid, certified mail, return receipt requested; or (4) mailing via overnight courier. Notice transmitted by facsimile or electronic mail as provided in this Section 30 shall be deemed to be written notice for purposes of this Agreement.

31. Entire Agreement.

Franchisor and Franchisee acknowledge that each element of this Agreement is essential and material. This Agreement (including its attachments) constitutes the entire agreement between the parties concerning Franchisee's rights, and supersedes any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and in its attachments, except that nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Disclosure Document Franchisor provided to you. No obligations, restrictions or duties not explicitly provided for or set forth in, or that contradict or are inconsistent with the express terms of, this Agreement may be implied into this Agreement. Except for unilateral updates to the Manuals and Appendices A or B, or as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

32. Force Majeure.

As used in this Agreement, the term "force majeure" means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Franchisee's inability to obtain financing (regardless of the reason) shall not constitute force majeure.

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of force majeure, which cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such force majeure. The party whose performance is affected by an event of force majeure shall give prompt written notice of such force majeure event to the other party by setting forth the nature thereof and an estimate as to its duration.

33. Severability and Construction.

A. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which Franchisor is a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement, all of which will remain binding on the parties and continue to be given full force and effect.

B. Except as otherwise provided in Section 28, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee and such of their heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

C. Franchisee and Franchisor expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

D. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party who drafted this Agreement.

34. Effectiveness and Governing Law.

This Agreement shall become effective only upon its approval by Franchisor's Chief Executive Officer in Dallas, Texas. This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement, and any other claim or controversy between the parties, shall be governed by, interpreted and construed under, and determined pursuant to the laws of the State of Texas, without regard to Texas conflict of laws principles.

35. Arbitration.

A. Claims Subject to Arbitration. During the term of this Agreement, any claim or controversy between the parties hereto arising out of or related to this Agreement, the relationship between Franchisor and Franchisee, or Franchisee's operation of the franchised business shall be submitted to arbitration in accordance with Section 35.B. below, unless excepted from mandatory arbitration by Sections 35.C. or 35.D. below; and any claim or controversy subject to arbitration hereunder, except claims by Franchisor for payments owed by Franchisee under this Agreement, shall be barred unless arbitration is commenced within two years from the occurrence of the events or facts giving rise to the claim or controversy. Neither party shall be compelled to arbitrate any action or proceeding (1) commenced after the effective date of termination of this Agreement, or (2) commenced during the term of this Agreement but excepted under Sections 35.C. or 35.D. below.

B. Rules Applicable in Arbitration. Any arbitration between the parties shall be conducted pursuant to the then-prevailing Comprehensive Arbitration Rules and Procedures of J·A·M·S/ENDISPUTE or its successor ("JAMS"), except as such rules may be modified (to the extent permitted by federal law) by the following:

(1) Any demand for arbitration shall be filed with the office of JAMS in Dallas, Texas. Within 30 days of the filing of the demand, Franchisor and Franchisee shall each select one arbitrator. If either or both parties fail to select an arbitrator within that time period, then JAMS shall select such arbitrator(s). The two arbitrators selected by the parties shall jointly select a neutral third arbitrator. If the party-appointed arbitrators fail to select a neutral arbitrator within 30 days of the appointment of the second party-appointed arbitrator, the neutral arbitrator shall be selected by JAMS. The neutral third arbitrator shall be a retired federal or state district or state appellate judge. A party-selected arbitrator shall not be disqualified from service on the ground of bias or alleged bias. A party shall be free to communicate ex parte with the arbitrator selected by that party regarding any issue related to the arbitration. The arbitration shall be conducted in Dallas, Texas, at a location designated by Franchisor.

(2) The arbitrators shall follow law and judicial precedent. Notwithstanding the foregoing, the arbitrators shall not entertain or permit any class or consolidated proceeding. The arbitrators shall afford the parties such reasonable discovery as the arbitrators deem appropriate. Section 34 above shall apply in the arbitration proceeding; provided, however, that neither the Texas Arbitration Act nor Texas rules of arbitration shall apply in or to any arbitration proceeding governed by this Section 35.

(3) The neutral arbitrator's fees shall be borne equally by the parties. All other costs and expenses in connection with the arbitration shall be borne initially by the party who incurs such expense or who requests a service (such as, without limitation, a transcript of a deposition or of the arbitration proceeding). At the conclusion of the arbitration proceeding, all costs and expenses (including, without limitation, attorneys' and accountants' fees) of the prevailing party shall be reimbursed by the party that does not prevail; if a party prevails on some but not all issues, the arbitrators shall determine the manner in which such costs will be borne.

(4) The decision of a majority of the arbitrators shall be final and binding on the parties, and the arbitrators' award shall be the exclusive remedy between the parties with respect to all claims, counterclaims, disputes, and issues arising out of the transaction(s) or occurrence(s) at issue, whether or not presented or pled to the arbitrators, except claims of the kind described in Section 35.C. below. The arbitrators shall have no authority to award consequential, punitive or exemplary damages. Any award shall be paid promptly, without deduction or offset. Judgment upon the award may be entered by any court of competent jurisdiction. If the award is confirmed by a court of competent jurisdiction, a party challenging the award or resisting enforcement of a judgment entered upon the award shall pay, to the extent permitted by law, all reasonable costs, attorneys' fees, and expenses incurred by the other party in defending the award or seeking enforcement of the judgment.

(5) The decision of the arbitrators shall have no collateral estoppel effect with respect to a controversy with any person or entity who is not a party to the arbitration proceeding.

(6) Any issue regarding arbitrability or the enforcement of Section 35.A. above or this Section 35.B. shall be governed by the Federal Arbitration Act and the federal common law of arbitration.

(7) The parties and their counsel, agents, and employees shall at all times maintain all aspects of any arbitration proceeding conducted under this Section 35 in confidence, and shall make no disclosure of the same except as required by law or with the consent of the other party.

C. Claims Not Subject to Arbitration. The following claims, disputes, and actions shall not be subject to mandatory arbitration under Section 35.A. above: (1) any claim or dispute involving the propriety of any termination of this Agreement; (2) any claim or dispute involving actual or threatened disclosure or misuse of Franchisor's confidential information or trade secrets; (3) any claim or dispute involving the ownership, validity or use of the Proprietary Marks; (4) any action to enjoin a transfer alleged to be in violation of Section 22 of this Agreement; or (5) any action by Franchisor to enforce the non-competition restrictions set forth in Section 23.C. of this Agreement.

D. Availability of Injunctive Relief. Nothing in this Agreement shall impair Franchisor's right to obtain injunctive relief from a court against actual or threatened conduct that will cause it loss or damage, including claims of the type described in Section 35.C. above, according to the usual equity rules (including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions), together with such damages as Franchisor may have suffered as a result of such conduct; and Franchisee agrees to pay all costs, including without limitation reasonable attorneys' fees, incurred by Franchisor in the event that Franchisor is successful in obtaining such relief.

36. Forum.

Franchisee shall file any suit against Franchisor only in Dallas County, Texas, in the federal or state court having jurisdiction; and Franchisor hereby waives all questions of personal jurisdiction and venue for the purpose of carrying out this provision. Franchisor may file any suit against Franchisee (a) in Dallas County, Texas, in the federal or state court having jurisdiction, or (b) in any jurisdiction (i) where Franchisee resides or does business or (ii) where the Franchised Business is or was located or

(iii) where the claim arose; and Franchisee hereby waives all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

37. Limitations Period.

Except for claims by Franchisor for payments owed by Franchisee under this Agreement, any proceeding, claim or action (including one relating to the offer and sale of a franchise to Franchisee) arising from or related to this Agreement shall be barred unless commenced within two years from the occurrence of the events or facts giving rise to such proceeding, claim or action.

38. Waiver of Class Action or Proceeding.

Franchisee and Franchisor waive the right to bring, or be a class member in, any class action or class proceeding by either of them against the other.

39. Waiver of Jury Trial.

Franchisee and Franchisor waive trial by jury with respect to any action, proceeding or counterclaim brought by either of them against the other.

40. Waiver of Consequential, Punitive, and Exemplary Damages.

Franchisee and Franchisor waive any right to or claim for any consequential, punitive or exemplary damages against one another.

41. Remedies Not Exclusive.

Except as otherwise expressly provided in this Agreement, no right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

42. Injunctive Relief.

Franchisee recognizes that its failure to comply with the terms of this Agreement is likely to cause irreparable harm to Franchisor and the System. Therefore, Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, Franchisor shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance, without posting a bond. Any equitable remedies sought by Franchisor shall be in addition to, and not in lieu of, all remedies and rights that Franchisor otherwise may have arising under applicable law or by virtue of any breach of this Agreement by Franchisee.

43. Survival of Sections 35 Through 42.

The provisions of Sections 35 through 42, and all other provisions of this Agreement which by their terms or by implication survive the expiration or termination of this Agreement, shall survive the expiration or earlier termination of this Agreement, except as expressly provided otherwise in Section 37.

44. Miscellaneous.

A. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

B. Captions. All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

C. Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original.

D. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period shall automatically be extended to the next day that is not a Saturday, Sunday or national holiday.

45. Representations by Franchisee.

Franchisee represents, acknowledges and warrants to Franchisor, for now and all time, that:

A. This Agreement involves significant legal and business rights and risks. Franchisor does not guarantee Franchisee's success. Franchisee has read this Agreement and Franchisor's Franchise Disclosure Document in their entirety, conducted an independent investigation of the franchised business contemplated by this Agreement, has been thoroughly advised with regard to the terms and conditions of this Agreement by legal counsel or other advisors of Franchisee's choosing, recognizes that the nature of the business conducted by Interstate All Battery Centers may change over time, has had ample opportunity to investigate any and all representations made by or on behalf of Franchisor, and has had ample opportunity to consult with current and former Interstate All Battery Center franchisees (if any). The prospect for success of the business undertaken by Franchisee is speculative and depends to a material extent upon (among other things) Franchisee's personal commitment, capability and direct involvement in the day-to-day management of the business.

B. Franchisor makes no express or implied warranties or representations that Franchisee will achieve any degree of success in the conduct of the Franchised Business or in the development or operation of the Center, and Franchisee recognizes that its success depends ultimately on Franchisee's efforts and abilities and on other factors, including, but not limited to, market and other economic conditions, Franchisee's financial condition and competition.

C. All information which Franchisee has provided to Franchisor in connection with Franchisee's franchise application and Franchisor's grant of this Franchise is truthful and accurate.

D. The License Fee is not refundable.

E. Franchisor may change or modify the System from time to time, including the Manuals, and Franchisee will be required to make such expenditures as such changes or modifications in the System may require.

F. The persons signing this Agreement on behalf of Franchisee have full authority to enter into this Agreement and the other agreements contemplated by the parties. Execution of this Agreement or such other agreements by Franchisee does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, the terms of any other agreement with any other third party to which Franchisee or any person with an ownership interest in Franchisee is a party.

G. Franchisee acknowledges receipt of Franchisor's Franchise Disclosure Document at least 14 calendar days prior to the execution of this Agreement or the payment of any monies to Franchisor and that Franchisee received this Agreement in the form actually executed at least 7 calendar days prior to the date of its execution by Franchisee.

H. Franchisor assumes no liability or responsibility for: (1) evaluation of the soil of the Center site for hazardous substances; (2) inspection of any structure for asbestos or other toxic or hazardous materials; or (3) compliance with the Americans With Disabilities Act (“ADA”). It is Franchisee’s sole responsibility to obtain satisfactory evidence and/or assurances that the Center site and any structures thereon are free from environmental contamination and in compliance with the requirements of the ADA.

I. Franchisee shall not rely upon any opinions that may be expressed by Franchisor or any of its employees or agents regarding structural integrity, safety or construction procedures, building codes or ordinances or other matters properly within the responsibility of Franchisee and its architect. Franchisor’s construction representative’s duties are limited solely to ensuring that development plans and other requirements under this Agreement are met. Franchisor and its employees do not act as an architect or agent of Franchisee. Franchisor assumes no liability or responsibility for architectural or engineering plans or judgments outside the scope of the duties stated above. Franchisor’s final inspection and authorization to open the Center is not a representation or a warranty that the Center has been constructed in accordance with any architectural, engineering or legal standards for design or workmanship. It merely means that Franchisor is satisfied that the minimum requirements which Franchisor has established for consistency of design and layout have been met. Franchisee agrees that Franchisor’s final inspection and authorization to open the Center shall not impose any liability or responsibility on Franchisor.

J. Franchisee has not received from Franchisor or from anyone acting on its behalf any representation concerning Franchisee’s potential sales, expenses, income, profit or loss and has not received from Franchisor or anyone acting on its behalf any representation, other than those which may be contained in Franchisor’s Franchise Disclosure Document, as inducements to enter into this Agreement. No other franchisee of Franchisor with whom Franchisee may have spoken was acting on Franchisor’s behalf.

K. Even though this Agreement contains provisions requiring Franchisee to operate the Center and the Franchised Business in compliance with the System: (1) Franchisor does not have authority to control the day-to-day conduct and operation of Franchisee’s business or employment decisions; and (2) Franchisee and Franchisor do not intend for Franchisor to incur any liability to third parties in connection with or arising from any aspect of the System or Franchisee’s use of the System, whether or not in accordance with the requirements of the Manuals.

[signature page to follow]

The parties have duly executed, sealed and delivered this Agreement as of the day and year first above written.

FRANCHISOR:
Interstate Battery Franchising
& Development, Inc.

By: _____
Name/Title: Michael Tapp, President

FRANCHISEE:
{Franchisee Name}

By: _____
Name/Title: **Signor**

APPROVED:
Interstate Battery Franchising
& Development, Inc.

Date: _____
Dallas, Texas

By: _____
Name/Title: Michael Tapp, President

GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Interstate All Battery Center Franchise Agreement dated as of {Date} ("Agreement") by Interstate Battery Franchising & Development, Inc. ("Franchisor"), entered into with {Franchisee Name} ("Franchisee"), the undersigned ("Guarantors"), each of whom is an officer, director or a holder of a legal or beneficial interest in Franchisee of 10% or more, hereby personally and unconditionally: (1) guarantees to Franchisor, its affiliates, and their successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and any other agreements with Franchisor and its affiliates, including any promissory notes made by Franchisee in favor of Franchisor or its affiliates; and (2) agree personally to be bound by, and personally liable for the breach of, each and every provision of the Agreement binding upon Franchisee, including, without limitation, the provisions of Sections 22, 23 and 25, and 34-42. Notwithstanding the above and foregoing, the undersigned Guarantors shall not be liable for exemplary and punitive damages or for lost profits and in no event shall any individual Guarantor's total liability hereunder exceed \$1,000,000; provided, however that such limitation on total liability shall not apply to any claims or liability relating to or arising out of Franchisee's indemnification obligations contained in Section 28 of the Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he may have to require that an action be brought against Franchisee or any other person as a condition of his own liability; and (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his direct and immediate liability under this guarantee shall be joint and several; (ii) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Franchisee to Franchisor under the Agreement or other agreements with Franchisor and its affiliates. In addition, if any of the undersigned ceases to be an officer or director of Franchisee or to own any interest in Franchisee prior to termination or expiration of the Agreement, that person agrees that his obligations under this guarantee with respect to the performance of the covenants contained in Section 23.C. shall remain in force and effect for an uninterrupted and continuous period of 1 year after he ceases to own an interest in Franchisee.

Each of the undersigned has hereunto affixed his signature, under seal, as of the Effective Date of the Agreement.

GUARANTOR(S):

Date: _____

Date: _____

APPENDIX A

Dated: {Date}

DEFINITIONS OF CERTAIN TERMS WITH SELECTED REFERENCES TO THE FRANCHISE AGREEMENT

Basic Products (Section 16.B.). Those products that are generally described by Franchisor as “All Battery Products,” as further described in the Manuals. Basic Products includes such batteries as alkaline, household electronics, hearing aid, dry cell, security system, camera, laptop and cell phone batteries.

Additional Products (Section 16.B.). Those products that are generally described by Franchisor’s affiliate Interstate Batteries, Inc. as “1090NT Products,” as further described in the Manuals. Additional Products includes such batteries as original and replacement electric storage batteries for automotive, motorcycle, marine, golf cart and other equipment and/or machinery uses.

Auxiliary Products (Section 16.B.). Battery products supplied by vendors or sources other than Franchisor or its affiliates, as further described in the Manuals.

APPENDIX B

Dated: {Date}

MAPS

APPENDIX C

{Date}

{Franchisee Name}
{Address}

Re: Expansion of Marketing Area to {Distributor Name} CDA Territory
Franchisee: {Franchisee Name}
Franchisor: Interstate Battery Franchising & Development, Inc.

LETTER AGREEMENT

Dear _____:

Please read the following recitals and terms and conditions and indicate your agreement by signing below. Upon execution by you, Interstate Battery Franchising and Development, Inc. (“Franchisor”) will temporarily expand {Franchisee Name}’s (“Franchisee”) “Marketing Area” as defined in the Summary Pages and Appendix B of the Interstate All Battery Franchise Agreement between Franchisor and Franchisee (“Franchise Agreement”) to include all Zip Codes and territory contained in the “CDA Territory” as defined in the Summary Pages of the Franchise Agreement.

History

On {CDA Date}, {Distributor Corp Name} (as “IBS of {Distributor Name}”), an affiliate of Franchisee, entered into a Confidential Distributor Agreement (“Distributor Agreement”) with Interstate Batteries, Inc. (“IBI”), an affiliate of Franchisor.

On {Date}, Franchisee entered into the Franchise Agreement with Franchisor for a franchise located at {Address}. The Summary Pages of the Franchise Agreement references the CDA Territory as coextensive with the Primary Area as defined in the Distributor Agreement.

In consideration of Franchisee’s request for the ability to utilize all sales opportunities available to Franchisee in the CDA Territory, Franchisor agrees to afford Franchisee all benefits associated with the expansion of the Franchisee’s Marketing Area to the size of the CDA Territory subject to the below terms and conditions.

Agreement

1. This Letter Agreement (this “Agreement”) memorializes the agreement between Franchisee and Franchisor whereby Franchisor grants Franchisee a temporarily expanded Marketing Area equal to the CDA Territory as defined in the Summary Pages of the Franchise Agreement. Specifically, Franchisee may conduct marketing and telesales into the temporarily expanded Marketing Area (“Expanded Marketing Area”) as is allowed pursuant to the terms of the Franchise Agreement. The Expanded Marketing Area includes all Zip Codes contained within Franchisee’s Marketing Area in addition to the following Zip Codes to the extent they are within the boundary of the CDA Territory:

2. In consideration of the grant of the Expanded Marketing Area by Franchisor, Franchisee agrees to pay Franchisor for the transfer of additional telesales accounts contained in the Expanded Marketing Area. Accordingly and subject to the immediately succeeding sentence, the telesales fees now owed pursuant to the Summary Pages of the Franchise Agreement (inclusive of Existing Account Fees owed under the Summary Pages of the Franchise Agreement) are as follows: Cumulative Existing Account Fee = \$_____. Upon Franchisor's installation of a computer system at Franchisee's site pursuant to an Interstate All Battery Center Software License Agreement, Franchisor shall calculate the actual value of the additional telesales accounts transferred prior to such installation and shall adjust the Existing Account Fee accordingly. Franchisee shall promptly pay any increase in the Existing Account Fee, and Franchisor shall promptly refund any decrease in the Existing Account Fee, resulting from the adjustment.

3. If Franchisor decides at its sole discretion that there is a need for an additional Interstate All Battery Center location(s) within the CDA Territory, Franchisor may at its sole discretion: (a) terminate the Expanded Marketing Area and reinstate the "Marketing Area" as defined in the Summary Pages and B-1 of the Franchise Agreement; or (b) alter the Expanded Marketing Area to exclude certain Zip Codes ("Excluded Zip Codes") that may be contained in the Marketing Area associated with such additional Interstate All Battery Center location(s). The Expanded Marketing Area may also be reduced in Franchisor's sole discretion if an Interstate All Battery Center is located adjacent to the CDA Territory. Such reduction or termination of the Expanded Marketing Area will take effect immediately upon the opening of the additional Interstate All Battery Center location(s). Further, prior to the opening of additional Interstate All Battery Center location(s), Franchisee may be required at Franchisor's sole discretion to turn over to Franchisor all telesales accounts with their primary contact originating within the Excluded Zip Codes ("Excluded Accounts"). Excluded Accounts will be defined and determined solely at the discretion of Franchisor. Franchisor will pay Franchisee for the transferred Excluded Accounts at the same rate of calculation which Franchisee paid to Franchisor for telesales accounts pursuant to the Franchise Agreement within 30 days of transfer to Franchisor.

4. In addition to, and not in lieu of, Franchisor's right to terminate the Franchise Agreement and any other rights and remedies available to Franchisor at law or in equity, Franchisor reserves the right to reduce or terminate the Expanded Marketing Area immediately upon notice to Franchisee if Franchisee fails to fully comply with all terms and provisions of the Franchise Agreement.

5. Franchisee expressly waives any financing offered by Franchisor by way of a Promissory Note or other instrument.

6. Except as stated above, this Agreement in no way expands or modifies any grant, rights, terms or provisions contained in the Franchise Agreement. Any capitalized terms used but not defined in this Agreement shall have the meaning assigned to such terms in the Franchise Agreement.

7. If this Agreement accurately reflects your understanding of our agreement, please sign where indicated below. If the above does not reflect your understanding, please contact me immediately so we can discuss this matter and get any outstanding issues resolved.

Yours truly,

Interstate Battery Franchising & Development, Inc.

By: _____
Name/Title: Michael Tapp, President

Agreed by:

{Franchisee Name}

By: _____
Name/Title: **Signor**

Date: _____

APPENDIX D

DISTRIBUTOR ADDENDUM TO FRANCHISE AGREEMENT

This Distributor Addendum (“Distributor Addendum”) to the Franchise Agreement dated **{Date}** (the “Agreement”) between Interstate Battery Franchising & Development, Inc. (“Franchisor”) and **{Franchisee Name}** (“Franchisee”) is entered into as of **{Date}** (the “Effective Date”), and contains modifications and additions to the terms and conditions of the Agreement. Any capitalized terms used but not defined in this Distributor Addendum shall have the meanings assigned in the Agreement. To the extent of any contradiction or inconsistency between the Agreement and this Distributor Addendum, the provisions of this Distributor Addendum will control. Notwithstanding the terms and conditions of the Agreement to the contrary, Franchisor and Franchisee hereby agree as follows:

WHEREAS, on **{CDA Date}**, Franchisor’s affiliate, Interstate Batteries, Inc. (“IBI”), and **{Distributor Corp Name}**, Franchisee’s affiliate, executed a Confidential Distributor Agreement pursuant to which Franchisee distributes Interstate Batteries and operates a warehouse located at **{Address}**, (the “Distribution Premises”).

WHEREAS, Franchisor and Franchisee have, contemporaneous with the execution of this Distributor Addendum, executed the Agreement; and

WHEREAS, Franchisor and Franchisee desire to amend the terms of the Agreement as set forth below in this Distributor Addendum.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below and in the Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Approved Suppliers**. Section 16.D of the Agreement shall be amended by the addition of the following language at the conclusion thereof:

Notwithstanding the above, Franchisee shall purchase all Additional Products that Franchisee or its affiliate (as determined by Franchisor) sells or delivers into the primary area of responsibility of another distributor of Franchisor or its affiliate (or such other geographic area in which Franchisor or its affiliates have granted exclusive rights or assigned responsibilities to such distributor(s)), from such other distributor of Franchisor or its affiliate.

2. **Termination**. Section 24.B(2) of the Agreement is hereby deleted and replaced with the following:

(2) Notwithstanding the provisions of Section 24.B(1), if Franchisee defaults in the payment of any monies owed to Franchisor or its affiliates (whether owed under or in connection with this Agreement, a promissory note, a Confidential Distributor Agreement or other agreement of any kind) when such monies become due and payable and Franchisee fails to pay such monies within 15 days after receiving written notice of default, then this Agreement will terminate effective immediately upon expiration of that time, unless Franchisor notifies Franchisee otherwise in writing.

3. **Agreement Remains In Force.** Except as expressly modified by this Distributor Addendum, the Agreement remains unmodified and in full force and effect.

The parties have duly executed, sealed and delivered this Distributor Addendum as of the Effective Date as set forth above.

Interstate Battery Franchising & Development, Inc.

By: _____
Name/Title: Michael Tapp, President

FRANCHISEE:

{Franchisee Name}

By: _____
Name/Title: **Signor**

APPENDIX E

Dated: {Date}

**INTERSTATE ALL BATTERY CENTER
STORE SYSTEM/TECHNOLOGY AGREEMENT**

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Schedule A – Specified Site

**INTERSTATE ALL BATTERY CENTER
STORE SYSTEM/TECHNOLOGY AGREEMENT**

THIS STORE SYSTEM/TECHNOLOGY AGREEMENT (“Agreement”) is made on **{Date}** (“Effective Date”), by and between Interstate Battery Franchising & Development, Inc. a Delaware corporation, with its principal place of business at 4301 121st Street, Urbandale, IA 50323 (“IBFAD”), and **{Franchisee Name}**, a **{State of Inc}** corporation, with its principal place of business at **{Address}** (“Licensee”).

RECITALS:

A. IBFAD and Licensee have entered into a Franchise Agreement dated **{Date}** (“the Franchise Agreement”) pursuant to which Licensee has been granted the right to develop and operate an Interstate All Battery Center (the “Center”).

B. IBFAD has, by virtue of license, assignment or authorship, the right to distribute, to use and to license others to use certain proprietary software in the operation of Interstate All Battery Centers (the “Software”). The Software is highly customized to Interstate All Battery Centers and, among other things, records and processes sales data, accounts receivable, inventory data, financial information and new and updated customer profiles.

C. IBFAD has identified such other technology that it expects will improve the operations of the Interstate All Battery Centers.

D. Licensee requires use of the Software and such other technology in order to operate the Center.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant and Term.

A. Grant. IBFAD hereby grants to Licensee, and Licensee hereby accepts, a non-exclusive license to use the Software solely in conjunction with the operation by Licensee of the Center and solely for installation at the location now specified in, or later added to, Schedule A hereto (“Specified Site”). Licensee may use and IBFAD will install, in accordance with this Agreement, the Software at each computer terminal at the Specified Site. IBFAD shall provide Licensee one copy of the documentation manuals for the Software.

B. Term. The term of this license shall be co-extensive with the term of the Franchise Agreement. In the event that this Agreement is terminated by either party, for cause or otherwise, the Software license will immediately terminate and Licensee shall immediately return all Software. Licensee shall be required to purge and destroy all confidential and/or proprietary information owned by or assigned to IBFAD or its affiliates. Further, IBFAD shall have the right, at its sole discretion, to repurchase any Hardware originally purchased by Licensee from IBFAD. Such repurchase by IBFAD will be made at fair market value, as determined on the date of termination.

2. Site License Fee.

Licensee shall pay IBFAD a one-time site license fee of \$13,000 (the “Site License Fee”). The Site License Fee is due upon delivery of the Computer System (defined in Section 4 of this Agreement) to

the Specified Site. The Site License Fee is applied to each Specified Site for use by Licensee of no more than 6 hardware devices. To the extent Licensee requires or requests use of the Software for more than 6 hardware devices at a Specified Site, Licensee shall pay IBFAD a one-time additional \$500 for each additional hardware device in excess of 6 used at a Specified Site.

3. Ownership.

Licensee understands, acknowledges and agrees that Licensee neither receives nor acquires any rights in the Software other than the right to use the Software pursuant to this Agreement.

4. Hardware and Computer System.

A. Licensee Obligations. Pursuant to the Franchise Agreement, Licensee will purchase the hardware in which the Software is to be installed (“Hardware”) from IBFAD. IBFAD will, for each computer terminal at the Specified Site, configure the Hardware with the Software (the configured Hardware will be referred to as the “Computer System”) before installing the Computer System at the Specified Site.

B. Installation. IBFAD or IBFAD’s designee shall install the Computer System at the Specified Site and shall test the Computer System to ensure that the Computer System is in proper operating order. IBFAD shall not charge a separate fee for this installation and test.

5. Network Services.

A. Licensee shall execute a Network Services Agreement with a Network Service Provider designated by IBFAD. IBFAD, at its sole discretion, shall endeavor to designate and engage a nationally recognized Network Service Provider employing commercially reasonable rates that Licensee will be obliged to use for its network connectivity needs. In the event IBFAD does not designate a Network Service Provider, Licensee, with prior approval from IBFAD, shall engage a network provider to provide its network connectivity services.

B. Licensee shall strictly adhere to all the provisions of the Network Services Agreement.

C. In the event IBFAD designates and engages a Network Service Provider, IBFAD will invoice Licensee monthly for Licensee’s network connectivity costs.

D. IBFAD reserves to right to modify the content of this paragraph, including, but not limited to the selection of a network service provider and the manner in which IBFAD charges and invoices the network services.

6. Payment Processing Services.

A. Licensee shall execute a Payment Processing Services Agreement (“Processing Agreement”) with a payment processing provider (“Payment Processor”) designated by IBFAD. IBFAD, at its sole discretion, shall endeavor to designate a nationally recognized Payment Processor employing commercially reasonable rates that Licensee will be obliged to use for its payment processing services. In the event IBFAD does not designate a Payment Processor, Licensee, with prior approval from IBFAD, shall engage a Payment Processor.

B. Licensee shall strictly adhere to all the provisions of the Processing Agreement, including, but not limited to, compliance with the data security standards adopted by the PCI Security Standards Council, LLC, and all other applicable laws and regulations.

C. Licensee agrees to indemnify IBFAD and its affiliates, officers, directors, employees, and agents from any losses, liabilities, and damages of any and every kind (including, without limitation, your costs, expenses and reasonable attorneys' fees) arising out of any claim or complaint resulting from any breach of the Processing Agreement.

D. IBFAD reserves to right to modify the content of this paragraph, including, but not limited to the selection of the Payment Processor.

7. Maintenance, Support and Upgrades.

A. Licensee Obligations. Licensee shall be responsible for maintaining the Computer System in proper operating condition in compliance with the specifications in the Franchise Agreement and in the Manuals provided to Licensee pursuant to the Franchise Agreement, and for instituting and following proper security procedures to protect the Computer System from damage or deterioration. From time to time, IBFAD may develop or acquire upgrades, modifications, new releases, or other improvements to the Software and Licensee shall be obligated to use the updated Software which IBFAD designates for use by, and provides to, Licensee immediately thereafter.

B. Software Maintenance Fee.

(1) Licensee shall pay IBFAD an annual fee of \$1,200 for maintenance, support and upgrades to the Software ("Software Maintenance Fee"). The Software Maintenance Fee shall be payable in advance and is due on January 1 of each year. To extent Licensee utilizes more than 6 hardware devices at a Specified Site, Licensee shall pay, in addition to the Software Maintenance Fee described above, an additional annual fee of \$500 for each hardware device in excess of 6 that is used at a Specified Site. IBFAD reserves the right to make modification to the Software Maintenance Fee upon 30 days written notice.

(2) Provided that Licensee has paid the required Software Maintenance Fee, IBFAD shall provide and install all updates to the Software, as needed (which installation may be accomplished via remote communication or on-site methods).

C. Help Desk & Hardware Maintenance Services.

(1) IBFAD Obligations. IBFAD shall provide Help Desk & Hardware Maintenance Services for all licensees that are current on their Help Desk Fee, as described in C.2. Licensee will be able to access the Help Desk & Hardware Maintenance Services by calling the designated U.S. toll free telephone number. IBFAD Help Desk representatives will provide Help Desk & Hardware Maintenance Services primarily in English; IBFAD will, however, strive to have Spanish speaking representatives available on a limited basis. Further, IBFAD will endeavor to make the Help Desk & Hardware Maintenance Support Services accessible 24 hours per day/7 days per week year-round. IBFAD, however, shall have the right, in its sole discretion and without prior notice, to modify the Help Desk & Hardware Maintenance Support Services hours.

(2) Licensee shall pay IBFAD a monthly fee of \$160 for the Help Desk & Hardware Maintenance Services ("Help Desk Fee"). The Help Desk Fee shall be payable in advance and is due on the 1st day of each month during the term of the Agreement.

a. Provided that Licensee is not in arrears with respect to the Help Desk Fee, IBFAD, through its Help Desk & Hardware Maintenance Services personnel, shall (i) provide Licensee with assistance involving software issues; (ii) provide Licensee with

assistance involving hardware maintenance issues; and (iii) provide Licensee with assistance involving network connectivity issues, if IBFAD has designated and engaged a Network Service Provider.

b. Licensee shall be assisted with hardware maintenance issues by IBFAD's designated service provider ("Hardware Servicer"). To the extent Hardware Servicer determines that Licensee requires a replacement device, Hardware Servicer will provide Licensee with replacement Hardware using expedited. Licensee is required to uninstall the faulty equipment and return the faulty equipment to Hardware Servicer using postage-paid label included in the replacement shipment. Any expense incurred to install the replacement Hardware is borne completely by Licensee.

(3) The Help Desk Fee shall entitle Licensee, during the first 3 months after installation (the "Initial Period"), to receive assistance for up to 15 support incidents at no additional charge. During the Initial Period, should Licensee utilize the Help Desk Services for more than 15 support incidents, Licensee shall be billed \$25 for each support incident in excess of 15 reported to the Help Desk.

(4) After the Initial Period, the Help Desk Fee shall entitle Licensee to 4 support incidents each month at no additional charge. To the extent Licensee utilizes the Help Desk Services for more than 4 support incidents during a month, Licensee shall be billed \$25 for each support incident in excess of four (4) reported to the Help Desk.

(5) A support incident represents one or more related events affecting the operability of the Software, Network or Hardware. The determination as to whether multiple events represent one or more incidents shall be made at IBFAD's sole discretion.

(6) IBFAD reserves the right to make modifications to the Help Desk Fee, upon 30 day written notice.

D. Additional Support. Licensee may obtain such additional computer support as IBFAD may offer, if any, at the fees as then prescribed at the sole discretion of IBFAD.

8. Taxes.

A. IBFAD shall provide a table of applicable tax rates as produced by IBFAD's designee for use by Licensee for the sale of products from Licensee's franchise. IBFAD shall endeavor to ensure the tax rates are in accordance with the state and local rates promulgated by the respective state, county and municipal governing bodies.

B. Licensee assumes full responsibility for compliance with all state and local tax obligations. IBFAD makes no warranty, express or implied, as to the accuracy of the tax rates provided to Licensee.

C. Any federal, state, or municipal taxes or duties levied against items sold, leased, conveyed or otherwise transferred to Licensee by IBFAD or IBFAD's designees or imposed on transactions between Licensee and IBFAD or IBFAD's designees as a result of this Agreement will be fully borne by the Licensee.

9. Confidentiality.

A. Proprietary Information. IBFAD represents and Licensee acknowledges that the Software and documentation manuals incorporate confidential and proprietary information and trade secrets owned by IBFAD and its affiliates. Further, IBFAD represents and Licensee acknowledges that Licensee will receive certain other confidential and proprietary information owned by IBFAD, its affiliates, its business partners and/or other such designees. Licensee accordingly agrees that it will not, directly or indirectly, do any of the following at any time, during or after the term of this Agreement, without IBFAD's prior written permission: (a) copy, modify, disclose or distribute the Software, documentation manuals, or other such confidential and proprietary information (electronically or otherwise); (b) reverse engineer, decompile, decrypt, or disassemble the Software or attempt to do so; or (c) transfer, rent, lease, lend or sublicense the Software or documentation manuals to anyone for any purpose.

B. Personal Information. Licensee shall implement and maintain commercially reasonable (taking into account the nature of the information) legal, organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality of Personal Information in its possession and to prevent unauthorized access, use, duplication, modification and destruction of any Personal Information in its possession. With respect to any Personal Information in its possession, Licensee shall comply with all applicable laws governing use, protection, and disclosure of Personal Information. "Personal Information" means information by which specific individuals can be identified or information or relating to an identified or identifiable natural person (including, without limitation, names, addresses, credit card numbers, account numbers, specific items ordered, and also denominations and quantities ordered by customers and aggregate customer and/or product information if any individual person can be identified from such information) that Licensee obtains through operation of the Center.

10. Access to Data.

Licensee understands, acknowledges and agrees that IBFAD acquires and retains the sole right to any and all data obtained by Licensee involving the operation of the Center. Licensee agrees that IBFAD shall have the free and unfettered right to retrieve any data, customer information and other information from Licensee's computers as IBFAD, in its sole discretion, deems appropriate, including electronically polling the daily sales, computer information and other data of the Center. IBFAD will bear the telephonic cost of the retrieval; provided, however, that the costs of installing and maintaining the necessary dedicated telephone or data lines and service to the Specified Site shall be borne by Licensee. Licensee must backup all data on the Computer System daily and comply with any and all other operational requirements of the Franchise Agreement and the Manuals.

11. Non-Modification.

The parties contemplate that Licensee shall input financial, customer and other data and information into the Computer System. Apart from the input of such data (which will be accomplished without causing any modification to the Software), Licensee shall not modify, alter, change or otherwise vary the Software, as modified from time to time by IBFAD, after its provision or installation by IBFAD. IBFAD shall own the copyrights in any modifications to, and derivative works from, the Software made in contravention to this provision.

12. Breach.

A. Termination. Except as otherwise specified in this Section, Licensee shall have 30 days (10 days for monetary defaults) after written notice of default from IBFAD within which to remedy the default and provide evidence of that remedy to IBFAD. If any such default is not cured within that time,

this Agreement shall terminate without further notice to Licensee effective immediately upon expiration of that time, unless IBFAD notifies Licensee otherwise in writing. If Licensee breaches either Section 9, 10 or 11 of this Agreement, IBFAD may terminate this Agreement immediately without providing Licensee an opportunity to cure.

B. Obligations Upon Termination or Expiration. Upon termination or expiration of this Agreement, Licensee shall promptly return to IBFAD all Software, copies of Software, and operating manuals and all other materials and information relating to the Software furnished by IBFAD. In addition, Licensee shall promptly and permanently erase all Software from the computer system and certify to IBFAD that Licensee has complied with this obligation. Further, Licensee shall be required to purge and destroy all confidential and/or proprietary information owned, assigned, or made available for use to IBFAD or its affiliates that is maintained on any Hardware device owned or leased by Licensee.

C. Injunctive Relief. Licensee recognizes that its failure to comply with the terms of this Agreement, including the failure to fully comply with the post-termination obligations, is likely to cause irreparable harm to IBFAD and Interstate All Battery Centers. Therefore, Licensee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Licensee, IBFAD shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance, without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by IBFAD shall be in addition to, and not in lieu of, all remedies and rights that IBFAD otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

13. No Warranty.

IBFAD makes no warranty, express or implied, with respect to the Software. In the event that the Software becomes defective or inoperative owing to no fault of Licensee, IBFAD's sole obligation will be to replace the same without charge. IBFAD will not be responsible for any loss of sales by Licensee during the period in which the Software is inoperative, nor will IBFAD be responsible for any loss or inaccuracy of data caused by the Software. **NEITHER IBFAD NOR ITS AFFILIATES WILL BE RESPONSIBLE TO LICENSEE OR ITS AFFILIATES FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT OR SPECIAL DAMAGES, INCLUDING LOST PROFITS, BUSINESS INTERRUPTION, OR OTHER INCIDENTAL, PUNITIVE, OR ECONOMIC DAMAGES WHATSOEVER.**

14. Assignment.

A. No Assignment by Licensee. Licensee may not directly or indirectly transfer, assign, sell, donate, lease, rent, loan, convey, translate, demonstrate, convert to another programming language (written or spoken), encumber, distribute or otherwise alienate this Agreement or the license granted herein or the Software, or any interest therein. If, with IBFAD's prior approval and consent, Licensee transfers the Center pursuant to the provisions of the Franchise Agreement, Licensee may transfer the Software and Computer System to the same transferee. IBFAD may require the transferee to enter into its then-current Store System/Technology Agreement, which may contain terms and provisions that differ from those contained in this Agreement.

B. Assignment by IBFAD. IBFAD shall have the absolute, unrestricted right, exercisable at any time, to transfer, assign, and delegate this Agreement or any part of its rights and obligations under this Agreement to any person or legal entity whatsoever.

15. Center Relocation and Closure.

In addition to all other rights and remedies available to IBFAD, Licensee shall promptly reimburse IBFAD for all costs and expenses IBFAD incurs as a result of the (i) closure of the Center and (ii) the relocation of the Center from the Specified Site prior to the expiration of the term of this Agreement.

16. General Provision.

Except as otherwise provided in this Agreement, the provisions of the Franchise Agreement concerning the Software, and governing approvals and waivers, severability and construction, applicable law and other miscellaneous provisions shall also be applicable to this Agreement, and such provisions are hereby incorporated by reference.

The parties have duly executed, sealed and delivered this Agreement as of the day and year first above written.

**Interstate Battery Franchising
& Development, Inc.**

By: _____
Name/Title: Michael Tapp, President

**LICENSEE/FRANCHISEE:
{Franchisee Name}**

By: _____
Name/Title: **Signor**

SCHEDULE A
SPECIFIED SITE

Address: **{Address}**

Approximate date on which Computer System will be installed: _____

IBFAD Initials: _____

Licensee Initials: _____

APPENDIX F

Dated: **{Date}**

**FRANCHISING ADDENDUM TO
CONFIDENTIAL DISTRIBUTOR AGREEMENT**

This Franchising Addendum to the Confidential Distributor Agreement dated **{CDA Date}** (the “Agreement”) between Interstate Batteries, Inc. (“Interstate”) and **{Distributor Corp Name}** (“Distributor”) is entered into as of **{Date}**. Notwithstanding the terms and conditions of the Confidential Distributor Agreement (the “Agreement”) to the contrary, Interstate and Distributor hereby agree as follows:

1. **FRANCHISING ALLOWED.** Nothing in the Agreement shall be construed to prohibit Distributor or an individual or entity controlling, controlled by, or under common control with, Distributor from establishing or operating retail stores for the sale of batteries in the Primary Area pursuant to a written franchise agreement (“Franchise Agreement”) between Interstate Battery Franchising & Development, Inc. (“Franchisor”) and Distributor and/or any such individual or entity as referenced above (“Franchisee”).

2. **NO RIGHT TO USE FRANCHISE MARKS.** Nothing in the Agreement shall be construed to permit Distributor to use or display, in connection with Distributor’s activities under the Agreement, any of the trademarks, service marks or trade names licensed to Franchisee under the Franchise Agreement, except the mark “Interstate.”

3. **OVERRIDE.** Distributor acknowledges that nothing in the Agreement requires, or shall be construed to require, Franchisee, Franchisor or Interstate to pay to Distributor any override described in paragraph 6(A) of the Agreement for any sales made by Franchisee, Franchisor, or Retail Acquisition & Development, Inc. or any of their successors or transferees in the Primary Area.

4. **CROSS-DEFAULT.** Paragraph 15(B) of the Agreement is amended by deleting the period at the end of part 6, and by adding “; or” at the end of part 6. Paragraph 15(B) of the Agreement is further amended by adding the following at the end of such paragraph:

7) Franchisor terminates the Franchise Agreement on the grounds of Franchisee’s fraud or material misrepresentation or on the grounds of Franchisee’s material breach of any provision of the Franchise Agreement.

5. Except as expressly modified by this Franchising Addendum, the Agreement remains unmodified and in full force and effect.

Interstate Batteries, Inc.

By: _____
Name: _____
Title: _____

DISTRIBUTOR:
{Distributor Corp Name}

By: _____
Name/Title: **Signor**

APPENDIX G

Dated: {Date}

CREDIT AND SECURITY AGREEMENT

THIS CREDIT AND SECURITY AGREEMENT is entered into on {Date} between **Retail Acquisition & Development, Inc.**, a Delaware corporation (“RAD”); **Interstate Battery Franchising & Development, Inc.**, a Delaware corporation (“IBFAD”); and {Franchisee Name}, a {State of Inc} corporation (“Franchisee”). In consideration of the Interstate All Battery Center franchise granted to Franchisee by IBFAD pursuant to that certain Interstate All Battery Center Franchise Agreement dated {Date} (the “Franchise Agreement”) and/or the extension of credit by RAD to Franchisee, and other good and valuable consideration, RAD, IBFAD, and Franchisee agree as follows:

1. DEFINITIONS. In this Agreement:

A. The term “**Obligations**” refers to the following obligations that are secured by this Agreement:

(1) all amounts owed by Franchisee to IBFAD and its affiliates from time to time under the Franchise Agreement or any other agreement between Franchisee and IBFAD or any of its affiliates;

(2) all amounts owed by Franchisee to RAD from time to time arising from the purchase of products and services by Franchisee from RAD;

(3) all costs incurred by RAD or IBFAD to obtain, preserve, perfect, and enforce this Agreement and the security interest granted herein, to collect the Obligations, and to maintain, preserve, collect, and secure the Collateral (as defined below), including, but not limited to, taxes, assessments, insurance premiums, repairs, reasonable attorneys’ fees and legal expenses, rent, storage costs, and expenses of sale;

(4) all other debts, obligations, liabilities, and agreements of Franchisee to RAD and IBFAD now or hereafter arising, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, direct or indirect; and

(5) interest on the above amounts as agreed upon among the parties or, if not otherwise agreed, at a per annum rate of interest equal to the lesser of (i) 2% above the Prime Rate or (ii) the maximum rate of interest allowed under applicable law.

B. The term “**Collateral**” refers to the following property of Franchisee:

(1) all products sold by RAD to Franchisee;

(2) all other inventory of Franchisee whenever acquired, wherever located, and whether now or hereafter existing which is acquired by Franchisee pursuant to or in connection with the business conducted under the Franchise Agreement;

(3) all accessions, attachments, and other additions to, substitutes for, replacements for, and improvements to the foregoing;

(4) all documents, contract rights, accounts, and chattel paper, now existing or hereafter arising, with respect to the sale, lease, or consignment of any of the foregoing;

(5) all policies of insurance covering the foregoing; and

(6) all proceeds of any of the foregoing.

C. The term “**Prime Rate**” refers to the per annum rate of interest equal to the base rate of interest announced from time to time by First Wisconsin Bank of Milwaukee, Milwaukee, Wisconsin, as its prime rate of interest, which rate of interest may not be its lowest base rate of interest.

D. All other capitalized terms used herein but not defined above shall have the same meaning as in the Franchise Agreement.

2. SECURITY INTEREST.

Subject to the terms of this Agreement, Franchisee assigns and grants to RAD and IBFAD a security interest and lien on the Collateral to secure the payment and the performance of the Obligations.

3. INVENTORY LOCATION.

A. Franchisee represents and warrants to RAD and IBFAD as follows:

(1) Franchisee’s principal place(s) of business is/are: (include City, County, State) **{Address}, {County} County.**

(2) The Collateral will be kept at Franchisee’s principal place(s) of business.

(3) The office where Franchisee keeps the records concerning accounts and contract rights is in **{County} County, {State}.**

B. Franchisee will promptly notify RAD and IBFAD of any addition to, change in, or discontinuance of any address of Franchisee, place or places where Collateral is kept, Franchisee’s principal place of business, or location of the office where records concerning accounts and contract rights are kept.

4. RECORDS AND INSPECTIONS.

Franchisee at all times will maintain reasonable, current and accurate books and records covering the Collateral. From time to time upon the request of RAD or IBFAD, Franchisee shall deliver detailed descriptions and lists of the items included in the Collateral, as well as such other reports and information deemed by RAD or IBFAD to be necessary or appropriate to enable RAD or IBFAD to determine the value and location of the Collateral. RAD, IBFAD and their agents and representatives may inspect the Collateral and Franchisee’s records with respect to the Collateral during normal business hours.

5. TITLE.

At the time Franchisee grants to RAD and IBFAD a security interest in any Collateral, Franchisee shall be the absolute owner thereof and shall have the right to grant such security interest. Franchisee shall defend the Collateral against all claims and demands of all persons at any time claiming any interest in any of the Collateral that is adverse to RAD or IBFAD. Franchisee shall keep the Collateral free from

all liens, claims, and security interests, except as to any applicable personal property taxes not yet due and the security interest created hereby.

6. FINANCING STATEMENTS.

A. Franchisee warrants that no financing statement covering the Collateral is or will be on file in any public office, except the financing statements relating to the security interest granted to RAD and IBFAD herein.

B. Franchisee shall sign all financing statements and any other papers furnished by RAD or IBFAD that are necessary in the judgment of RAD or IBFAD to obtain, maintain, and perfect the security interest granted herein and to enable RAD or IBFAD to comply with any federal or state law in order to obtain or perfect RAD or IBFAD's interest in the Collateral or to obtain the proceeds of any Collateral.

7. TAXES AND INSURANCE.

A. Franchisee will pay when due all taxes and assessments on or with respect to the Collateral for its use, operation, and maintenance.

B. Franchisee shall insure the Collateral with companies acceptable to RAD and IBFAD against such casualties and in such amounts as RAD and IBFAD shall require. All insurance policies shall be written for the benefit of Franchisee, and RAD and IBFAD as their interests may appear, or in other form satisfactory to RAD and IBFAD, and such policies or certificates evidencing the same shall be furnished to RAD and IBFAD. All policies of insurance shall provide for written notice to RAD and IBFAD at least 30 days prior to cancellation. Risk of loss or damage is Franchisee's to the extent of any deficiency in any effective insurance coverage. RAD and IBFAD are each appointed Franchisee's attorney-in-fact to collect any returned or unearned premiums or the proceeds of such insurance and to endorse any draft or check payable to Franchisee therefor, and RAD and IBFAD may apply such sums to the Obligations secured herein in such order and in such manner as RAD and IBFAD in its sole discretion shall decide.

8. PROTECTION OF COLLATERAL.

A. Franchisee will keep the Collateral in good order and repair and will not waste or destroy Collateral or any part or proceeds thereof.

B. Franchisee appoints each of RAD and IBFAD as Franchisee's attorney-in-fact with full power in Franchisee's name and on Franchisee's behalf to do every act that Franchisee is obligated or allowed to do hereunder, and to exercise all rights of Franchisee with regard to the Collateral and to make collections and to execute any and all papers and instruments and to do all other things necessary to preserve and protect the Collateral and to protect RAD's and IBFAD's security interest in the Collateral; provided, however, that nothing in this Section 8.B. shall be construed to obligate RAD or IBFAD to take any action hereunder. In its sole discretion, RAD or IBFAD may undertake to perform any covenants, warranties, or actions required of Franchisee hereunder, to make payments required of Franchisee hereunder, or to pay for the repair, maintenance, and preservation of the Collateral. All sums and costs so expended, including, but not limited to, attorneys' fees, court costs, agent's fees, and commissions, shall bear interest from the date of expenditure until paid at the maximum rate of interest allowed by applicable law. All amounts due under this Section 8.B. are secured by this Agreement and shall be payable to RAD or IBFAD at its address indicated in the Franchise Agreement.

9. PAYMENT.

A. Franchisee shall make all payments required under the Note or any other agreement with RAD, IBFAD, and their affiliates in the manner and within the time period provided in the Note and such other agreements.

B. If RAD or IBFAD in its sole discretion makes any payments pursuant to Section 1.B.(4) or Section 8 hereof, or makes any payments on behalf of Franchisee to suppliers or any other parties, Franchisee agrees to pay to the order of RAD or IBFAD the amount so expended within 10 days after RAD or IBFAD gives notice of such expenditure to Franchisee.

C. Upon default hereunder or expiration or sooner termination of the Franchise Agreement, Franchisee agrees to pay to the order of RAD and IBFAD all amounts outstanding under the Obligations immediately upon the giving of notice by RAD and IBFAD to Franchisee.

10. DEFAULT.

The following are events of default hereunder:

- A.** Default in the timely payment of the Obligations or any part thereof; or
- B.** Default in the timely performance or observance of the terms and conditions of this Agreement, the Franchise Agreement, or of any other agreement between Franchisee and RAD or IBFAD or their affiliates; or
- C.** The occurrence of any event or condition that results in the termination of, or constitutes grounds for the termination of, the Franchise Agreement, or would so result if not prevented by applicable law; or
- D.** Any warranty, representation, or statement made or furnished to RAD or IBFAD herein, heretofore, or hereafter proves to have been false in any material respect when made or furnished; or
- E.** Loss, theft, destruction, or encumbrance of any of the Collateral in violation hereof; or
- F.** Sale or transfer of any of the Collateral, except for the sale of inventory in the ordinary course of Franchisee's business; or
- G.** Belief by RAD or IBFAD that the prospect of payment of the Obligations or performance of this Agreement or of any of the Obligations is impaired; or
- H.** Death, incapacity, dissolution, merger, consolidation, termination of existence, insolvency, or business failure of Franchisee or of any other person or entity liable on any of the Obligations; or
- I.** Commencement of proceedings for the appointment of a receiver for any property of Franchisee; or
- J.** Commencement of any proceeding under any bankruptcy or insolvency law by or against Franchisee (or any corporate action shall be taken to effect same), or any partnership of which Franchisee is a partner, or by or against any person or entity liable upon the Obligations or any part thereof, or liable upon Collateral; or

- K.** Levy on, seizure, or attachment of any property of Franchisee; or
- L.** A judgment against Franchisee becomes final and remains unpaid for 30 days.

11. REMEDIES.

A. When an event of default occurs, and at any time thereafter, RAD or IBFAD, without notice or demand, may exercise any one or more of the following remedies:

(1) Declare one or more of the Obligations, in whole or in part, immediately due and may enforce payment of the same.

(2) Exercise all rights and remedies provided by this Agreement, by the Franchise Agreement, by the Texas Business and Commerce Code, or by the Uniform Commercial Code or other law or regulation regulating secured transactions of any other applicable jurisdiction.

(3) Require Franchisee to assemble the Collateral and make it available at a place to be designated by RAD or IBFAD that is reasonably convenient to Franchisee.

B. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, reasonable notification of the time and place of any public sale or reasonable notification of the time after which any private sale or other intended disposition is to be made shall be given by RAD and IBFAD to Franchisee. It is agreed that notice sent or given not less than 5 calendar days prior to the taking of the action to which the notice relates, or such longer period of time as is required by applicable law, is reasonable notification and notice for the purposes of this Section 11.B.

C. Expenses or retaking, holding, preparing for sale or lease, selling, leasing, and the like shall include RAD's and IBFAD's reasonable attorneys' fees and legal expenses.

D. RAD or IBFAD may surrender any insurance policies upon any of the Collateral and receive the unearned premium thereon. Franchisee shall be entitled to any surplus and shall be liable to RAD and IBFAD for any deficiency. The proceeds of any disposition after default available to satisfy the Obligations shall be applied to the Obligations in such order and in such manner as RAD and IBFAD in their joint discretion shall decide.

12. MISCELLANEOUS.

A. RAD and IBFAD shall have the right at any time to execute and file this Agreement as a financing statement, but the failure to do so shall not impair the validity or enforceability of this Agreement.

B. The parties hereto do not intend to contract for, charge, or receive any interest or other charge that is usurious, and by execution of this Agreement Franchisee acknowledges that RAD and IBFAD have no such intent. In no event whatsoever, whether by reason of acceleration of maturity or otherwise, shall the amount paid or agreed to be paid to RAD and/or IBFAD for the use, forbearance, or detention of the money to be due hereunder or otherwise, or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing, or pertaining to any of the Obligations (all such other documents being hereinafter called the "Loan Documents"), exceed the maximum interest rate allowed by the laws of any applicable jurisdiction (hereinafter called the "Maximum Rate"). If, from any circumstance whatsoever, fulfillment of any provisions hereof or of the

Loan Documents, at the time performance of such provisions shall be due, shall result in the interest to be paid exceeding the Maximum Rate, then such provisions shall be modified so that the rate of interest shall be reduced to the Maximum Rate, and if from any such circumstance RAD or IBFAD ever shall receive as interest or otherwise an amount that would cause the Maximum Rate to be exceeded, the portion of such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness of Franchisee to RAD or IBFAD and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded to Franchisee. All sums paid and agreed to be paid to RAD or IBFAD for the use, forbearance, or detention of the indebtedness of Franchisee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the whole term of such indebtedness so that the actual rate of interest on account of such indebtedness is uniform throughout the term thereof. The terms and provisions of this paragraph shall control and supersede any other provision of this Agreement or the Loan Documents.

C. All rights and remedies of RAD and IBFAD hereunder are cumulative of each other and of every other right or remedy that RAD and IBFAD otherwise may have at law or in equity or under any other contract or document for the enforcement of the security interest granted herein or the collection of the Obligations, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

D. Should any part of the Obligations be payable in installments, the acceptance by RAD or IBFAD at any time and from time to time of part payment of the aggregate amount of all installments then matured shall not be deemed to be a waiver of the default then existing. No waiver by RAD or IBFAD of any default shall be deemed to be a waiver of any other subsequent default, nor shall any such waiver by RAD or IBFAD be deemed to be a continuing waiver. No delay or omission by RAD or IBFAD in exercising any right or power hereunder, or under any other documents executed by Franchisee as security for or in connection with the Obligations, shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such right or power preclude other or further exercise thereof or the exercise of any other right or power of RAD or IBFAD hereunder or under such other document.

E. Except as otherwise provided herein, Franchisee waives notice of the creation, advance, increase, existence, extension, or renewal of, or of any indulgence with respect to, the Obligations; waives presentment, demand, notice of dishonor, and protest; waives notice of the amount of the Obligations outstanding at any time, notice of any change in financial condition of any person liable for the Obligations or any part thereof, notice of any event of default, notice of intent to accelerate and of acceleration, and all other notices with respect to the Obligations; and agrees that maturity of the Obligations and any part thereof may be accelerated, extended, or renewed one or more times by RAD or IBFAD in its discretion, without notice to Franchisee.

F. No renewal or extension of or any other indulgence with respect to the Obligations or any part thereof, no release of any security, no release of any person (including any maker, endorser, guarantor, or surety) liable on the Obligations, no delay in enforcement of payment, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Obligations or any security therefore or guaranty thereof or under this Agreement shall in any manner impair or affect the rights of RAD or IBFAD under the law, hereunder, or under any other agreement pertaining to the Collateral. RAD or IBFAD need not file suit or assert a claim for personal judgment against any person for any part of the Obligations or seek to realize upon any other security for the Obligations before foreclosing upon the Collateral for the purpose of paying the Obligations. Franchisee waives any right to the benefit of or to require or control application of any other security or proceeds thereof, and agrees that RAD or IBFAD shall have no duty or obligation to Franchisee to apply to the Obligations any such other security or proceeds thereof.

G. This Agreement shall be binding on Franchisee and Franchisee's heirs, executors, administrators, other legal representatives, successors, and assigns and shall inure to the benefit of RAD and IBFAD, their successors and assigns. If there be more than one operating principal of Franchisee, their obligations and agreements hereunder are joint and several and shall be binding upon their respective heirs, executors, administrators, other legal representatives, successors, and assigns, and delivery or other accounting of Collateral to any one or more of them shall discharge RAD and IBFAD of all liability therefor.

H. This Agreement shall not become effective until the Franchise Agreement is approved in writing by a corporate officer of IBFAD, and this Agreement is approved by a corporate officer of RAD, whereupon this Agreement shall be effective as of the day and year first above written.

I. All demands and notices required or permitted hereunder shall be given in the same manner as provided in the Franchise Agreement.

J. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, such provision shall be fully severable, and this Credit and Security Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof and the remaining provisions of this Credit and Security Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance from this Credit and Security Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Credit and Security Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, or enforceable.

K. IN THE EVENT OF A DEFAULT HEREUNDER, IN ADDITION TO ALL OTHER REMEDIES AVAILABLE TO RAD OR IBFAD, EACH SHALL HAVE THE RIGHT TO ENTER UPON THE PREMISES WHERE THE COLLATERAL THAT IS INVENTORY IS LOCATED, TAKE POSSESSION OF SUCH COLLATERAL, AND REMOVE THE SAME WITH OR WITHOUT JUDICIAL PROCESS (IF SUCH TAKING WITHOUT JUDICIAL PROCESS CAN BE DONE REASONABLY AND WITHOUT BREACH OF THE PEACE), AND FRANCHISEE DOES HEREBY EXPRESSLY WAIVE ANY RIGHT TO ANY NOTICE, LEGAL PROCESS, OR JUDICIAL HEARING PRIOR TO SUCH TAKING OR POSSESSION BY RAD OR IBFAD. FRANCHISEE UNDERSTANDS THAT THE RIGHT TO PRIOR NOTICE AND HEARING IS A VALUABLE RIGHT AND AGREES TO THE WAIVER THEREOF AS A PART OF THE CONSIDERATION FOR AND AS AN INDUCEMENT TO RAD AND IBFAD TO EXTEND CREDIT NOW AND HEREAFTER TO FRANCHISEE.

FRANCHISEE ACKNOWLEDGES RECEIPT OF A SIGNED COPY OF THIS AGREEMENT.

Retail Acquisition & Development, Inc.

By: _____
Name/Title: Michael Tapp, President

**Interstate Battery Franchising
& Development, Inc.**

By: _____
Name/Title: Michael Tapp, President

FRANCHISEE:
{Franchisee Name}

By: _____
Name/Title: **Signor**

APPENDIX H

Dated: {Date}

INTERSTATE ALL BATTERY CENTER CONFIDENTIALITY AGREEMENT

THIS AGREEMENT is made on {Date} (“Effective Date”), by and between Interstate Battery Franchising & Development, Inc., a Delaware corporation, with its principal place of business at 4301 121st Street, Urbandale, Iowa 50323 (“IBFAD”), and {Franchisee Name}, a {State of Inc} corporation, with its principal place of business at {Address} (“Applicant”).

RECITALS:

A. As a result of the expenditure of time, skill, effort and money, IBFAD has developed and owns a distinctive system (the “System”) relating to the development, establishment and operation of Interstate All Battery Centers (“Centers”).

B. In order to evaluate the possibility of entering into a franchise agreement with IBFAD to establish and operate a Center, Applicant and certain of its employees (“Employees”) desire to receive from IBFAD certain confidential business information including, but not limited to, the contents of the IBFAD operating and training manuals.

C. The parties desire that all confidential information concerning the Centers be kept in confidence, not be revealed to any third parties, and not be used by Applicant or its Employees other than as contemplated by this Agreement.

1. Definition of Confidential Information

As used in this Agreement, the term “Confidential Information” means any and all information that is disclosed to Applicant or Employees in connection with Applicant’s exploration of the Interstate All Battery Center franchise opportunity. Confidential Information includes, but is not limited to, information regarding the manner and methods of operating and promoting a Center, including the IBFAD operating and training manuals, information regarding the retail and commercial operations of IBFAD and its affiliates, and other information of a similar nature (whether or not reduced to writing or designated as confidential).

2. Exclusion from Definition of Confidential Information

The term “Confidential Information” does not include information that is now or hereafter becomes publicly known (other than by unauthorized disclosure, whether deliberate or inadvertent, by Applicant or Employees, or by any other person, firm or corporation affiliated with Applicant or Employees). As used in this Agreement, the phrase “publicly known” means readily accessible to the public in a written publication, and shall not include information which is available only by a substantial searching of the published literature, and information the substance of which must be pieced together from a number of different publications and sources. The burden of proving that information or skills and experience are not Confidential Information shall be on the party asserting such exclusion.

3. Treatment of Confidential Information

Applicant and Employees hereby acknowledge, understand and agree that the Confidential Information; (i) is the exclusive and confidential property of IBFAD or its affiliates and incorporates trade secrets and copyrights owned by them; (ii) gives IBFAD or its affiliates some competitive business

advantage or the opportunity of obtaining such advantage, the disclosure of which could be detrimental to the interests of IBFAD and its affiliates; and (iii) is not generally known by non-IBFAD personnel. Applicant and Employees shall at all times treat the Confidential Information in accordance with this Agreement.

4. **Covenants of Applicant**

As a consequence of Applicant and Employees' acquisition or anticipated acquisition of Confidential Information, Applicant and Employees will occupy a position of trust and confidence with respect to IBFAD's affairs and business. In view of the foregoing, Applicant and Employees agree that it is reasonable and necessary that Applicant and Employees agree, while this Agreement is in effect:

A. No Disclosure. Not to disclose Confidential Information to any person or entity other than its accountant or attorney as necessary to evaluate the opportunity provided by IBFAD, and to protect the Confidential Information against unauthorized disclosure using the same degree of care, but no less than a reasonable degree of care, as Applicant and Employees use to protect Applicant's confidential information.

B. No Use, Copying or Transfer. Not to use, copy or transfer Confidential Information and to protect the Confidential Information against unauthorized use, copying or transfer using the same degree of care, but no less than a reasonable degree of care, as Applicant and Employees use to protect Applicant's confidential information. This prohibition against use, copying, or transfer of Confidential Information includes, but is not limited to, selling, licensing or otherwise exploiting, directly or indirectly, any products or services which embody or are derived from Confidential Information.

These confidentiality provisions shall apply to all Confidential Information disclosed to Applicant or Employees by IBFAD prior to the date of this Agreement.

5. **Return of Confidential Information**

Nothing in this Agreement obligates either party to enter into a franchise agreement for the operation of a Center. If, at any time, IBFAD determines that it does not wish for Applicant to become a franchisee, or Applicant determines that it does not wish to become a franchisee, or if IBFAD requests, at any time and for any reason, that Applicant and Employees do so, Applicant and Employees agree to return immediately any and all Confidential Information, including any copies made of those materials, to IBFAD at its principal place of business. Further, Applicant and Employees agree to remove and destroy any portion of the Confidential Information that has been incorporated into other materials.

6. **Miscellaneous**

A. Arbitration and Governing Law. This Agreement will be governed by and construed in accordance with the laws of the state of Texas. Any dispute or controversy between the parties in connection with this Agreement shall be submitted for binding arbitration pursuant to the then-prevailing Comprehensive Arbitration Rules and Procedures of J·A·M·S/ENDISPUTE or its successor ("JAMS") and shall be conducted in Dallas, Texas at a location designated by IBFAD.

B. Injunctive Relief. Notwithstanding the foregoing, it is hereby understood and agreed that damages shall be an inadequate remedy in the event of a breach by Applicant or Employees of this Agreement and that any such breach by Applicant or Employees will cause IBFAD and its affiliates irreparable injury. Accordingly, Applicant and Employees agree that IBFAD and its affiliates shall be entitled, without waiving any additional rights or remedies otherwise available to IBFAD at law or in equity or by statute, to injunctive and other equitable relief in the event of a breach or intended or threatened breach by Applicant or Employees.

C. Severability. If any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such provision(s) had never been contained herein, provided that such provision(s) shall be curtailed, limited or eliminated only to the extent necessary to remove the invalidity, illegality or unenforceability.

D. Waiver. No waiver by IBFAD of any breach by Applicant or Employees of any of the provisions of this Agreement shall be deemed a waiver of any preceding or succeeding breach of the same or any other provisions hereof. No such waiver shall be effective unless in writing and then only to the extent expressly set forth in writing.

E. Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to Applicant and Employees' confidentiality, nondisclosure and non-competition obligations until such time as the parties enter into a Franchise Agreement.

The parties hereto have executed this Agreement as of the date set forth above.

**Interstate Battery Franchising
& Development, Inc.**

**APPLICANT:
{Franchisee Name}**

By: _____
Name/Title: Michael Tapp, President

By: _____
Name/Title: **Signor**

{Address}

EMPLOYEES:

Signature

Signature

Print Name

Print Name

Address

Address

APPENDIX I

ASSIGNMENT OF TELEPHONE NUMBER(S)

This Assignment relates to:

Name of Franchisee: **{Franchisee Name}**, a _____

Address of Center: _____

Telephone Number(s): (____) _____; (____) _____; (____) _____

For valuable consideration, the Franchisee identified above (“Franchisee”) assigns and transfers to Interstate Battery Franchising & Development, Inc. (“Franchisor”) all of Franchisee’s rights and interests in each and all of the telephone numbers listed above (the “Numbers”). Such assignment shall be effective upon any termination, expiration or transfer of the Franchise Agreement dated **{Date}**, between Franchisee and Franchisor (the “Franchise Agreement”).

Franchisee authorizes Franchisor to file this Assignment with the telephone company that issued the Numbers upon any termination, expiration or transfer of the Franchise Agreement for the purposes of establishing Franchisor’s claim to and right to designate the user of the Numbers.

Franchisee irrevocably constitutes and appoints Franchisor as Franchisee’s agent and attorney-in-fact for the purposes of (i) signing and delivering any Transfer of Service Agreement or comparable document the telephone company requires to transfer the rights in the Numbers from Franchisee to Franchisor or its designee, and (ii) canceling and revoking any call-forwarding or similar instructions Franchisee has issued to the telephone company with respect to any of the Numbers, with full power to sign Franchisee’s name and otherwise to act in Franchisee’s name, place and stead.

Franchisee agrees to reimburse Franchisor the full amount of any local service and long distance charges the telephone company requires that Franchisor paid to obtain the Numbers, together with interest as provided in the Franchise Agreement.

Franchisee represents and warrants to Franchisor that Franchisee obtained the Numbers in his own name, and that Franchisee is the person of record the telephone company shall recognize as registered user or “owner” of the Numbers.

FRANCHISEE:
{Franchisee Name}

By: _____
Name/Title: **Signor**

APPENDIX J

SBA ADDENDUM

THIS ADDENDUM (the “Addendum”) is made and entered into on **{Date}**, by Interstate Battery Franchising & Development, Inc., a Delaware corporation, located at 12770 Merit Drive, Suite 400, Dallas, Texas 75251 (“Franchisor”), and **{Franchisee Name}**, located at **{Address}** (“Franchisee”).

Recitals. Franchisor and Franchisee entered into a Franchise Agreement on **{Date}**, (“Franchise Agreement”). The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Interstate All Battery Center of _____ (the “Center”). Franchisee has obtained from a lender a loan (“Loan”) in which funding is provided with the assistance of the United States Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- Under Section 22.G. of the franchise agreement the franchisor will not become a partial owner of the business
- If the franchisor must operate the business under Section 22.E. of the Franchise Agreement, Franchisor will operate the business for a ninety (90) day renewable term, renewable as necessary for up to one year and the Franchisor will periodically discuss the status with the franchisee or its heirs.
- Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor’s consent under Section 22.B. of the Franchise Agreement.
- Under Section 16.C. of the franchise agreement any SBA financed franchise will be granted a lien on the business assets of the franchisee as required in its loan authorization.
- Notwithstanding anything to the contrary in Section 10 of the Franchise Agreement, the franchisor may designate one or more vendors for the call center services, provided, however, that the franchisee has the right to select its own vendor to use in place of any vendor selected by the franchisor, so long as the franchisor determines whether the franchisee’s vendor meets its standards. The franchisor’s approval in this matter will not be unreasonably withheld.
- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

The parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:
Interstate Battery Franchising
& Development, Inc.

FRANCHISEE:
{Franchisee Name}

By: _____
Name/Title: Michael Tapp, President

By: _____
Name/Title: **Signor**

**AMENDMENT TO INTERSTATE ALL BATTERY CENTER
FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES**

This Amendment to the Interstate All Battery Center Franchise Agreement dated _____, 20__ between Interstate Battery Franchising & Development, Inc. (“Franchisor”) and {**Franchisee Name**} (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The following sentence is added at the end of Sections 4.B.(2)(E) and 22.B.(5):

The foregoing release does not apply to any claims that the franchisee may have under the Illinois Franchise Disclosure Act.

2. The following paragraph is added at the end of Section 5.A.:

In the State of Illinois, the Illinois Attorney General has imposed an escrow condition on Franchisor. Franchisee shall pay this fee to an Escrow Agent that Franchisor designates. The Escrow Agent will hold the fee in escrow until the Center opens. Upon the opening of the Center, the Escrow Agent will release the escrowed funds to Franchisor. Franchisee agrees to execute all documentation reasonably requested by Franchisor or the Escrow Agent to disburse the escrowed funds as soon as practicable after the Center opens. Franchisee’s failure promptly to execute such documentation shall be a default under and a material breach of this Agreement.

3. The following sentence is added at the end of Sections 31, 38, 39, and 40:

Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Act is void.

4. The following sentence is added at the end of Section 34:

The second sentence of this Section 34 does not apply to any claim arising under the Illinois Franchise Disclosure Act of 1987.

5. The following sentence is added at the end of Section 36:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue for litigation in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

6. The following sentence is added at the end of Section 37:

Any claims arising under the Illinois Franchise Disclosure Act of 1987 shall be commenced within the periods of limitation established in Section 27 of the Act.

7. Section 45.G. is deleted and replaced with the following:

Franchisee acknowledges receipt of Franchisor’s Franchise Disclosure Document and a copy of all proposed agreements relating to the sale of the franchise at least 14 days prior to execution of this Agreement or payment of monies to Franchisor.

8. The Illinois Franchise Disclosure Act shall govern the Franchise Agreement with respect to Illinois franchisees. However, this statement shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.
9. Except as expressly modified by this Amendment, the Interstate All Battery Center Franchise Agreement remains unmodified and in full force and effect.

The parties have duly executed, sealed and delivered this Amendment as of the day and year first above written.

**INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.**

By: _____
Name/Title: Michael Tapp, President

FRANCHISEE:
{Franchisee Name}

By: _____
Name/Title: _____

**AMENDMENT TO INTERSTATE ALL BATTERY CENTER
FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES**

This Amendment to the Interstate All Battery Center Franchise Agreement dated **{Date}**, between Interstate Battery Franchising & Development, Inc. (“Franchisor”) and **{Franchisee Name}** (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The following sentence is added to the end of Sections 4.B.(2)(E) and 22.B.(5):

According to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The following sentence is added to the end of Section 36:

Any choice of forum for litigation is subject to your right to bring an action under the Maryland Franchise Registration and Disclosure Law in Maryland.

3. The following sentence is added to the end of Section 37:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

4. The following sentence is added to the end of Section 45:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Except as expressly modified by this Amendment, the Interstate All Battery Center Franchise Agreement remains unmodified and in full force and effect.

The parties have duly executed, sealed and delivered this Amendment as of the day and year first above written.

**INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.**

By: _____
Name/Title: Michael Tapp, President

**FRANCHISEE:
{Franchisee Name}**

By: _____
Name/Title: _____

**AMENDMENT TO INTERSTATE ALL BATTERY CENTER
FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES**

This Amendment to the Interstate All Battery Center Franchise Agreement dated **{Date}**, between Interstate Battery Franchising & Development, Inc. (“IBFAD”) and **{Franchisee Name}** (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The following is added to Sections 4.B.(2)(E) and 22.B.(5) of the Franchise Agreement:

This section does not apply to claims governed by Minnesota Statute §§ 80C.01 - 80C.22.

2. The following is added to Section 4.B.(3) of the Franchise Agreement:

With respect to franchises governed by Minnesota law, IBFAD will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 180 days’ notice for non-renewal of the franchise agreement.

3. The following paragraph is added to the end of Sections 5.A., 5.C. and 11.E. and inserted after the first paragraph of Section 16.E.:

In the State of Minnesota, the Minnesota Commissioner of Commerce has imposed an escrow condition on Franchisor. If Franchisee is required to pay this fee or invoice before the Center opens, Franchisee shall pay the funds to Franchisor’s Escrow Agent. The Escrow Agent will hold the funds in escrow until the Center opens. Upon the opening of the Center, the Escrow Agent will release the escrowed funds to Franchisor upon authorization from the Commissioner. Franchisee agrees to execute all documentation reasonably requested by Franchisor or the Escrow Agent to disburse the escrowed funds as soon as practicable after the Center opens. Franchisee’s failure promptly to execute such documentation shall be a default under and a material breach of this Agreement.

4. The following is added to the end of the third paragraph of Section 18 of the Franchise Agreement:

IBFAD agrees to protect Franchisee’s right to use the Proprietary Marks or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Proprietary Marks.

5. The following is added to Section 24.B.(1) of the Franchise Agreement:

With respect to franchises governed by Minnesota law, IBFAD will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure).

6. The following is added to Section 36 of the Franchise Agreement:

Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit IBFAD from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. The following sentence is added to the end of Section 37:

Any claims arising under the Minnesota law must be brought within 3 years after the grant of the franchise.
8. Section 39 is deleted.
9. The words “shall be entitled to” in the second sentence of Section 42 of the Franchise Agreement are deleted and replaced with “may seek.”
10. Except as expressly modified by this Amendment, the IBFAD Franchise Agreement remains unmodified and in full force and effect.

The parties have duly executed, sealed and delivered this Amendment as of the day and year first above written.

**INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.**

By: _____
Name/Title: Michael Tapp, President

FRANCHISEE:
{Franchisee Name}

By: _____
Name/Title: _____

**AMENDMENT TO INTERSTATE ALL BATTERY CENTER
FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES**

This Amendment to the Interstate All Battery Center Franchise Agreement dated **{Date}**, between Interstate Battery Franchising & Development, Inc. (“IBFAD”) and **{Franchisee Name}** (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The following sentence is added to the end of Section 4.B.(2)(E):
The foregoing release does not apply to any claims that the franchisee may have under the North Dakota Franchise Investment Law.

2. The following sentence is added to the end of Section 23.C.:

Covenants not to compete will be subject to Section 9-08-06, N.D.C.C.

3. Sections 34 and 36 of the Franchise Agreement are each amended to add the following sentence:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring Franchisee to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.

4. The last sentence of Section 35.B.(1) of the Franchise Agreement shall be deleted and replaced with the following sentence:

The location site of arbitration or mediation shall be agreeable to all parties and may not be remote from the franchisee’s place of business.

5. The second sentence of Section 35.B.(4) is deleted.

6. Sections 39 and 40 of the Franchise Agreement are deleted.

7. Except as expressly modified by this Amendment, the Interstate All Battery Center Franchise Agreement remains unmodified and in full force and effect.

The parties have duly executed, sealed and delivered this Amendment as of the day and year first above written.

**INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.**

By: _____
Name/Title: Michael Tapp, President

**FRANCHISEE:
{Franchisee Name}**

By: _____
Name/Title: _____

**AMENDMENT TO INTERSTATE ALL BATTERY CENTER
FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES**

This Amendment to the Interstate All Battery Center Franchise Agreement dated **{Date}**, between Interstate Battery Franchising & Development, Inc. (“IBFAD”) and **{Franchisee Name}** (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. Any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted from Franchise Agreements issued in the State of Rhode Island.
2. Pursuant to Section 19-28.1.-14 of the Rhode Island Franchise Investment Act, a provision restricting jurisdiction or venue for litigation to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.
3. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or Exhibits or Attachments thereto, the terms of this Amendment shall govern.
4. Except as expressly modified by this Amendment, the Interstate All Battery Center Franchise Agreement remains unmodified and in full force and effect.

The parties have duly executed, sealed and delivered this Amendment as of the day and year first above written.

**INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.**

By: _____
Name/Title: Michael Tapp, President

FRANCHISEE:
{Franchisee Name}

By: _____
Name/Title: _____

**AMENDMENT TO INTERSTATE ALL BATTERY CENTER
FRANCHISE AGREEMENT
REQUIRED FOR WASHINGTON FRANCHISEES**

This Amendment to the Interstate All Battery Center Franchise Agreement dated **{Date}**, between Interstate Battery Franchising & Development, Inc. (“IBFAD”) and **{Franchisee Name}** (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The Washington Franchise Investment Protection Act, RCW 19.100.180 (“Act”), may supersede the Franchise Agreement in your relationship with IBFAD, including in the areas of termination and renewal of your Interstate All Battery Center Franchise Agreement. There also may be court decisions which may supersede the Franchise Agreement in your relationship with IBFAD, including in the areas of termination and renewal of your franchise.
2. In the event of a conflict of laws between the Act and the state law chosen in the Interstate All Battery Center Franchise Agreement, the provisions of the Act shall prevail.
3. A release or waiver of rights executed by Franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the Interstate All Battery Center Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
4. Transfer fees are collectable to the extent that they reflect IBFAD’s reasonable estimated or actual costs in effecting a transfer.
5. Washington requires IBFAD to state that in any arbitration involving an Interstate All Battery Center purchased in Washington, the arbitration site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. However, by including this statement, IBFAD does not waive its right to challenge this requirement of Washington law under the Federal Arbitration Act.
6. Except as expressly modified by this Amendment, the Interstate All Battery Franchise Agreement remains unmodified and in full force and effect.

The parties have duly executed, sealed and delivered this Amendment as of the day and year first above written.

**INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.**

By: _____
Name/Title: Michael Tapp, President

**FRANCHISEE:
{Franchisee Name}**

By: _____
Name/Title: _____

EXHIBIT D
BRANCH ADDENDUM

**BRANCH ADDENDUM TO
INTERSTATE ALL BATTERY CENTER FRANCHISE AGREEMENT**

THIS ADDENDUM is made as of **{Date}** (the “Effective Date”), by and between Interstate Battery Franchising & Development, Inc., a Delaware corporation with its principal place of business at 4301 121st Street, Urbandale, Iowa 50323 (“Franchisor”), and **{FRANCHISEE NAME}**, a **{State of Inc}** corporation with its principal place of business at **{Address}** (“Franchisee”).

RECITALS

A. Franchisee operates an Interstate All Battery Center located at **{Location}** (the “Center”) pursuant to a franchise agreement with Franchisor dated **{Date}** (the “Franchise Agreement”).

B. Franchisee desires to establish and operate one satellite All Battery Center which will be located at **{Location}** (the “Branch Center”), and to use the Proprietary Marks and the System in connection with the operation of the Branch Center.

C. Franchisor wishes to permit Franchisee to establish and operate the Branch Center.

D. Franchisor and Franchisee desire to amend the Franchise Agreement to reflect the rights necessary to operate the Branch Center.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that the Franchise Agreement shall be amended as follows:

1. Grant. Subject to the provisions of this Addendum and the Franchise Agreement, Franchisor hereby grants to Franchisee the right, and Franchisee hereby undertakes the obligation, to develop the Branch Center under the System as provided in this Addendum, and thereafter to operate the Branch Center for the remainder of the Term of the Franchise Agreement. The Branch Center shall offer and sell Authorized Products only, and shall not offer or sell any other products or services.

2. Branch Center Franchise Fee. Franchisee shall pay to Franchisor, at the time this Addendum is signed by Franchisee, the sum of \$22,500 (the “Branch Center Franchise Fee”). The Branch Center Franchise Fee is fully earned by Franchisor when paid, is not refundable, and is not credited against any other fees to be paid to Franchisor.

3. Establishment of Branch Center. Franchisee shall open the Branch Center and commence business not later than **{Date}**. Prior to opening, Franchisee shall complete all improvements to the Branch Center premises, including installation of décor, fixtures, equipment, signs, storefront and color scheme pursuant to Franchisor-approved plans and specifications. Franchisee shall obtain Franchisor’s prior written approval of the signage, design, décor, dimensions and interior layout of the Branch Center premises. In no event shall the establishment of the Branch Center at any site violate any agreement to which Franchisor is or shall become a party. The lease for the Branch Center shall comply in all respects with the Franchise Agreement. In no event shall Franchisee acquire the Branch Center site or open the Branch Center without Franchisor’s express written authorization. The location of the Branch Center cannot be changed without Franchisor’s prior written approval.

4. Standards for Branch Center. Franchisee acknowledges and agrees that Franchisor shall have the right to establish, and amend from time to time, standards of operation, specifications, instructions, requirements, methods and procedures for the operation of the Branch Center, which may differ from the standards of operation, specifications, instructions, requirements, methods and procedures for the operation of the Center, including, without limitation, the use of different marks, the sale of a different or limited variety of Authorized Products, different premises layout and design and requirements to add one

or more business-to-business representatives for the Branch Center based on commercial account levels set by Franchisor from time to time. Franchisee shall comply with all such standards, specifications and procedures, as amended by Franchisor from time to time. Franchisee shall identify the Branch Center by the name {Name}, without prefix or suffix, and Franchisee shall advertise the Branch Center under the name {Name}, without prefix or suffix.

5. Application of Terms of Franchise Agreement. Except to the extent superseded by this Addendum, Franchisee shall establish and operate the Branch Center in full compliance with all of the terms of the Franchise Agreement, including, without limitation, terms relating to: (a) the payment of royalty fees, existing account fees, advertising fees, software license and support fees, set up fees and rescheduling fees; (b) the sale of approved products and services; (c) procurement of all necessary permits and licenses to operate the Branch Center; (d) insurance; and (e) maintenance of Franchisor's high standards, and all terms of the Franchise Agreement applicable to the Center shall also apply to the Branch Center. Except to the extent superseded by this Addendum, the term "Center" as used in the Franchise Agreement, shall include, without limitation, the Branch Center. The Franchise Agreement shall govern the parties' relationship hereunder. Franchisor shall have no obligation to conduct telesales on behalf of Franchisee with respect to the Branch Center.

6. Territory. This Addendum grants to Franchisee no territorial or geographic rights or protections, nor does it alter or otherwise affect the limited territorial protection accorded to the franchisee pursuant to the Franchise Agreement.

7. Delivery Vehicles. Franchisee shall not be required to use any delivery vehicles in connection with the operation of the Branch Center. However, Franchisor reserves the right to require an additional delivery vehicle if the volume of business increases to the point where the lack of an additional vehicle restricts the growth of market share.

8. Equipment. Franchisee shall, at Franchisee's expense, purchase or lease and utilize at the Branch Center premises and in connection with the Branch Center business such point of sale computer hardware and software, required dedicated telephone and power lines, modem(s), printer(s) and other computer-related accessories and peripheral equipment as Franchisor specifies from time to time.

9. Term and Termination. The term of this Addendum shall begin upon the Effective Date and, unless this Addendum is terminated sooner, shall end upon the termination or expiration of the Franchise Agreement. In addition, Franchisor shall have the right to terminate this Addendum and the rights granted by this Addendum independently from and without terminating the Franchise Agreement, upon 45 days' notice to Franchisee in the event of any default hereunder or any default under the Franchise Agreement. Upon termination or expiration of this Addendum, with respect to the Branch Center, Franchisee shall comply with all post-termination obligations contained in the Franchise Agreement.

10. Assignment. Franchisee shall not have the right to Transfer any direct or indirect interest in this Addendum, unless such transfer shall occur along with a Transfer of an interest in the Center, approved by Franchisor in accordance with the terms of the Franchise Agreement. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Addendum to any person or legal entity, in accordance with the transfer provisions applicable to the Franchisor in the Franchise Agreement.

11. Guarantee and Assumption of Franchisee's Obligations. In consideration of Franchisor's grant of rights to Franchisee to establish and operate a Branch Center, each of Franchisee's Guarantors shall sign the Guarantee and Assumption of Franchisee's Obligations attached hereto. The execution of the Guarantee and Assumption of Franchisee's Obligations attached hereto by each Guarantor shall be a condition precedent to the effectiveness of this Addendum.

12. Definitions. Except as expressly provided herein, all capitalized terms in this Addendum shall have the meaning attributed to them in the Franchise Agreement.

13. Construction. Except as modified by this Addendum, all terms of the Franchise Agreement remain in full force and effect. The Franchise Agreement, as hereby amended, is ratified and confirmed by the parties hereto and the parties hereto acknowledge that the written Franchise Agreement as executed by the parties constitutes all of the terms of the business relationship between the parties and that there are no other prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term) between the parties which might constitute agreements, rights or obligations other than those in the Franchise Agreement, as amended by this Addendum.

14. Miscellaneous.

- a. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.
- b. Captions. All captions in this Addendum are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision of this Addendum.
- c. Counterparts. This Addendum may be executed in counterparts, and each copy so executed and delivered shall be deemed an original.

The parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

FRANCHISOR:
INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.

By: _____
Name/Title: _____

FRANCHISEE:
{FRANCHISEE NAME}

By: _____
Name/Title: **Signor**

APPROVED:
INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.

Date: _____
Dallas, Texas

Name/Title: _____

GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Interstate All Battery Center Franchise Agreement dated as of {Date}, as amended by the Branch Addendum dated as of {Date} ("Agreement") by Interstate Battery Franchising & Development, Inc. ("Franchisor"), entered into with {FRANCHISEE NAME} ("Franchisee"), the undersigned ("Guarantors"), each of whom is an officer, director or a holder of a legal or beneficial interest in Franchisee of 10% or more, hereby personally and unconditionally: (1) guarantees to Franchisor, its affiliates, and their successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant in the Agreement and any other agreements with Franchisor and its affiliates, including any promissory notes made by Franchisee in favor of Franchisor or its affiliates; and (2) agree personally to be bound by, and personally liable for the breach of, each and every provision of the Agreement binding upon Franchisee, including, without limitation, the provisions of Sections 22, 23 and 25, and 34-42. The undersigned Guarantors shall not be liable for exemplary and punitive damages or for lost profits and in no event shall any individual Guarantor's total liability hereunder exceed One Million Dollars (\$1,000,000); provided, however that such limitation on total liability shall not apply to any claims or liability relating to or arising out of Franchisee's indemnification obligations contained in Section 28 of the Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he may have to require that an action be brought against Franchisee or any other person as a condition of his own liability; and (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his direct and immediate liability under this guarantee shall be joint and several; (ii) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Franchisee to Franchisor under the Agreement or other agreements with Franchisor and its affiliates. In addition, if any of the undersigned ceases to be an officer or director of Franchisee or to own any interest in Franchisee prior to termination or expiration of the Agreement, that person agrees that his obligations under this guarantee with respect to the performance of the covenants contained in Section 23.C. shall remain in force and effect for an uninterrupted and continuous period of 1 year after he ceases to own an interest in Franchisee.

Each of the undersigned has hereunto affixed his signature, under seal, as of the Effective Date of the Agreement.

GUARANTOR(S):

Date: _____

Date: _____

EXHIBIT E
STORE SYSTEM/TECHNOLOGY AGREEMENT
AND
PARTICIPATION AGREEMENT

STORE SYSTEM/TECHNOLOGY AGREEMENT

**INTERSTATE ALL BATTERY CENTER
STORE SYSTEM/TECHNOLOGY AGREEMENT**

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INTERSTATE ALL BATTERY CENTER STORE SYSTEM/TECHNOLOGY AGREEMENT

THIS STORE SYSTEM/TECHNOLOGY AGREEMENT (“Agreement”) is made on **{Date}** (“Effective Date”), by and between Interstate Battery Franchising & Development, Inc. a Delaware corporation, with its principal place of business at 4301 121st Street, Urbandale, Iowa 50323 (“IBFAD”), and **{FRANCHISEE NAME}**, a **{State of Inc}** corporation, with its principal place of business at **{Address}** (“Licensee”).

RECITALS:

A. IBFAD and Licensee have entered into a Franchise Agreement dated **{Date}** (“the Franchise Agreement”) pursuant to which Licensee has been granted the right to develop and operate an Interstate All Battery Center (the “Center”).

B. IBFAD has, by virtue of license, assignment or authorship, the right to distribute, to use and to license others to use certain proprietary software in the operation of Interstate All Battery Centers (the “Software”). The Software is highly customized to Interstate All Battery Centers and, among other things, records and processes sales data, accounts receivable, inventory data, financial information and new and updated customer profiles.

C. IBFAD has identified such other technology that it expects will improve the operations of the Interstate All Battery Centers.

D. Licensee requires use of the Software and such other technology in order to operate the Center.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant and Term.

A. Grant. IBFAD hereby grants to Licensee, and Licensee hereby accepts, a non-exclusive license to use the Software solely in conjunction with the operation by Licensee of the Center and solely for installation at the location now specified in, or later added to, Schedule A hereto (“Specified Site”). Licensee may use and IBFAD will install, in accordance with this Agreement, the Software at each computer terminal at the Specified Site. IBFAD shall provide Licensee one copy of the documentation manuals for the Software.

B. Term. The term of this license shall be co-extensive with the term of the Franchise Agreement. In the event that this Agreement is terminated by either party, for cause or otherwise, the Software license will immediately terminate and Licensee shall immediately return all Software. Licensee shall be required to purge and destroy all confidential and/or proprietary information owned by or assigned to IBFAD or its affiliates. Further, IBFAD shall have the right, at its sole discretion, to repurchase any Hardware originally purchased by Licensee from IBFAD. Such repurchase by IBFAD will be made at fair market value, as determined on the date of termination.

2. Site License Fee.

Licensee shall pay IBFAD a one-time site license fee of \$13,000 (the “Site License Fee”). The Site License Fee is due upon delivery of the Computer System (defined in Section 4 of this Agreement) to the Specified Site. The Site License Fee is applied to each Specified Site for use by Licensee of no more

than six (6) hardware devices. To the extent Licensee requires or requests use of the Software for more than six (6) hardware devices at a Specified Site, Licensee shall pay IBFAD a one-time additional \$500 for each additional hardware device in excess of six (6) used at a Specified Site.

3. Ownership.

Licensee understands, acknowledges and agrees that Licensee neither receives nor acquires any rights in the Software other than the right to use the Software pursuant to this Agreement.

4. Hardware and Computer System.

A. Licensee Obligations. Pursuant to the Franchise Agreement, Licensee will purchase the hardware in which the Software is to be installed (“Hardware”) from IBFAD. IBFAD will, for each computer terminal at the Specified Site, configure the Hardware with the Software (the configured Hardware will be referred to as the “Computer System”) before installing the Computer System at the Specified Site.

B. Installation. IBFAD or IBFAD’s designee shall install the Computer System at the Specified Site and shall test the Computer System to ensure that the Computer System is in proper operating order. IBFAD shall not charge a separate fee for this installation and test.

5. Network Services.

A. Licensee shall execute a Network Services Agreement with a Network Service Provider designated by IBFAD. IBFAD, at its sole discretion, shall endeavor to designate and engage a nationally recognized Network Service Provider employing commercially reasonable rates that Licensee will be obliged to use for its network connectivity needs. In the event IBFAD does not designate a Network Service Provider, Licensee, with prior approval from IBFAD, shall engage a network provider to provide its network connectivity services.

B. Licensee shall strictly adhere to all the provisions of the Network Services Agreement.

C. In the event IBFAD designates and engages a Network Service Provider, IBFAD will invoice Licensee monthly for Licensee’s network connectivity costs.

D. IBFAD reserves to right to modify the content of this paragraph, including, but not limited to the selection of a network service provider and the manner in which IBFAD charges and invoices the network services.

6. Payment Processing Services.

A. Licensee shall execute a Payment Processing Services Agreement (“Processing Agreement”) with a payment processing provider (“Payment Processor”) designated by IBFAD. IBFAD, at its sole discretion, shall endeavor to designate a nationally recognized Payment Processor employing commercially reasonable rates that Licensee will be obliged to use for its payment processing services. In the event IBFAD does not designate a Payment Processor, Licensee, with prior approval from IBFAD, shall engage a Payment Processor.

B. Licensee shall strictly adhere to all the provisions of the Processing Agreement, including, but not limited to, compliance with the data security standards adopted by the PCI Security Standards Council, LLC, and all other applicable laws and regulations.

C. Licensee agrees to indemnify IBFAD and its affiliates, officers, directors, employees, and agents from any losses, liabilities, and damages of any and every kind (including, without limitation, your costs, expenses and reasonable attorneys' fees) arising out of any claim or complaint resulting from any breach of the Processing Agreement.

D. IBFAD reserves the right to modify the content of this paragraph, including, but not limited to the selection of the Payment Processor.

7. Maintenance, Support and Upgrades.

A. Licensee Obligations. Licensee shall be responsible for maintaining the Computer System in proper operating condition in compliance with the specifications in the Franchise Agreement and in the Manuals provided to Licensee pursuant to the Franchise Agreement, and for instituting and following proper security procedures to protect the Computer System from damage or deterioration. From time to time, IBFAD may develop or acquire upgrades, modifications, new releases, or other improvements to the Software and Licensee shall be obligated to use the updated Software which IBFAD designates for use by, and provides to, Licensee immediately thereafter.

B. Software Maintenance Fee.

(1) Licensee shall pay IBFAD an annual fee of \$1,200 for maintenance, support and upgrades to the Software ("Software Maintenance Fee"). The Software Maintenance Fee shall be payable in advance and is due on January 1 of each year. To extent Licensee utilizes more than six (6) hardware devices at a Specified Site, Licensee shall pay, in addition to the Software Maintenance Fee described above, an additional annual fee of \$500 for each hardware device in excess of six (6) that is used at a Specified Site. IBFAD reserves the right to make modification to the Software Maintenance Fee upon thirty (30) days written notice.

(2) Provided that Licensee has paid the required Software Maintenance Fee, IBFAD shall provide and install all updates to the Software, as needed (which installation may be accomplished via remote communication or on-site methods).

C. Help Desk & Hardware Maintenance Services.

(1) IBFAD Obligations. IBFAD shall provide Help Desk & Hardware Maintenance Services for all licensees that are current on their Help Desk Fee, as described in C.2. Licensee will be able to access the Help Desk & Hardware Maintenance Services by calling the designated U.S. toll free telephone number. IBFAD Help Desk representatives will provide Help Desk & Hardware Maintenance Services primarily in English; IBFAD will, however, strive to have Spanish speaking representatives available on a limited basis. Further, IBFAD will endeavor to make the Help Desk & Hardware Maintenance Support Services accessible 24 hours per day/7 days per week year-round. IBFAD, however, shall have the right, in its sole discretion and without prior notice, to modify the Help Desk & Hardware Maintenance Support Services hours.

(2) Licensee shall pay IBFAD a monthly fee of \$170 for the Help Desk & Hardware Maintenance Services ("Help Desk Fee") plus a site re-visit fee ranging from \$500 to \$900 (excluding equipment costs). The Help Desk Fee shall be payable in advance and is due on the 1st day of each month during the term of the Agreement.

a. Provided that Licensee is not in arrears with respect to the Help Desk Fee, IBFAD, through its Help Desk & Hardware Maintenance Services personnel, shall (i) provide Licensee with assistance involving software issues; (ii) provide Licensee with assistance involving hardware maintenance issues; and (iii) provide Licensee with

assistance involving network connectivity issues, if IBFAD has designated and engaged a Network Service Provider.

b. Licensee shall be assisted with hardware maintenance issues by IBFAD's designated service provider ("Hardware Servicer"). To the extent Hardware Servicer determines that Licensee requires a replacement device, Hardware Servicer will provide Licensee with replacement Hardware using expedited. Licensee is required to uninstall the faulty equipment and return the faulty equipment to Hardware Servicer using postage-paid label included in the replacement shipment. Any expense incurred to install the replacement Hardware is borne completely by Licensee.

(3) The Help Desk Fee shall entitle Licensee, during the first three (3) months after installation (the "Initial Period"), to receive assistance for up to fifteen (15) support incidents at no additional charge. During the Initial Period, should Licensee utilize the Help Desk Services for more than fifteen (15) support incidents, Licensee shall be billed \$25 for each support incident in excess of fifteen (15) reported to the Help Desk.

(4) After the Initial Period, the Help Desk Fee shall entitle Licensee to four (4) support incidents each month at no additional charge. To the extent Licensee utilizes the Help Desk Services for more than four (4) support incidents during a month, Licensee shall be billed \$25 for each support incident in excess of four (4) reported to the Help Desk.

(5) A support incident represents one or more related events affecting the operability of the Software, Network or Hardware. The determination as to whether multiple events represent one or more incidents shall be made at IBFAD's sole discretion.

(6) IBFAD reserves the right to make modifications to the Help Desk Fee, upon thirty (30) day written notice.

D. Additional Support. Licensee may obtain such additional computer support as IBFAD may offer, if any, at the fees as then prescribed at the sole discretion of IBFAD.

8. Taxes.

A. IBFAD shall provide a table of applicable tax rates as produced by IBFAD's designee for use by Licensee for the sale of products from Licensee's franchise. IBFAD shall endeavor to ensure the tax rates are in accordance with the state and local rates promulgated by the respective state, county and municipal governing bodies.

B. Licensee assumes full responsibility for compliance with all state and local tax obligations. IBFAD makes no warranty, express or implied, as to the accuracy of the tax rates provided to Licensee.

C. Any federal, state, or municipal taxes or duties levied against items sold, leased, conveyed or otherwise transferred to Licensee by IBFAD or IBFAD's designees or imposed on transactions between Licensee and IBFAD or IBFAD's designees as a result of this Agreement will be fully borne by the Licensee.

9. Confidentiality.

A. Proprietary Information. IBFAD represents and Licensee acknowledges that the Software and documentation manuals incorporate confidential and proprietary information and trade secrets owned by IBFAD and its affiliates. Further, IBFAD represents and Licensee acknowledges that

Licensee will receive certain other confidential and proprietary information owned by IBFAD, its affiliates, its business partners and/or other such designees. Licensee accordingly agrees that it will not, directly or indirectly, do any of the following at any time, during or after the term of this Agreement, without IBFAD's prior written permission: (a) copy, modify, disclose or distribute the Software, documentation manuals, or other such confidential and proprietary information (electronically or otherwise); (b) reverse engineer, decompile, decrypt, or disassemble the Software or attempt to do so; or (c) transfer, rent, lease, lend or sublicense the Software or documentation manuals to anyone for any purpose.

B. Personal Information. Licensee shall implement and maintain commercially reasonable (taking into account the nature of the information) legal, organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality of Personal Information in its possession and to prevent unauthorized access, use, duplication, modification and destruction of any Personal Information in its possession. With respect to any Personal Information in its possession, Licensee shall comply with all applicable laws governing use, protection, and disclosure of Personal Information. "Personal Information" means information by which specific individuals can be identified or information or relating to an identified or identifiable natural person (including, without limitation, names, addresses, credit card numbers, account numbers, specific items ordered, and also denominations and quantities ordered by customers and aggregate customer and/or product information if any individual person can be identified from such information) that Licensee obtains through operation of the Center.

10. Access to Data.

Licensee understands, acknowledges and agrees that IBFAD acquires and retains the sole right to any and all data obtained by Licensee involving the operation of the Center. Licensee agrees that IBFAD shall have the free and unfettered right to retrieve any data, customer information and other information from Licensee's computers as IBFAD, in its sole discretion, deems appropriate, including electronically polling the daily sales, computer information and other data of the Center. IBFAD will bear the telephonic cost of the retrieval; provided, however, that the costs of installing and maintaining the necessary dedicated telephone or data lines and service to the Specified Site shall be borne by Licensee. Licensee must backup all data on the Computer System daily and comply with any and all other operational requirements of the Franchise Agreement and the Manuals.

11. Non-Modification.

The parties contemplate that Licensee shall input financial, customer and other data and information into the Computer System. Apart from the input of such data (which will be accomplished without causing any modification to the Software), Licensee shall not modify, alter, change or otherwise vary the Software, as modified from time to time by IBFAD, after its provision or installation by IBFAD. IBFAD shall own the copyrights in any modifications to, and derivative works from, the Software made in contravention to this provision.

12. Breach.

A. Termination. Except as otherwise specified in this Section, Licensee shall have 30 days (10 days for monetary defaults) after written notice of default from IBFAD within which to remedy the default and provide evidence of that remedy to IBFAD. If any such default is not cured within that time, this Agreement shall terminate without further notice to Licensee effective immediately upon expiration of that time, unless IBFAD notifies Licensee otherwise in writing. If Licensee breaches either Section 9, 10 or 11 of this Agreement, IBFAD may terminate this Agreement immediately without providing Licensee an opportunity to cure.

B. Obligations Upon Termination or Expiration. Upon termination or expiration of this Agreement, Licensee shall promptly return to IBFAD all Software, copies of Software, and operating manuals and all other materials and information relating to the Software furnished by IBFAD. In addition, Licensee shall promptly and permanently erase all Software from the computer system and certify to IBFAD that Licensee has complied with this obligation. Further, Licensee shall be required to purge and destroy all confidential and/or proprietary information owned, assigned, or made available for use to IBFAD or its affiliates that is maintained on any Hardware device owned or leased by Licensee.

C. Injunctive Relief. Licensee recognizes that its failure to comply with the terms of this Agreement, including the failure to fully comply with the post-termination obligations, is likely to cause irreparable harm to IBFAD and Interstate All Battery Centers. Therefore, Licensee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Licensee, IBFAD shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance, without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by IBFAD shall be in addition to, and not in lieu of, all remedies and rights that IBFAD otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

13. No Warranty.

IBFAD makes no warranty, express or implied, with respect to the Software. In the event that the Software becomes defective or inoperative owing to no fault of Licensee, IBFAD's sole obligation will be to replace the same without charge. IBFAD will not be responsible for any loss of sales by Licensee during the period in which the Software is inoperative, nor will IBFAD be responsible for any loss or inaccuracy of data caused by the Software. **NEITHER IBFAD NOR ITS AFFILIATES WILL BE RESPONSIBLE TO LICENSEE OR ITS AFFILIATES FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT OR SPECIAL DAMAGES, INCLUDING LOST PROFITS, BUSINESS INTERRUPTION, OR OTHER INCIDENTAL, PUNITIVE, OR ECONOMIC DAMAGES WHATSOEVER.**

14. Assignment.

A. No Assignment by Licensee. Licensee may not directly or indirectly transfer, assign, sell, donate, lease, rent, loan, convey, translate, demonstrate, convert to another programming language (written or spoken), encumber, distribute or otherwise alienate this Agreement or the license granted herein or the Software, or any interest therein. If, with IBFAD's prior approval and consent, Licensee transfers the Center pursuant to the provisions of the Franchise Agreement, Licensee may transfer the Software and Computer System to the same transferee. IBFAD may require the transferee to enter into its then-current Store System/Technology Agreement, which may contain terms and provisions that differ from those contained in this Agreement.

B. Assignment by IBFAD. IBFAD shall have the absolute, unrestricted right, exercisable at any time, to transfer, assign, and delegate this Agreement or any part of its rights and obligations under this Agreement to any person or legal entity whatsoever.

15. General Provision.

Except as otherwise provided in this Agreement, the provisions of the Franchise Agreement concerning the Software, and governing approvals and waivers, severability and construction, applicable law and other miscellaneous provisions shall also be applicable to this Agreement, and such provisions are hereby incorporated by reference.

The parties have duly executed, sealed and delivered this Agreement as of the day and year first above written.

**INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.**

Name/Title: _____

**LICENSEE/FRANCHISEE:
{FRANCHISEE NAME}**

By: _____
Name/Title: **Signor**

SCHEDULE A
SPECIFIED SITE

Address: **{Address}**

Approximate date on which Computer System will be installed: _____

IBFAD Initials: _____ Licensee Initials: _____

PARTICIPATION AGREEMENT

Select Plus Agreement Amendment ID Y08

Proposal ID

The following terms and conditions amend the terms and conditions of the Agreement identified on the signature form, and only for purposes of this Agreement.

- A. The definition “Affiliate” in the Microsoft Business and Services Agreement, or Microsoft Business Agreement (MBA) is hereby amended by adding the following sentence:

This definition also includes a Registered Affiliate’s Franchisees that have signed Participation Agreements in the form attached as Attachment A.

- B. A new definition entitled “Franchisee” is hereby added to the Agreement as follows:

“Franchisee” means an entity with whom an Registered Affiliate has entered into a franchise agreement governing the use of the Registered Affiliate’s logos and/or trademarks and which agreement gives the Registered Affiliate, as the franchisor, the right to prescribe key aspects of the Franchisee’s operation and, if needed, to terminate them.

- C. A new subsection entitled “Including franchisees” shall be added to the Agreement as follows:

Including Franchisees. Each Franchisee shall sign a Participation Agreement (Exhibit A) which the Registered Affiliate agrees to maintain on file and make available to Microsoft upon request. An Registered Affiliate may choose to have one or more Franchisees execute their Participation Agreement electronically, provided that the Registered Affiliate warrants to Microsoft that each such Participation Agreement has been duly executed and is enforceable in accordance with its terms. The Registered Affiliate agrees to assume full responsibility for the performance of its Franchisee under this agreement.

This amendment must be attached to a signature form to be valid.

EXHIBIT A
PARTICIPATION AGREEMENT

This Participation Agreement is entered into by the party signing below (“you”) for the benefit of the Microsoft affiliate (“Microsoft”) and shall be enforceable against you by Microsoft in accordance with its terms. You acknowledge that Microsoft and _____ (“customer”) have entered into Microsoft Select Plus Agreement, No. _____ (the “agreement”), under which you desire to sublicense certain Microsoft products. As used in this Participation Agreement, the term to “run” a product means to copy, install, use, access, display, run or otherwise interact with it. You acknowledge that your right to run a copy of any version of any product sublicensed under the agreement is governed by the applicable product use rights for the product and version licensed as of the date you first run that copy. Such product use rights will be made available to you by the customer, or by publication at a designated site on the World Wide Web, or by some other means. Microsoft does not transfer any ownership rights in any licensed product and it reserves all rights not expressly granted.

I. **Acknowledgment and Agreement.** You hereby acknowledge that you have obtained a copy of the product use rights located at <http://microsoft.com/licensing/resources> applicable to the products acquired under the above-referenced agreement; you have read and understood the terms and conditions as they relate to your obligations; and you agree to be bound by such terms and conditions, as well as to the following provisions:

a. **Restrictions on use.** You may not:

- (i) Separate the components of a product made up of multiple components by running them on different computers, by upgrading or downgrading them at different times, or by transferring them separately, except as otherwise provided in the product use rights;
- (ii) Rent, lease, lend or host products, except where Microsoft agrees by separate agreement;
- (iii) Reverse engineer, de-compile or disassemble products or fixes, except to the extent expressly permitted by applicable law despite this limitation;

Products, fixes and service deliverables licensed under this agreement (including any license or services agreement incorporating these terms) are subject to U.S. export jurisdiction. You must comply with all domestic and international export laws and regulations that apply to the products, fixes and service deliverables. Such laws include restrictions on destinations, end-user, and end-use for additional information, see <http://microsoft.com/licensing/exporting>.

b. **Limited product warranty.** Microsoft warrants that each version of a commercial product will perform substantially in accordance with its user documentation. This warranty is valid for a period of one year from the date you first run a copy of the version. To the maximum extent permitted by law, any warranties imposed by law concerning the products are limited to the same extent and the same one year period. This warranty does not apply to components of products which you are permitted to redistribute under applicable product use rights, or if failure of the product has resulted from accident, abuse or misapplication. If you notify Microsoft within the warranty period that a product does not meet this warranty, then Microsoft will, at its option, either (1) return the price paid for the product or (2) repair or replace the product. To the maximum extent permitted by law, this is your exclusive remedy for any failure of any commercial product to function as described in this paragraph.

c. **Free and beta products.** To the maximum extent permitted by law, free and beta products, if any, are provided “as-is,” without any warranties. You acknowledge that the provisions of this paragraph with regard to pre-release and beta products are reasonable having regard to, among other things, the fact that they are provided prior to commercial release so as to give you the opportunity (earlier than you would otherwise have) to assess their suitability for your business, and without full and complete testing by Microsoft.

d. **NO OTHER WARRANTIES.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, MICROSOFT DISCLAIMS AND EXCLUDES ALL REPRESENTATIONS, WARRANTIES AND CONDITIONS, WHETHER EXPRESS, IMPLIED OR STATUTORY, OTHER THAN THOSE IDENTIFIED EXPRESSLY IN THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, SATISFACTORY QUALITY, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH

RESPECT TO THE PRODUCTS AND RELATED MATERIALS. MICROSOFT WILL NOT BE LIABLE FOR ANY PRODUCTS PROVIDED BY THIRD PARTY VENDORS, DEVELOPERS OR CONSULTANTS IDENTIFIED OR REFERRED TO YOU BY MICROSOFT UNLESS SUCH THIRD PARTY PRODUCTS ARE PROVIDED UNDER WRITTEN AGREEMENT BETWEEN YOU AND MICROSOFT, AND THEN ONLY TO THE EXTENT EXPRESSLY PROVIDED IN SUCH AGREEMENT.

- e. **Limitation of liability.** There may be situations in which you have a right to claim damages or payment from Microsoft. Except as otherwise specifically provided in this paragraph, whatever the legal basis for your claim, Microsoft's liability will be limited, to the maximum extent permitted by applicable law, to direct damages up to the amount you have paid for the product giving rise to the claim. In the case of Microsoft's responsibilities with respect to third party patent or copyright infringement claims, Microsoft's obligation to defend such claims will not be subject to the preceding limitation, but Microsoft's liability to pay damages awarded in any final adjudication (or settlement to which it consents) will be. In the case of free product, or code you are authorized to redistribute to third parties without separate payment to Microsoft, Microsoft's total liability to you will not exceed US\$5000, or its equivalent in local currency.
- f. **NO LIABILITY FOR CERTAIN DAMAGES.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER YOU, YOUR AFFILIATES OR SUPPLIERS, NOR MICROSOFT, ITS AFFILIATES OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, CONSEQUENTIAL, SPECIAL OR INCIDENTAL DAMAGES, DAMAGES FOR LOSS OF PROFITS OR REVENUES, BUSINESS INTERRUPTION, OR LOSS OF BUSINESS INFORMATION) ARISING IN CONNECTION WITH ANY AGREEMENT, PRODUCT, OR FIX, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR IF SUCH POSSIBILITY WAS REASONABLY FORESEEABLE. THIS EXCLUSION OF LIABILITY DOES NOT APPLY TO EITHER PARTY'S LIABILITY TO THE OTHER FOR VIOLATION OF THE OTHER PARTY'S INTELLECTUAL PROPERTY RIGHTS.
- g. **Application.** The limitations on and exclusions of liability for damages set forth herein apply regardless of whether the liability is based on breach of contract, tort (including negligence), strict liability, breach of warranties, or any other legal theory.
- h. **Verifying compliance.** You must keep records relating to the products you run. Microsoft has the right to verify compliance with these terms and any applicable product use rights, at its expense, during the term of the agreement and for a period of one year thereafter. To do so, Microsoft will engage an independent accountant from a nationally recognized public accounting firm, which will be subject to a confidentiality obligation. Verification will take place upon not fewer than 15 days' notice, during normal business hours and in a manner that does not interfere unreasonably with your operations. As an alternative, Microsoft may require you to accurately complete its self-audit questionnaire relating to the products you use. If verification or self-audit reveals unlicensed use of products, you must promptly order sufficient licenses to permit all product usage disclosed. If material unlicensed use is found (license shortage of 5% or more), you must reimburse Microsoft for the costs it has incurred in verification and acquire the necessary additional licenses as single retail licenses within 30 days. If Microsoft undertakes such verification and does not find material unlicensed use of products, it will not undertake another such verification for at least one year. Microsoft and its auditors will use the information obtained in compliance verification only to enforce its rights and to determine whether you are in compliance with these terms and the product use rights. By invoking the rights and procedures described above, Microsoft does not waive its rights to enforce these terms or the product use rights, or to protect its intellectual property by any other means permitted by law.
- i. **Dispute Resolution; Applicable Law.** This Participation Agreement will be governed and construed in accordance with the laws of the jurisdiction whose law governs the agreement. You consent to the exclusive jurisdiction and venue of the state and federal courts located in such jurisdiction. This choice of jurisdiction does not prevent either party from seeking injunctive relief with respect to a violation of intellectual property rights in any appropriate jurisdiction. The 1980 United Nations Convention on Contracts for the International Sale of Goods and its related instruments will not apply to this agreement or any license entered into with Microsoft or its affiliates under this agreement.

Your violation of the above-referenced terms and conditions shall be deemed to be a breach of this Participation Agreement and shall be grounds for immediate termination of all rights granted hereunder.

Dated as of the ____ day of ____, 20__.

CUSTOMER AFFILIATE:

By

Name

Title

Date



EXHIBIT F

ADDENDUM TO CONFIDENTIAL DISTRIBUTOR AGREEMENT

**FRANCHISING ADDENDUM TO
CONFIDENTIAL DISTRIBUTOR AGREEMENT**

This Franchising Addendum to the Confidential Distributor Agreement dated {CDA Date} (the “Agreement”) between Interstate Battery System of America, Inc. (“Interstate”) and {Distributor Corp Name} (“Distributor”) is entered into as of {Date}. Interstate and Distributor hereby agree as follows:

1. **FRANCHISING ALLOWED.** Nothing in the Agreement shall be construed to prohibit Distributor or an individual or entity controlling, controlled by, or under common control with, Distributor from establishing or operating retail stores for the sale of batteries in the Primary Area pursuant to a written franchise agreement (“Franchise Agreement”) between Interstate Battery Franchising & Development, Inc. (“Franchisor”) and Distributor and/or any such individual or entity as referenced above (“Franchisee”).

2. **NO RIGHT TO USE FRANCHISE MARKS.** Nothing in the Agreement shall be construed to permit Distributor to use or display, in connection with Distributor’s activities under the Agreement, any of the trademarks, service marks or trade names licensed to Franchisee under the Franchise Agreement, except the mark “Interstate.”

3. **OVERRIDE.** Distributor acknowledges that nothing in the Agreement requires, or shall be construed to require, Franchisee, Franchisor or Interstate to pay to Distributor any override described in paragraph 6(A) of the Agreement for any sales made by Franchisee, Franchisor, or Retail Acquisition & Development, Inc. or any of their successors or transferees in the Primary Area.

4. **CROSS-DEFAULT.** Paragraph 15(B) of the Agreement is amended by deleting the period at the end of part 6, and by adding “; or” at the end of part 6. Paragraph 15(B) of the Agreement is further amended by adding the following at the end of such paragraph:

7) Franchisor terminates the Franchise Agreement on the grounds of Franchisee’s fraud or material misrepresentation or on the grounds of Franchisee’s material breach of any provision of the Franchise Agreement relating to the protection of Franchisor’s trade secrets, other confidential information, system, marks or goodwill.

5. Except as expressly modified by this Franchising Addendum, the Agreement remains unmodified and in full force and effect.

**INTERSTATE BATTERY SYSTEM
OF AMERICA, INC.**

By: _____
Name: _____
Title: _____

**DISTRIBUTOR:
{Distributor Corp Name}**

By: _____
Name/Title: **Signor**

EXHIBIT G
CREDIT AND SECURITY AGREEMENT

CREDIT AND SECURITY AGREEMENT

THIS CREDIT AND SECURITY AGREEMENT is entered into on {Date} between **RETAIL ACQUISITION & DEVELOPMENT, INC.**, a Delaware corporation (“RAD”); **INTERSTATE BATTERY FRANCHISING & DEVELOPMENT, INC.**, a Delaware corporation (“IBFAD”); and {FRANCHISEE NAME}, a {State of Inc} corporation (“Franchisee”). In consideration of the Interstate All Battery Center franchise granted to Franchisee by IBFAD pursuant to that certain Interstate All Battery Center Franchise Agreement dated {Date} (the “Franchise Agreement”) and/or the extension of credit by RAD to Franchisee, and other good and valuable consideration, RAD, IBFAD, and Franchisee agree as follows:

1. DEFINITIONS. In this Agreement:

A. The term “**Obligations**” refers to the following obligations that are secured by this Agreement:

(1) all amounts owed by Franchisee to IBFAD and its affiliates from time to time under the Franchise Agreement or any other agreement between Franchisee and IBFAD or any of its affiliates;

(2) all amounts owed by Franchisee to RAD from time to time arising from the purchase of products and services by Franchisee from RAD;

(3) all costs incurred by RAD or IBFAD to obtain, preserve, perfect, and enforce this Agreement and the security interest granted herein, to collect the Obligations, and to maintain, preserve, collect, and secure the Collateral (as defined below), including, but not limited to, taxes, assessments, insurance premiums, repairs, reasonable attorneys’ fees and legal expenses, rent, storage costs, and expenses of sale;

(4) all other debts, obligations, liabilities, and agreements of Franchisee to RAD and IBFAD now or hereafter arising, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, direct or indirect; and

(5) interest on the above amounts as agreed upon among the parties or, if not otherwise agreed, at a per annum rate of interest equal to the lesser of (i) two (2%) percentage points above the Prime Rate or (ii) the maximum rate of interest allowed under applicable law.

B. The term “**Collateral**” refers to the following property of Franchisee:

(1) all products sold by RAD to Franchisee;

(2) all other inventory of Franchisee whenever acquired, wherever located, and whether now or hereafter existing which is acquired by Franchisee pursuant to or in connection with the business conducted under the Franchise Agreement;

(3) all accessions, attachments, and other additions to, substitutes for, replacements for, and improvements to the foregoing;

(4) all documents, contract rights, accounts, and chattel paper, now existing or hereafter arising, with respect to the sale, lease, or consignment of any of the foregoing;

- (5) all policies of insurance covering the foregoing; and
- (6) all proceeds of any of the foregoing.

C. The term “**Prime Rate**” refers to the per annum rate of interest equal to the base rate of interest announced from time to time by First Wisconsin Bank of Milwaukee, Milwaukee, Wisconsin, as its prime rate of interest, which rate of interest may not be its lowest base rate of interest.

D. All other capitalized terms used herein but not defined above shall have the same meaning as in the Franchise Agreement.

2. SECURITY INTEREST.

Subject to the terms of this Agreement, Franchisee assigns and grants to RAD and IBFAD a security interest and lien on the Collateral to secure the payment and the performance of the Obligations.

3. INVENTORY LOCATION.

A. Franchisee represents and warrants to RAD and IBFAD as follows:

(1) Franchisee’s principal place(s) of business is/are: (include City, County, State) **{Address}, {County} County.**

(2) The Collateral will be kept at Franchisee’s principal place(s) of business.

(3) The office where Franchisee keeps the records concerning accounts and contract rights is in **{County} County, {State}.**

B. Franchisee will promptly notify RAD and IBFAD of any addition to, change in, or discontinuance of any address of Franchisee, place or places where Collateral is kept, Franchisee’s principal place of business, or location of the office where records concerning accounts and contract rights are kept.

4. RECORDS AND INSPECTIONS.

Franchisee at all times will maintain reasonable, current and accurate books and records covering the Collateral. From time to time upon the request of RAD or IBFAD, Franchisee shall deliver detailed descriptions and lists of the items included in the Collateral, as well as such other reports and information deemed by RAD or IBFAD to be necessary or appropriate to enable RAD or IBFAD to determine the value and location of the Collateral. RAD, IBFAD and their agents and representatives may inspect the Collateral and Franchisee’s records with respect to the Collateral during normal business hours.

5. TITLE.

At the time Franchisee grants to RAD and IBFAD a security interest in any Collateral, Franchisee shall be the absolute owner thereof and shall have the right to grant such security interest. Franchisee shall defend the Collateral against all claims and demands of all persons at any time claiming any interest in any of the Collateral that is adverse to RAD or IBFAD. Franchisee shall keep the Collateral free from all liens, claims, and security interests, except as to any applicable personal property taxes not yet due and the security interest created hereby.

6. FINANCING STATEMENTS.

A. Franchisee warrants that no financing statement covering the Collateral is or will be on file in any public office, except the financing statements relating to the security interest granted to RAD and IBFAD herein.

B. Franchisee shall sign all financing statements and any other papers furnished by RAD or IBFAD that are necessary in the judgment of RAD or IBFAD to obtain, maintain, and perfect the security interest granted herein and to enable RAD or IBFAD to comply with any federal or state law in order to obtain or perfect RAD or IBFAD's interest in the Collateral or to obtain the proceeds of any Collateral.

7. TAXES AND INSURANCE.

A. Franchisee will pay when due all taxes and assessments on or with respect to the Collateral for its use, operation, and maintenance.

B. Franchisee shall insure the Collateral with companies acceptable to RAD and IBFAD against such casualties and in such amounts as RAD and IBFAD shall require. All insurance policies shall be written for the benefit of Franchisee, and RAD and IBFAD as their interests may appear, or in other form satisfactory to RAD and IBFAD, and such policies or certificates evidencing the same shall be furnished to RAD and IBFAD. All policies of insurance shall provide for written notice to RAD and IBFAD at least thirty (30) days prior to cancellation. Risk of loss or damage is Franchisee's to the extent of any deficiency in any effective insurance coverage. RAD and IBFAD are each appointed Franchisee's attorney-in-fact to collect any returned or unearned premiums or the proceeds of such insurance and to endorse any draft or check payable to Franchisee therefor, and RAD and IBFAD may apply such sums to the Obligations secured herein in such order and in such manner as RAD and IBFAD in its sole discretion shall decide.

8. PROTECTION OF COLLATERAL.

A. Franchisee will keep the Collateral in good order and repair and will not waste or destroy Collateral or any part or proceeds thereof.

B. Franchisee appoints each of RAD and IBFAD as Franchisee's attorney-in-fact with full power in Franchisee's name and on Franchisee's behalf to do every act that Franchisee is obligated or allowed to do hereunder, and to exercise all rights of Franchisee with regard to the Collateral and to make collections and to execute any and all papers and instruments and to do all other things necessary to preserve and protect the Collateral and to protect RAD's and IBFAD's security interest in the Collateral; provided, however, that nothing in this Section 8.B. shall be construed to obligate RAD or IBFAD to take any action hereunder. In its sole discretion, RAD or IBFAD may undertake to perform any covenants, warranties, or actions required of Franchisee hereunder, to make payments required of Franchisee hereunder, or to pay for the repair, maintenance, and preservation of the Collateral. All sums and costs so expended, including, but not limited to, attorneys' fees, court costs, agent's fees, and commissions, shall bear interest from the date of expenditure until paid at the maximum rate of interest allowed by applicable law. All amounts due under this Section 8.B. are secured by this Agreement and shall be payable to RAD or IBFAD at its address indicated in the Franchise Agreement.

9. PAYMENT.

A. Franchisee shall make all payments required under the Note or any other agreement with RAD, IBFAD, and their affiliates in the manner and within the time period provided in the Note and such other agreements.

B. If RAD or IBFAD in its sole discretion makes any payments pursuant to Section 1.B.(4) or Section 8 hereof, or makes any payments on behalf of Franchisee to suppliers or any other parties, Franchisee agrees to pay to the order of RAD or IBFAD the amount so expended within ten (10) days after RAD or IBFAD gives notice of such expenditure to Franchisee.

C. Upon default hereunder or expiration or sooner termination of the Franchise Agreement, Franchisee agrees to pay to the order of RAD and IBFAD all amounts outstanding under the Obligations immediately upon the giving of notice by RAD and IBFAD to Franchisee.

10. DEFAULT.

The following are events of default hereunder:

- A.** Default in the timely payment of the Obligations or any part thereof; or
- B.** Default in the timely performance or observance of the terms and conditions of this Agreement, the Franchise Agreement, or of any other agreement between Franchisee and RAD or IBFAD or their affiliates; or
- C.** The occurrence of any event or condition that results in the termination of, or constitutes grounds for the termination of, the Franchise Agreement, or would so result if not prevented by applicable law; or
- D.** Any warranty, representation, or statement made or furnished to RAD or IBFAD herein, heretofore, or hereafter proves to have been false in any material respect when made or furnished; or
- E.** Loss, theft, destruction, or encumbrance of any of the Collateral in violation hereof; or
- F.** Sale or transfer of any of the Collateral, except for the sale of inventory in the ordinary course of Franchisee's business; or
- G.** Belief by RAD or IBFAD that the prospect of payment of the Obligations or performance of this Agreement or of any of the Obligations is impaired; or
- H.** Death, incapacity, dissolution, merger, consolidation, termination of existence, insolvency, or business failure of Franchisee or of any other person or entity liable on any of the Obligations; or
- I.** Commencement of proceedings for the appointment of a receiver for any property of Franchisee; or
- J.** Commencement of any proceeding under any bankruptcy or insolvency law by or against Franchisee (or any corporate action shall be taken to effect same), or any partnership of which Franchisee is a partner, or by or against any person or entity liable upon the Obligations or any part thereof, or liable upon Collateral; or
- K.** Levy on, seizure, or attachment of any property of Franchisee; or
- L.** A judgment against Franchisee becomes final and remains unpaid for thirty (30) days.

11. REMEDIES.

A. When an event of default occurs, and at any time thereafter, RAD or IBFAD, without notice or demand, may exercise any one or more of the following remedies:

(1) Declare one or more of the Obligations, in whole or in part, immediately due and may enforce payment of the same.

(2) Exercise all rights and remedies provided by this Agreement, by the Franchise Agreement, by the Texas Business and Commerce Code, or by the Uniform Commercial Code or other law or regulation regulating secured transactions of any other applicable jurisdiction.

(3) Require Franchisee to assemble the Collateral and make it available at a place to be designated by RAD or IBFAD that is reasonably convenient to Franchisee.

B. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, reasonable notification of the time and place of any public sale or reasonable notification of the time after which any private sale or other intended disposition is to be made shall be given by RAD and IBFAD to Franchisee. It is agreed that notice sent or given not less than five (5) calendar days prior to the taking of the action to which the notice relates, or such longer period of time as is required by applicable law, is reasonable notification and notice for the purposes of this Section 11.B.

C. Expenses or retaking, holding, preparing for sale or lease, selling, leasing, and the like shall include RAD's and IBFAD's reasonable attorneys' fees and legal expenses.

D. RAD or IBFAD may surrender any insurance policies upon any of the Collateral and receive the unearned premium thereon. Franchisee shall be entitled to any surplus and shall be liable to RAD and IBFAD for any deficiency. The proceeds of any disposition after default available to satisfy the Obligations shall be applied to the Obligations in such order and in such manner as RAD and IBFAD in their joint discretion shall decide.

12. MISCELLANEOUS.

A. RAD and IBFAD shall have the right at any time to execute and file this Agreement as a financing statement, but the failure to do so shall not impair the validity or enforceability of this Agreement.

B. The parties hereto do not intend to contract for, charge, or receive any interest or other charge that is usurious, and by execution of this Agreement Franchisee acknowledges that RAD and IBFAD have no such intent. In no event whatsoever, whether by reason of acceleration of maturity or otherwise, shall the amount paid or agreed to be paid to RAD and/or IBFAD for the use, forbearance, or detention of the money to be due hereunder or otherwise, or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing, or pertaining to any of the Obligations (all such other documents being hereinafter called the "Loan Documents"), exceed the maximum interest rate allowed by the laws of any applicable jurisdiction (hereinafter called the "Maximum Rate"). If, from any circumstance whatsoever, fulfillment of any provisions hereof or of the Loan Documents, at the time performance of such provisions shall be due, shall result in the interest to be paid exceeding the Maximum Rate, then such provisions shall be modified so that the rate of interest shall be reduced to the Maximum Rate, and if from any such circumstance RAD or IBFAD ever shall receive as interest or otherwise an amount that would cause the Maximum Rate to be exceeded, the portion of such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness of Franchisee to RAD or IBFAD and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof

and such other indebtedness, such excess shall be refunded to Franchisee. All sums paid and agreed to be paid to RAD or IBFAD for the use, forbearance, or detention of the indebtedness of Franchisee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the whole term of such indebtedness so that the actual rate of interest on account of such indebtedness is uniform throughout the term thereof. The terms and provisions of this paragraph shall control and supersede any other provision of this Agreement or the Loan Documents.

C. All rights and remedies of RAD and IBFAD hereunder are cumulative of each other and of every other right or remedy that RAD and IBFAD otherwise may have at law or in equity or under any other contract or document for the enforcement of the security interest granted herein or the collection of the Obligations, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

D. Should any part of the Obligations be payable in installments, the acceptance by RAD or IBFAD at any time and from time to time of part payment of the aggregate amount of all installments then matured shall not be deemed to be a waiver of the default then existing. No waiver by RAD or IBFAD of any default shall be deemed to be a waiver of any other subsequent default, nor shall any such waiver by RAD or IBFAD be deemed to be a continuing waiver. No delay or omission by RAD or IBFAD in exercising any right or power hereunder, or under any other documents executed by Franchisee as security for or in connection with the Obligations, shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such right or power preclude other or further exercise thereof or the exercise of any other right or power of RAD or IBFAD hereunder or under such other document.

E. Except as otherwise provided herein, Franchisee waives notice of the creation, advance, increase, existence, extension, or renewal of, or of any indulgence with respect to, the Obligations; waives presentment, demand, notice of dishonor, and protest; waives notice of the amount of the Obligations outstanding at any time, notice of any change in financial condition of any person liable for the Obligations or any part thereof, notice of any event of default, notice of intent to accelerate and of acceleration, and all other notices with respect to the Obligations; and agrees that maturity of the Obligations and any part thereof may be accelerated, extended, or renewed one or more times by RAD or IBFAD in its discretion, without notice to Franchisee.

F. No renewal or extension of or any other indulgence with respect to the Obligations or any part thereof, no release of any security, no release of any person (including any maker, endorser, guarantor, or surety) liable on the Obligations, no delay in enforcement of payment, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Obligations or any security therefore or guaranty thereof or under this Agreement shall in any manner impair or affect the rights of RAD or IBFAD under the law, hereunder, or under any other agreement pertaining to the Collateral. RAD or IBFAD need not file suit or assert a claim for personal judgment against any person for any part of the Obligations or seek to realize upon any other security for the Obligations before foreclosing upon the Collateral for the purpose of paying the Obligations. Franchisee waives any right to the benefit of or to require or control application of any other security or proceeds thereof, and agrees that RAD or IBFAD shall have no duty or obligation to Franchisee to apply to the Obligations any such other security or proceeds thereof.

G. This Agreement shall be binding on Franchisee and Franchisee's heirs, executors, administrators, other legal representatives, successors, and assigns and shall inure to the benefit of RAD and IBFAD, their successors and assigns. If there be more than one operating principal of Franchisee, their obligations and agreements hereunder are joint and several and shall be binding upon their respective heirs, executors, administrators, other legal representatives, successors, and assigns, and delivery or other accounting of Collateral to any one or more of them shall discharge RAD and IBFAD of all liability therefor.

H. This Agreement shall not become effective until the Franchise Agreement is approved in writing by a corporate officer of IBFAD, and this Agreement is approved by a corporate officer of RAD, whereupon this Agreement shall be effective as of the day and year first above written.

I. All demands and notices required or permitted hereunder shall be given in the same manner as provided in the Franchise Agreement.

J. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, such provision shall be fully severable, and this Credit and Security Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof and the remaining provisions of this Credit and Security Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance from this Credit and Security Agreement. In lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Credit and Security Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, or enforceable.

K. IN THE EVENT OF A DEFAULT HEREUNDER, IN ADDITION TO ALL OTHER REMEDIES AVAILABLE TO RAD OR IBFAD, EACH SHALL HAVE THE RIGHT TO ENTER UPON THE PREMISES WHERE THE COLLATERAL THAT IS INVENTORY IS LOCATED, TAKE POSSESSION OF SUCH COLLATERAL, AND REMOVE THE SAME WITH OR WITHOUT JUDICIAL PROCESS (IF SUCH TAKING WITHOUT JUDICIAL PROCESS CAN BE DONE REASONABLY AND WITHOUT BREACH OF THE PEACE), AND FRANCHISEE DOES HEREBY EXPRESSLY WAIVE ANY RIGHT TO ANY NOTICE, LEGAL PROCESS, OR JUDICIAL HEARING PRIOR TO SUCH TAKING OR POSSESSION BY RAD OR IBFAD. FRANCHISEE UNDERSTANDS THAT THE RIGHT TO PRIOR NOTICE AND HEARING IS A VALUABLE RIGHT AND AGREES TO THE WAIVER THEREOF AS A PART OF THE CONSIDERATION FOR AND AS AN INDUCEMENT TO RAD AND IBFAD TO EXTEND CREDIT NOW AND HEREAFTER TO FRANCHISEE.

FRANCHISEE ACKNOWLEDGES RECEIPT OF A SIGNED COPY OF THIS AGREEMENT.

**RETAIL ACQUISITION
& DEVELOPMENT, INC.**

By: _____
Name/Title: _____

**INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.**

By: _____
Name/Title: _____

**FRANCHISEE:
{FRANCHISEE NAME}**

By: _____
Name/Title: **Signor**

EXHIBIT H
CONFIDENTIALITY AGREEMENT

INTERSTATE ALL BATTERY CENTER CONFIDENTIALITY AGREEMENT

THIS AGREEMENT is made on {Date} (“Effective Date”), by and between Interstate Battery Franchising & Development, Inc., a Delaware corporation, with its principal place of business at 4301 121st Street, Urbandale, Iowa 50323 (“IBFAD”), and {FRANCHISEE NAME}, a {State of Inc} corporation, with its principal place of business at {Address} (“Applicant”).

RECITALS:

A. As a result of the expenditure of time, skill, effort and money, IBFAD has developed and owns a distinctive system (the “System”) relating to the development, establishment and operation of Interstate All Battery Centers (“Centers”).

B. In order to evaluate the possibility of entering into a franchise agreement with IBFAD to establish and operate a Center, Applicant and certain of its employees (“Employees”) desire to receive from IBFAD certain confidential business information including, but not limited to, the contents of the IBFAD operating and training manuals.

C. The parties desire that all confidential information concerning the Centers be kept in confidence, not be revealed to any third parties, and not be used by Applicant or its Employees other than as contemplated by this Agreement.

1. Definition of Confidential Information

As used in this Agreement, the term “Confidential Information” means any and all information that is disclosed to Applicant or Employees in connection with Applicant’s exploration of the Interstate All Battery Center franchise opportunity. Confidential Information includes, but is not limited to, information regarding the manner and methods of operating and promoting a Center, including the IBFAD operating and training manuals, information regarding the retail and commercial operations of IBFAD and its affiliates, and other information of a similar nature (whether or not reduced to writing or designated as confidential).

2. Exclusion from Definition of Confidential Information

The term “Confidential Information” does not include information that is now or hereafter becomes publicly known (other than by unauthorized disclosure, whether deliberate or inadvertent, by Applicant or Employees, or by any other person, firm or corporation affiliated with Applicant or Employees). As used in this Agreement, the phrase “publicly known” means readily accessible to the public in a written publication, and shall not include information which is available only by a substantial searching of the published literature, and information the substance of which must be pieced together from a number of different publications and sources. The burden of proving that information or skills and experience are not Confidential Information shall be on the party asserting such exclusion.

3. Treatment of Confidential Information

Applicant and Employees hereby acknowledge, understand and agree that the Confidential Information; (i) is the exclusive and confidential property of IBFAD or its affiliates and incorporates trade secrets and copyrights owned by them; (ii) gives IBFAD or its affiliates some competitive business advantage or the opportunity of obtaining such advantage, the disclosure of which could be detrimental to

the interests of IBFAD and its affiliates; and (iii) is not generally known by non-IBFAD personnel. Applicant and Employees shall at all times treat the Confidential Information in accordance with this Agreement.

4. Covenants of Applicant

As a consequence of Applicant and Employees' acquisition or anticipated acquisition of Confidential Information, Applicant and Employees will occupy a position of trust and confidence with respect to IBFAD's affairs and business. In view of the foregoing, Applicant and Employees agree that it is reasonable and necessary that Applicant and Employees agree, while this Agreement is in effect:

A. No Disclosure. Not to disclose Confidential Information to any person or entity other than its accountant or attorney as necessary to evaluate the opportunity provided by IBFAD, and to protect the Confidential Information against unauthorized disclosure using the same degree of care, but no less than a reasonable degree of care, as Applicant and Employees use to protect Applicant's confidential information.

B. No Use, Copying or Transfer. Not to use, copy or transfer Confidential Information and to protect the Confidential Information against unauthorized use, copying or transfer using the same degree of care, but no less than a reasonable degree of care, as Applicant and Employees use to protect Applicant's confidential information. This prohibition against use, copying, or transfer of Confidential Information includes, but is not limited to, selling, licensing or otherwise exploiting, directly or indirectly, any products or services which embody or are derived from Confidential Information.

These confidentiality provisions shall apply to all Confidential Information disclosed to Applicant or Employees by IBFAD prior to the date of this Agreement.

5. Return of Confidential Information

Nothing in this Agreement obligates either party to enter into a franchise agreement for the operation of a Center. If, at any time, IBFAD determines that it does not wish for Applicant to become a franchisee, or Applicant determines that it does not wish to become a franchisee, or if IBFAD requests, at any time and for any reason, that Applicant and Employees do so, Applicant and Employees agree to return immediately any and all Confidential Information, including any copies made of those materials, to IBFAD at its principal place of business. Further, Applicant and Employees agree to remove and destroy any portion of the Confidential Information that has been incorporated into other materials.

6. Miscellaneous

A. Arbitration and Governing Law. This Agreement will be governed by and construed in accordance with the laws of the state of Texas. Any dispute or controversy between the parties in connection with this Agreement shall be submitted for binding arbitration pursuant to the then-prevailing Comprehensive Arbitration Rules and Procedures of J·A·M·S/ENDISPUTE or its successor ("JAMS") and shall be conducted in Dallas, Texas at a location designated by IBFAD.

B. Injunctive Relief. It is hereby understood and agreed that damages shall be an inadequate remedy in the event of a breach by Applicant or Employees of this Agreement and that any such breach by Applicant or Employees will cause IBFAD and its affiliates irreparable injury. Accordingly, Applicant and Employees agree that IBFAD and its affiliates shall be entitled, without waiving any additional rights or remedies otherwise available to IBFAD at law or in equity or by statute, to injunctive and other equitable relief in the event of a breach or intended or threatened breach by Applicant or Employees.

C. Severability. If any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such provision(s) had never been contained herein, provided that such provision(s) shall be curtailed, limited or eliminated only to the extent necessary to remove the invalidity, illegality or unenforceability.

D. Waiver. No waiver by IBFAD of any breach by Applicant or Employees of any of the provisions of this Agreement shall be deemed a waiver of any preceding or succeeding breach of the same or any other provisions hereof. No such waiver shall be effective unless in writing and then only to the extent expressly in writing.

E. Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to Applicant and Employees' confidentiality, nondisclosure and non-competition obligations until such time as the parties enter into a Franchise Agreement.

The parties hereto have executed this Agreement as of the date above.

**INTERSTATE BATTERY FRANCHISING
& DEVELOPMENT, INC.**

**APPLICANT:
{FRANCHISEE NAME}**

By: _____
Name/Title: _____

By: _____
Name/Title: **Signor**

{Address}

EMPLOYEES:

Signature

Signature

Print Name

Print Name

Address

Address

EXHIBIT I
ADDITIONAL STATE-REQUIRED INFORMATION

**INFORMATION REQUIRED
BY THE STATE OF CALIFORNIA**

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
2. IBFAD's URL address is www.allbatteryfranchise.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

3. **Item 3, Additional Disclosure.** The following is added to Item 3 of the Disclosure Document:

Neither IBFAD nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such parties from membership in such association or exchange.

4. **Item 17, Additional Disclosures.** The following are added to Item 17 of the Disclosure Document:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of the franchised business. If the agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 *et seq.*).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

You must sign a general release if you transfer or renew your franchise. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professional Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement requires binding arbitration in Texas. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

If the franchise agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement contains a provision requiring litigation to occur in Texas. This provision may not be enforceable under California law.

The franchise agreement requires the parties to waive any and all rights to a trial by jury in the event of litigation. This provision may not be enforceable under California law.

The franchise agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

INFORMATION REQUIRED BY THE STATE OF ILLINOIS

1. **Item 5, Additional Disclosures.** The following is added to Item 5 of the Disclosure Document:

Owing to the debt-to-equity ratio reflected in our financial statements, the Illinois Attorney General's Office requires that the initial license fee of Illinois franchisees be placed in escrow with an Escrow Agent designated by IBFAD until the Center opens. The Escrow Agreement between us and the Escrow Agent is on file with the Illinois Attorney General, and we will provide a copy to you on request. When your Center opens, the Escrow Agent will release the escrowed funds to us. You must cooperate to authorize the disbursement of the escrowed funds.

2. **Item 17, Additional Disclosures.** The following are added to Item 17 of the Disclosure Document:

The conditions under which your Franchise Agreement can be terminated and your rights upon non-renewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Pursuant to Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void. In addition, the Illinois Franchise Disclosure Act will govern the Franchise Agreement with respect to Illinois franchisees.

Each provision of these Additional Disclosures will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures.

INFORMATION REQUIRED BY THE STATE OF MARYLAND

1. **Item 17, Additional Disclosures.** The following are added to Item 17 of the Disclosure Document:

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 *et seq.*).

The general release required as a condition of renewal, sale or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Any choice of forum for litigation is subject to your right to bring an action under the Maryland Franchise Registration and Disclosure Law in Maryland.

The representations and acknowledgments contained in this Agreement are not intended to, and will not, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

INFORMATION REQUIRED BY THE STATE OF MICHIGAN

1. State Cover Page, Additional Disclosures. The following is added to the cover page of the Disclosure Document:

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state. **[Note: IBFAD reserves the right to challenge this requirement of Michigan law as it applies to arbitration under the Federal Arbitration Act.]**

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913 (517) 373-7117.

**INFORMATION REQUIRED
BY THE STATE OF MINNESOTA**

1. **Item 5, Additional Disclosure.** The following statement is added to Item 5:

The Minnesota Department of Commerce has required us to place initial fees of Minnesota franchisees in escrow with an Escrow Agent designated by IBFAD until the Center opens. When your Center opens, the Escrow Agent will release the escrowed funds to us. You must cooperate to authorize the disbursement of the escrowed funds.

2. **Item 13, Additional Disclosure.** The following statement is added to Item 13:

We will indemnify you against liability to a third party resulting from claims that your use of the Marks infringes trademark rights of the third party; provided that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of the Interstate All Battery Center Franchise Agreement and the System.

3. **Item 17, Additional Disclosures.** The following are added to Item 17:

With respect to franchises governed by Minnesota law, IBFAD will comply with Minnesota statutes section 80C.14, subdivisions 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Interstate All Battery Center Franchise Agreement.

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring you to waive your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes; provided, that this part will not bar a voluntary arbitration of any matter if the proceeding is conducted by an independent tribunal under the rules of the American Arbitration Association.

INFORMATION REQUIRED BY THE STATE OF NEW YORK

1. **State Cover Page, Additional Disclosures.** The following is added to the State Cover Page:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IMMEDIATELY BELOW OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE AGREEMENT BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NY 10271.

IBFAD MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, IBFAD CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE IN THIS PROSPECTUS.

2. **Item 3, Additional Disclosures.** The last sentence in Item 3 is deleted and replaced with the following language:

Except as described above, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, antitrust law, securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, antitrust law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Other than the action(s) described above, no litigation must be disclosed in this Item.

4. **Item 4, Additional Disclosures.** Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchiser held this position in the company or partnership.

5. **Item 5, Additional Disclosure.** The following is added to Item 5:

We use initial license fees to defray our costs of offering franchises and assisting developers and franchisees to start business. A portion of initial license fees may be profit to us.

6. **Item 17, Additional Disclosure.** The first two sentences in Item 17, “Renewal, Termination Transfer and Dispute Resolution,” are deleted and replaced with the following language:

This table lists certain important provisions of the Interstate All Battery Center Franchise Agreement and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this Disclosure Document.

7. **Item 17, Additional Disclosures.** The following are added to Item 17:

IBFAD will not assign its rights under the Franchise Agreement, except to an assignee who in IBFAD's good faith judgment is willing and able to assume IBFAD's obligations under the Franchise Agreement.

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement inconsistent with that law.

You must sign a general release upon renewal or transfer of the Franchise Agreement. These provisions may not be enforceable under New York law.

IBFAD's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

Each provision of these Additional Disclosures will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to these Additional Disclosures.

**INFORMATION REQUIRED
BY THE STATE OF NORTH DAKOTA**

1. **Choice of Law and Choice of Forum.** Items 17(v) and (w) are amended by adding the following sentence:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring Interstate All Battery Center franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.

2. **Covenants Not to Compete.** The following sentence is added to the end of Item 17:

Covenants not to compete will be subject to Section 9-08-06, N.D.C.C.

3. **General Release.** The following sentence is added to the end of Item 17:

The requirement that a franchisee sign a general release on renewal of the franchise agreement does not apply to any claims that the franchisee may have under the North Dakota Franchise Investment Law.

4. **Waiver of Trial by Jury.** The following sentence is added to the end of Item 17:

The requirement that a franchisee consent to the waiver of trial by jury is unenforceable under North Dakota law.

**INFORMATION REQUIRED
BY THE STATE OF RHODE ISLAND**

1. **Item 17, Additional Disclosure.** The following is added to Item 17:

Pursuant to Section 19-28.1.-14 of the Rhode Island Franchise Investment Act, a provision in a franchise agreement restricting jurisdiction or venue for litigation to a forum outside of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.

**INFORMATION REQUIRED
BY THE STATE OF WASHINGTON**

1. **Item 17, Additional Disclosures.** The following is added to Item 17 of the Disclosure Document:

Washington requires IBFAD to state that in any arbitration involving an Interstate All Battery Center located in Washington, the arbitration site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. However, IBFAD does not, by including this statement, waive its right to challenge this requirement of Washington law under the Federal Arbitration Act.

In the event of a conflict of laws between the Washington Franchise Investment Protection Act and the state law chosen in the Interstate All Battery Center Franchise Agreement, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

A release or waiver of rights executed by an Interstate All Battery Center franchisee will not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the Interstate All Battery Center Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer Fees are collectable to the extent that they reflect IBFAD's reasonable estimated or actual costs in effecting a transfer.

EXHIBIT J
LIST OF FRANCHISEES

Interstate All Battery Centers Franchised Locations

As Of April 30, 2014

PUBLISHED Address	City	State	Zip	Phone	Owner
11216 156th Street NW	Edmonton	AB	T5M 1Y3	(780) 454-4343	Carol Benning
105 Wilson Street	Dothan	AL	36304	(334) 793-2419	Brian Garrett
2820 E Nettleton Ave	Jonesboro	AR	72401	(870) 275-7646	Chris Gilmore
2020 Lantrip Road	Sherwood	AR	72120	(501) 834-5100	Brian Strait
1170 N Estrella Pkwy	Goodyear	AZ	85338	(623) 925-2235	Brett Gudeman
8582 N 91st Avenue	Peoria	AZ	85345	(623) 939-6180	Angie Shipman
1427 West Broadway Road	Mesa	AZ	85202	(480) 962-3800	Josh Reece
17173 N Litchfield Rd.	Surprise	AZ	85374	(623) 584-1300	Charles Kinslow
311 Banks Road	Kelowna	BC	V1X6A1	(250) 860-3444	Jennifer King
7032 University Ave	La Mesa	CA	91942	(619) 797-1233	Joe Irizarry
34300 Monterey Ave	Palm Desert	CA	92211	(760) 328-8500	Haley Stewart
570 W. El Camino Real	Redwood City, CA	CA	94063	(650) 839-6000	John DeGroot
1730 South E Street	San Bernardino	CA	92408	(909) 381-2082	Mark Katsikaris
9345 Cabot Drive	San Diego	CA	92126-6304	(858) 271-5003	John Pelak
460 Madera Street	San Gabriel	CA	91778	(626) 282-0363	Carter Hansen
211 Phelan Avenue	San Jose	CA	95112	(408) 295-9046	Keith Zachary
25845 Railroad Avenue	Santa Clarita	CA	91350	(661) 259-0365	Steve Mead
3315 Industrial Drive	Santa Rosa	CA	95403	(707) 546-9907	Neil Rutland
822 Berry Court	Upland	CA	91786	(909) 982-1137	Carl Barrett
7327 Whittier Avenue	Whittier	CA	90602	(562) 698-9800	Larry Farnworth
16710 East Quincy Ave	Aurora	CO	80015	(303) 699-5223	Sean Melody
5230 North Nevada Ave	Colorado Springs	CO	80918	(719) 528-7103	Steve Kovac
122 Tracker Dr.	Colorado Springs	CO	80921	(719) 488-2522	Steve Kovac
300 Willow Street	Fort Collins	CO	80524	(970) 484-1307	Michael Johnston
2486 Commerce Boulevard	Grand Junction	CO	81505	(970) 434-4237	Brian Thieszen
5801 East County Line Place	Highlands Ranch	CO	80126	(303) 771-1107	Pete Horacek
No location yet	Bridgeport	CT	06605	(203) 368-2300	Larry Judge
425 Homestead Ave	Hartford	CT	06112	(860) 563 - 1242	Robert Judge
150 Route 80	Killingworth	CT	06419	(860) 663-3005	Graig Judge
203 Gabor Drive	Newark	DE	19711	(302) 292-1250	Stan Kirk
Avenida 27 de Febrero, Manzana 719	Santiago	DR		(809) 575-7533	Charles Fernandez
	Santo Domingo	DR		(809) 575-7533	Javier Vento
806 Mason Avenue	Daytona Beach	FL	32117	(386) 252-5909	Debbie Loyd
11655 Phillips Highway	Jacksonville	FL	32256	(904) 730-2221	Chris Bauer
1620 Margaret St	Jacksonville	FL	32204	(904) 730-2221	Chris Bauer
	Lakeland	FL	33801	(863) 666-8787	Josh Henson
5419 N. University Dr.	Lauderhill	FL	33351	(954) 748-7175	Ruben Rimeris
8298 Bird Rd	Miami	FL	33155	(305) 513-4228	Javier Montalvan
1950 W. State Road 426	Oviedo	FL	32765	(407) 977-8886	Blake Rosenbaum

2543 W. Tennessee Street	Tallahassee	FL	32304	(850) 580-5545	Bob Rice
8445 Honore Avenue	University Park	FL	34201	(941) 822-8133	Damon Gilliland
Highway 82 East	Brookfield	GA	31727	(229) 382-4739	Dan Milton
213 Rose Dr	Brunswick	GA	31520	(912) 264-1460	Kelly Lanier
5886 Wendy Bagwell Parkway	Hiram	GA	30141	(770) 222-7880	Kevin Drummond
4250 Roswell Road	Marietta	GA	30062	(770) 509 - 7600	Casey Hesse
1815 E Victory	Savannah	GA	31404	(912) 349-3385	Chris Ronson
190 Buford Highway	Suwanee	GA	30024	(770) 945-2686	Trent Thach
220 Airport Road	Ames	IA	50010	(515) 232-7101	Michael Olson
5240 Edgewood Rd NE	Cedar Rapids	IA	52411	(319) 362-8330	Julie Coleson
1709 2nd St	Coralville	IA	52241	(319) 354-0217	Steve Gibson
3130 Line Drive	Sioux City	IA	51106	(712) 252-2767	Lynn Reed
1090 73rd Street	Des Moines	IA	50311	(515) 255-9572	Paul Prueitt
1800 W. Franklin Road	Meridian	ID	83642	(208) 887-3696	Rich Bigelowe
4545 W Chinden Blvd	Boise	ID	83714	(208) 323-3696	Patrick Shippy
5205 E Cleveland Boulevard	Caldwell	ID	83607	(208) 454-3696	PJ McLaughlin
1115 E. Lafayette	Bloomington	IL	61701	(309) 663-5911	Steve Chaney
2504 N. Mattis Avenue	Champaign	IL	61822	(217) 355-4855	Mark Martinez
16220 S. Crawford Avenue	Country Club Hills	IL	60478	(708) 333-2580	Billy Beechy
333-A West State Road	Island Lake	IL	60042	(847) 865-5322	Chris Fiegel
1160 Flex Court	Lake Zurich	IL	60047	(847) 726-0407	Tod Elliott
10336 South Cicero Ave	Oak Lawn	IL	60453	(708) 424-2288	Ted Golebiowski
4530 N. Brandywine Drive	Peoria	IL	61614	(309) 681-8694	Jake Hagerdorn
11912 South Spaulding School Dr.	Plainfield	IL	60585	(815) 436-4787	Ed Sterling
101 North 48th Street	Quincy	IL	62305	(217) 214-1069	Jake Leigh
4704 44th Street	Rock Island	IL	61201	(309) 788-5677	Matt Gibson
5175 American Road	Rockford	IL	61109- 6310	(815) 874-7030	Rick Britton
8056 N. Central Park	Skokie	IL	60076	(847) 673-6993	Jim Demos
362 Balm Court	Wood Dale	IL	60191- 1253	(630) 833-3696	Steve Kostechka
10730 E US 36 Hwy	Avon	IN	46123	(317) 209 - 9880	Jeremy Owens
3301 West Jonathan Drive	Bloomington	IN	47404	(812) 334-2102	Tom Reiter
1945 East Stop 13 Rd	Indianapolis	IN	46227	(317) 559 - 1018	Josh McDaniel
6848 East 21st Street	Indianapolis	IN	46219	(317) 322-1818	Joshua McDaniel
4686 South US Highway 41	Terre Haute	IN	47802	(812) 233-8711	Tommy Reiter
229 East State Street	West Lafayette	IN	47906	(765) 746-0520	Ryan Elliot
5530 East Central	Wichita	KS	67208	(316) 691-8111	Mike Primm
2130 North Tyler	Wichita	KS	67212	(316) 722-2860	Mike Primm
1831 Blankenbaker Parkway	Louisville	KY	40299	(502) 297-8600	Mike Sawyer
721 South 12th	Murray	KY	42071	(270) 753-6677	Mitchell Moss
2107 Bowie Drive	Alexandria	LA	71301	(318) 443-0354	Shane Hussong
3154 College Drive	Baton Rouge	LA	70808	(225) 389-6649	Quinton Light

1539 MLK Blvd. Suite 115	Houma	LA	70360	(985) 262-4166	DJ Clements
110 West Airline Highway	Kenner	LA	70062	(504) 734-7500	Paul Duplantis
300 East Amedee Drive	Scott	LA	70583	(337) 233-7070	Don Atkins
No location yet	Lafayette	LA	70506	(337) 298-7094	Jodie Parker
139 Washington Street	Auburn	MA	01501	(508) 791-7904	Keith Anyon
95 Shawmut Rd.	Canton	MA	02021	(781) 647-7973	Peter Simonsen
154 Faunce Corner Road	North Dartmouth	MA	02747	(508) 991-8019	Walter Machado
421 New State Hwy	Raynham	MA	02767	(774) 501-1551	Mike St. Don
79 Swansea Mall Drive	Swansea	MA	02777	(508) 678-1188	Brad Maxfield
1030 Main St Unit #10	Waltham	MA	02451	(781) 647-7973	Daniel Schmitz
30 Nashua Street	Woburn	MA	01801	(781) 932-0076	Brett Reslow
484 Station Ave.	S Yarmouth	MA	02664	(508) 394-9400	Nelson Almeida
7445 E Furnace Branch Rd	Glen Burnie	MD	21060	(410) 768-4469	Doug Elms
2222 S Main St	Ann Arbor	MI	48103	(734) 222-4055	Jeff Anderson
638 E Chicago Rd	Coldwater	MI	49036	(517) 279-1029	Jeff Anderson
3515 Stadium Drive	Kalamazoo	MI	49008	(269) 488-6587	Erin Anderson
335 East 78th Street	Bloomington	MN	55420	(952) 345-1190	Dan Bervig
410 Co Rd 42 West	Burnsville	MN	55337	(952) 435-6999	Aaron Paterson
3560 NW Main Street	Coon Rapids	MN	55448	(763) 421-4040	Charlie Teiken
1661 Miller Trunk Highway	Duluth	MN	55811	(715) 392-3710	Bob DeSmedt
582 Prairie Center Dr	Eden Prairie	MN	55344	(952) 941-0141	Peter LaCount
2410 N. Broadway	Rochester	MN	55906	(507) 282-6365	Justin Snedden
100 Brickton Road	Columbia	MO	65201	(573) 303-0542	Jim Wahls
910 East Karsch	Farmington	MO	63640	(573) 756-5380	Gary Harris
10303 SE State Route 31	Gower	MO	64454	(816) 424-3883	Kyle Jackson
2031 Zumbahl Rd	St Charles	MO	63303	(636) 724-7500	Derek Adams
243 Highway 51	Ridgeland	MS	39157	(601) 898-1200	Robert Young
301 S 24th St W	Billings	MT	59102	(406) 839-9111	Steve Groce
2047 West Oak St #103	Bozeman	MT	59718	(406) 761-4236	Cal Wester
1712 3rd St NW	Great Falls	MT	59404	(406) 761-4236	Cal Wester
593 St. George Boulevard	Moncton	NB	E1E 2C2	(506) 386-6777	Melissa Roberts
1045 Smokey Park Highway	Candler	NC	28715	(828) 633-2660	Cindy Plemmons
8605 Concord Mills Boulevard	Concord	NC	28027	(704) 979-3430	Dave Lankheet
1901 E. Cone Blvd	Greensboro	NC	27405	(336) 375-9129	Bill Hetzel
2117 Catawba Valley Blvd SE	Hickory	NC	28602	(828) 322-5594	Scott McDade
5109 Highway 74 W	Monroe	NC	28110	(704) 289-8166	Chad Helms
901 E. Main Avenue	Bismarck	ND	58501	(701) 221-2400	Hugh McIntyre
4430 17th Avenue S.	Fargo	ND	58103	(701) 293-8000	Kelly Mangin
920 N. Diers Avenue	Grand Island	NE	68803	(308) 384-0551	Brandon Marshal
52 Daniel Webster Highway	Merrimack	NH	03054	(603) 424-8245	John Cyr
10701 Corrales Road NW	Albuquerque	NM	87114	(505) 897-9500	Bob Sherman
1533 W Sunset Rd.	Henderson	NV	89014	(702) 228-2225	Marcia Rands

4151 W. Oquendo Road	Las Vegas	NV	89117-3004	(702) 736-1825	Steve Rands
4035 S Durango Drive	Las Vegas	NV	89147	(702) 564 - 2751	Marcia Rands
No location yet	East Amherst	NY	14051	(716) 689-2193	Keith Terryberry
161 25th St	Brooklyn	NY	11232	(718) 965-9882	Pat Fowler
3312 State Route 352	Corning	NY	14830	(607) 562-3555	John Knowles
1445 Military Road	Kenmore	NY	14217	(716) 873-4462	Rick Kirst
10 John Walsh Boulevard	Peekskill	NY	10566	(914) 737-6681	Don Spano
43-05 39th St	Sunnyside	NY	11104	(718) 545-6002	Mike Hansraj
391 Clay Road	Rochester	NY	14623	(585) 359-3150	Bernadette Boyatzies
393 N. Collingwood Avenue	Syracuse	NY	13206	(315) 437-9075	Jeff Smith
994 W. 5th Avenue	Columbus	OH	43212	(614) 360-2372	Jason Wooldridge
5777 Westerville Rd	Columbus	OH	43081	(614) 890-1585	Mark Zimmerer
No location yet	Worthington	OH	43085	(614) 389-2061	Jason Wooldridge
4816 Milan Rd	Sandusky	OH	44870	(419) 502-0046	Jeromy Striker
5601 W Owen K Garriott	Enid	OK	73703	(580) 237-7633	Jarrod Rowland
1065 36th Avenue NW	Norman	OK	73072	(405) 701-1313	Ian Terry
6920 N. Broadway Extension	Oklahoma City	OK	73116	(405) 634-3699	Chuck Huffman
7703 N Owasso Expressway	Owasso	OK	74055	(918) 274-3800	Kim Daniels
8007 East 61st Street	Tulsa	OK	74133	(918) 270-1384	Todd Grego
3077 Mavis Road	Mississauga	ON	L5C 1T7	(905) 949-1818	Steve Johnson
171 MacFarlane Road	Ottawa	ON	K2E 6V4	(613) 798-9700	Tony Phillips
2302 Algonquin Road	Sudbury	ON	P3E 4Z6	(705) 522-9113	Denis Taillefer
7835 Highway 50	Woodbridge	ON	L4L 1A5	(905) 264-0080	Steve Johnson
894 S Front St	Central Point	OR	97502	(541) 664-3417	Craig Smith
650 Seneca Rd	Eugene	OR	97402	(541) 302-6176	Chad Newman
1225 NE 48th Ave	Hillsboro	OR	97124	(503) 693-1033	Matt Wessman
9710 SE Washington St	Portland	OR	97216	(503) 258 - 8888	Jim Paul
4794 SW 76th Ave	Portland	OR	97225	(503) 252-3400	Justin Meengs
1495 Route 405 Hwy	Hughesville	PA	17737	(570) 584-2996	Gabe Gush
94 Orchard Road	Hummelstown	PA	17036	(717) 566-0927	John Vigilante
2359 Oregon Pike	Lancaster	PA	17601	(717) 824-4336	Grant Brown
1966 Lincoln Highway	North Versailles	PA	15137	(412) 829-2226	Kyle Blinka
Carretera #3 Km6.2	Carolina	PR	00987	(787) 701-0777	Miguel Torres
Avenue De Diego #321	Puerto Nuevo, San Juan	PR	00921	(787) 706-0455	Orlando Rosado
48 Burnt Church Road	Bluffton	SC	29910	(843) 815-4252	Dan Flaherty
7347 Garners Ferry Road	Columbia	SC	29209	(803) 783-1940	Terry Mewhorter
848 Edgefield Road	North Augusta	SC	29841	(803) 279-0753	Clay Wiggins
401 S. Highway 81	Arlington	SD	57212-0372	(605) 983-3900	Jackie Henriksen
1522 Eglin Street	Rapid City	SD	57703	(605) 341-7181	Lex Burgers
2900 W 12th Street	Sioux Falls	SD	57104	(605) 274-3363	Casey Crabtree
815 51st Street East	Saskatoon	SK	S7K 0X7	(306) 931-9903	Colin Knutson
8200 U.S. Highway 64	Bartlett	TN	38133	(901) 371-0137	Eddie Moltz

9290 Kinston Pike	Knoxville	TN	37922	(865) 357-4222	Kirk Hudd
1849 Industrial Boulevard	Abilene	TX	79602	(325) 692-4441	Mike Thompson
No location yet	Amarillo	TX	79109	(806) 681-2269	Michael Graham
6008 College Street	Beaumont	TX	77707	(409) 860-4200	Joe Kingsbury
3720 North Frazier	Conroe	TX	77303	(936) 788-2160	Doug Roberts
4251 FM 2181	Corinth	TX	76210	(940) 321-0765	Brian Downe
4903 Ambassador Row	Corpus Christi	TX	78416	(361) 854-5000	Jon Groves
2995 Preston Rd	Frisco	TX	75034	(214) 705-0504	Joshua Gaarz
1003 W. University Ave.	Georgetown	TX	78628	(512) 863-4007	Chris McDonald
3317 W Expressway 83	McAllen	TX	78503	(956) 688-6060	Rick Lopez
210 N Custer Road	McKinney	TX	75071	(972) 542-1940	Joshua Gaarz
2927 Ridge Rd	Rockwall	TX	75032	(214) 771-4100	Robert Sharber
1847 Troup Hwy in Green Acres Shopping Center	Tyler	TX	75701	(903) 509-3240	George Miksovsky
5210 John Stockbauer	Victoria	TX	77904	(361) 572-9699	Calvin Simpson
1001 Scott Ave	Wichita Falls	TX	76301	(940) 500-4323	Toby Grace
1433 N Main St	Logan	UT	84341	(435) 213-9539	Joe Anderson
675 E 2100 S	Salt Lake City	UT	84106	(801) 433-2395	Scott Corbridge
786 S. 950 W	Woods Cross	UT	84087-2078	(801) 295-4694	Scott Corbridge
418 Trade St.	Danville	VA	24541	(434) 799-4043	Bill Hetzel
1702 Jefferson Highway	Fishersville	VA	22939	(540) 941-1025	David Corell
10311 W Broad St	Glen Allen	VA	23060	(804) 747-1800	Phil Maas
1645 Reservoir St Ste 160	Harrisonburg	VA	22801	(540) 941-1025	Danny Showalter
6432 Trading Square	Haymarket	VA	20169	(703) 690-3399	Anthony Barbour
7952 Angleton Court	Lorton	VA	22079	(703) 339-0707	Richard Myers
5568 Sabre Road	Norfolk	VA	23502	(757) 461-3722	Josh Lewis
3132 West Main Street	Salem	VA	24153	(540) 380-4866	Aaron Fernandez
2508 S Pleasant Valley Road	Winchester	VA	22601	(540) 662-9300	Rod Gunden
5121 Hoadly Road	Woodbridge	VA	22195	(703) 690-3399	Mike Edwards
71 River Street	Rutland	VT	05701-3935	(802) 786-9075	Babe Keith
1298 South Brownell Road	Williston	VT	05495	(802) 658-9110	Craig Cote
727 134 Street Southwest	Everett	WA	98204	(425) 743-7677	Stevie Schmidt
500 SW Grady Way	Renton	WA	98057	(425) 226-6788	Ken Nelson
4740 West Packard Street	Appleton	WI	54913	(920) 739-0852	Jeff Daines
6503 S 27th St.	Franklin	WI	53132	(414) 982-1760	Dan Keyes
2105 Parview Road	Middleton	WI	53562-8425	(608) 836-8500	Tom Brown
4560 N 124th St	Wauwatosa	WI	53225	(414) 481-1890	Dan Keyes
426 John Avenue	Superior	WI	54880	(715) 392-3710	Bob DeSmedt
821 E 2nd	Casper	WY	82601	(307) 472-9200	Dan Hartel
1659 Stillwater Avenue	Cheyenne	WY	82009	(307) 369-1387	Stephen Fotiades

**Interstate All Battery Centers Franchised Locations
Agreements signed but not Outlet Not Opened
As Of April 30, 2014**

Dave	Walworth	1170 N Estrella Pkwy Suite A101	Goodyear	AZ	85338	(623) 925-2235
Billy	Kann (3)	1427 West Broadway Road	Mesa	AZ	85202	(480) 962-3800
Steve	Kovac	5230 North Nevada Ave Unit 130	Colorado Springs	CO	80918	(719) 528-7103
Larry	Judge	125 Holland Ave	Middletown	CT	6605	(203) 368-2300
Javier	Montalvan	8298 Bird Rd Suite 107	Hialeah	FL	33155	(305) 513-4228
Natalio	Ghitelman (2)	5419 N. University Dr. Unit 10	Lauderhill	FL	33351	(954) 748-7175
Chris	Bauer (10)	11655 Phillips Highway	Jacksonville	FL	32256	(904) 730-2221
Matt	Brown	3674 Leticia Ln	Tallahassee	FL	32312	(850) 509-9113
Michael	Sawyer	1831 Blankenbaker Parkway Suite 300	Louisville	KY	40299	(502) 297-8600
Reynolds	Bromley	3154 College Dr Suite B	Baton Rouge	LA	70808	(225) 389-6649
Cathy	Almeida	3042 Ryan Street	Lake Charles	LA	70601	(337) 298-7094
Daniel	Schmitz (4)	139 Washington Street	Auburn	MA	01501	(508) 791-7904
Mike	St. Don	154 Faunce Corner Road	North Dartmouth	MA	02747	(508) 991-8019
Craig	LaCount	582 Prairie Center Dr	Eden Prairie	MN	55344	(952) 941-0141
Bob	DeSmedt	1661 Miller Trunk Highway	Duluth	MN	55811	(715) 392-3710
Lloyd	Samuelson	1312 Scout Dr.	Sartell	MN	56377	(320) 252-5442
Jeff	Smith (2)	8605 Concord Mills Boulevard	Concord	NC	28027	(704) 979-3430
Steve	Rands	1533 W Sunset Rd.	Henderson	NV	89014	(702) 228-2225
Keith	Terryberry	7808 Transit Road	Amherst	NY	14221	(716) 632-8900
Jason	Wooldridge (4)	994 W. 5th Avenue	Columbus	OH	43212	(614) 389-2061
Dennis	Fernald (2)	1225 NE 48th Ave	Hillsboro	OR	97124	(503) 693-1033
Jim	Paul	9710 SE Washington St	Portland	OR	97216	(503) 258 - 8888
Carlton	Bruner	48 Burnt Church Road	Bluffton	SC	29910	(843) 815-4252
Ashley	Wyatt	9290 Kinston Pike	Knoxville	TN	37922	(865) 357-4222
Joel	Walker (2)	1003 W. University Ave.	Georgetown	TX	78628	(512) 863-4007
Michael	Graham	5825 Andover Dr.	Amarillo	TX	79109	(806) 681-2269
Kenton	Anderson	1433 N Main St Suite 120	Logan	UT	84341	(435) 213-9539
Scott	Corbridge (2)	675 E 2100 S Ste G	Salt Lake City	UT	84106	(801) 433-2395
Bill	Hetzel	418 Trade St.	Danville	VA	24541	(434) 799-4043
Anthony	Barbour (3)	6432 Trading Square	Haymarket	VA	20169	(571) 298-3238
Dan	Keyes/Gehl (2)	6503 S 27th St.	Franklin	WI	53132	(414) 982-1760

EXHIBIT K
FINANCIAL STATEMENTS



**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

Financial Statements

April 30, 2014 and 2013

(With Independent Auditors' Report Thereon)



KPMG LLP
2500 Ruan Center
666 Grand Avenue
Des Moines, IA 50309

Independent Auditors' Report

The Board of Directors
Interstate Battery Franchising & Development, Inc.:

We have audited the accompanying financial statements of Interstate Battery Franchising & Development, Inc., which comprise the balance sheets as of April 30, 2014 and 2013, and the related statements of operations, stockholder's equity, and cash flows for the three-year period ended April 30, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Interstate Battery Franchising & Development, Inc. as of April 30, 2014 and 2013, and the results of its operations and its cash flows for the three-year period ended April 30, 2014, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Des Moines, Iowa
June 13, 2014

**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

Balance Sheets

April 30, 2014 and 2013

Assets	2014	2013
Current assets:		
Cash	\$ 34,507	102,887
Trade accounts receivable, less allowance for doubtful receivables of \$174,551 and \$72,725 at April 30, 2014 and 2013, respectively	1,519,455	1,262,123
Prepaid expenses	170,536	439,104
Income taxes receivable – state	20,536	—
Due from affiliated company	432,603	566,585
Due from Interstate	8,668,143	7,794,976
Deferred income taxes	37,407	45,340
Total current assets	10,883,187	10,211,015
Furniture and equipment, net	129,822	232,145
Point-of-sale (POS) system, net	1,006,391	3,087,026
Deferred income taxes	771,737	152,828
	\$ 12,791,137	13,683,014
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	\$ 8,636	6,211
Accrued expenses	359,880	270,734
Marketing fund	1,634,885	1,838,130
Unearned revenue	568,539	759,448
Income taxes payable – state	—	2,111
Income taxes payable – parent	4,142,661	3,986,962
Total current liabilities	6,714,601	6,863,596
Total liabilities	6,714,601	6,863,596
Stockholder's equity:		
Common stock, \$0.01 par value. Authorized, 3,000 shares; issued and outstanding, 1,000 shares at April 30, 2014 and 2013	10	10
Additional paid-in capital	99,990	99,990
Retained earnings	5,976,536	6,719,418
Total stockholder's equity	6,076,536	6,819,418
Commitments and contingencies (note 6)		
	\$ 12,791,137	13,683,014

See accompanying notes to financial statements.

**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

Statements of Operations

Years ended April 30, 2014, 2013, and 2012

	2014	2013	2012
Revenue:			
Franchise fees	\$ 575,750	864,250	1,243,000
Franchise royalty fees	5,251,859	4,532,423	3,904,324
Existing account fees	32,152	202,800	347,602
Software, hardware, and maintenance fees	1,418,064	638,808	2,063,942
POS system fees	612,946	388,449	76,995
Other	31,000	28,000	7,500
	7,921,771	6,654,730	7,643,363
Operating expenses:			
Team members' compensation and benefits	4,222,197	3,387,018	1,918,195
Software and hardware	594,384	271,994	985,551
Advertising and marketing	343,389	354,694	416,988
Investment and asset management	137,109	71,382	28,416
Administrative	841,613	1,014,278	476,310
Depreciation and amortization	2,184,595	443,315	536,073
Professional fees	262,047	211,907	69,502
Travel	535,589	633,230	418,066
	9,120,923	6,387,818	4,849,101
Operating (loss) income	(1,199,152)	266,912	2,794,262
Nonoperating income	5,338	1,887	849
Nonoperating expenses	—	(1,760)	(5,974)
	(Loss) income before income tax		
(benefit) expense	(1,193,814)	267,039	2,789,137
Income tax (benefit) expense	(450,932)	113,238	1,015,158
Net (loss) income	\$ (742,882)	153,801	1,773,979

See accompanying notes to financial statements.

**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

Statements of Stockholder's Equity

Years ended April 30, 2014, 2013, and 2012

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Total stockholder's equity</u>
Balance at April 30, 2011	\$ 10	99,990	4,791,638	4,891,638
Net income	—	—	1,773,979	1,773,979
Balance at April 30, 2012	10	99,990	6,565,617	6,665,617
Net income	—	—	153,801	153,801
Balance at April 30, 2013	10	99,990	6,719,418	6,819,418
Net loss	—	—	(742,882)	(742,882)
Balance at April 30, 2014	\$ 10	99,990	5,976,536	6,076,536

See accompanying notes to financial statements.

**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

Statements of Cash Flows

Years ended April 30, 2014, 2013, and 2012

	2014	2013	2012
Cash flows from operating activities:			
Net (loss) income	\$ (742,882)	153,801	1,773,979
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	2,184,595	443,315	536,073
Loss on disposal of assets	—	—	5,991
Provision for bad debts	132,774	64,925	—
Deferred income taxes	(610,976)	(211,529)	175,065
Changes in operating assets and liabilities:			
Accounts receivable	(390,106)	(118,598)	(200,672)
State income taxes payable	(22,647)	9,460	(2,368)
Income taxes payable – parent	155,699	294,248	803,199
Prepaid expenses	268,568	47,213	(307,140)
Accounts payable	2,425	(4,897)	5,768
Accrued expenses	89,146	(91,331)	195,446
Marketing fund	(203,245)	755,080	165,895
Unearned revenue	(190,909)	(62,891)	(269,267)
Net cash provided by operating activities	672,442	1,278,796	2,881,969
Cash flows from investing activity:			
Purchases of furniture and equipment	(1,637)	(75,744)	(590,805)
Net cash used in investing activity	(1,637)	(75,744)	(590,805)
Cash flows from financing activity:			
Change in due to/from affiliate and Interstate, net	(739,185)	(1,297,001)	(2,337,184)
Net cash used in financing activity	(739,185)	(1,297,001)	(2,337,184)
Net decrease in cash	(68,380)	(93,949)	(46,020)
Cash at beginning of year	102,887	196,836	242,856
Cash at end of year	\$ 34,507	102,887	196,836
Cash (received) paid for interest	\$ (67)	1,660	19
Cash paid for income taxes	26,880	21,059	39,263
Supplemental disclosure of noncash investing and financing activity:			
Increase in POS system through decrease in due from Interstate	\$ —	—	3,488,638

See accompanying notes to financial statements.

**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

Notes to Financial Statements

April 30, 2014 and 2013

(1) Organization and Summary of Significant Accounting Policies

(a) Organization and Operations

Interstate Battery Franchising & Development, Inc. (the Company) is a Delaware corporation formed on January 18, 2000. The Company is a wholly owned subsidiary of Retail Acquisition & Development, Inc. (RAD), which is wholly owned by Interstate Battery System International, Inc. (Interstate or Parent). RAD is engaged in the wholesale and retail distribution of all battery types throughout the United States of America and Canada through its warehouse in Des Moines, Iowa.

The Company was formed to franchise the rights to open franchised businesses in agreed-upon geographic territories under the mark "Interstate All Battery Center." The Interstate All Battery Center (IABC) franchised businesses consist of wholesale activities that concentrate on the sale of batteries to resellers and commercial customers through telemarketing and the delivery of batteries through common carrier or delivery trucks of the franchisee.

All Battery Center, Inc. (ABC) is a wholly owned subsidiary of Interstate and operates IABC stores in 10 geographic territories totaling 13 stores. ABC is a related party.

The Company generates revenue through franchise fees, software licensing fees, hardware sales, royalties based on a percentage of gross sales of the franchisees, fees for customer accounts transferred from RAD, Inc. to the franchisees, point-of-sale (POS) system fees, and other miscellaneous fees. The Company provides the franchisees assistance with site selection and approval, training of selected employees of each franchisee, consultation and advice on initial operational issues, an initial list of customers and a complete set of operating manuals, coordination of the corporate advertising campaign, continuing advice and updates on operating issues, and periodic inspections of the IABC franchised stores. As of April 30, 2014, the Company had entered into agreements to franchise the rights to open IABC stores in 232 geographic territories totaling 256 stores. There were 16 new franchises in fiscal 2014, 31 in fiscal 2013, and 45 in fiscal 2012.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts

The Company records a provision for accounts receivable that are considered to be uncollectible. In order to calculate the appropriate provision, management analyzes creditworthiness of specific customers and the aging of customer balances.

**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

Notes to Financial Statements

April 30, 2014 and 2013

(c) Revenue Recognition

- Revenue from franchise fees is recognized when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied. In 2013, RAD provided financing for franchisees' initial costs associated with acquiring a franchise territory.
- Franchise royalty fees are earned and calculated monthly based on a percentage of the aggregate gross sales from all store locations of the franchisee. Royalty rates range from 3.5% to 5%.
- Existing account fees are earned when customer accounts are provided to franchisees as they open their locations. Existing account fees are billed over three years with a lower percentage billed in the second and third year in accordance with the franchise agreement. Because of inherent uncertainty in collecting existing account fees, the fees are recognized as the fees are collected.
- Software license fees and hardware fees are recognized at the time a store receives their computer system.
- The maintenance fee is amortized over the service period, which is one year.
- POS system fees consist of help desk services, hardware replacement services, and network connections and monitoring services. These fees are billed monthly and recognized as revenue at the time the services are provided.

Revenue includes only the gross inflows of economic benefits received. Sales tax does not provide economic benefit to the Company and, thus, is excluded from revenue and recorded on a net basis in the financial statements.

(d) Marketing Fund

Franchisees remit a percentage of gross sales to the Company for marketing and promotional materials. The Company records amounts received in the marketing liability until the costs are incurred for marketing under the franchise agreements. Contributions to and amounts paid from the fund are considered agency transactions and are not recognized as revenue or expenses.

(e) Furniture and Equipment, Net

Furniture and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated over the estimated useful lives of the assets using the straight-line method. Useful lives range from three to seven years.

Expenditures for maintenance and repairs are charged to operations and expenditures for betterments are capitalized. The cost and accumulated depreciation on equipment retired or sold are eliminated from the accounts at the time of retirement or sale, and the resulting gain or loss is reflected in income.

**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

Notes to Financial Statements

April 30, 2014 and 2013

(f) Income Taxes

The Company's taxable income is included in the consolidated federal income tax return with its ultimate parent company, Interstate. Income taxes are allocated to the Company using the pro rata method.

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. As of April 30, 2014 and 2013, the Company had not recognized any uncertain tax positions.

(g) Trade Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The financial status of customers is routinely checked and monitored by the Company when granting credit. The Company provides for certain amounts deemed to be uncollectible based on historical trends and specific credit exposures. As of April 30, 2014 and 2013, there were no individual customers with an accounts receivable balance in excess of 10% of the total accounts receivable.

(2) Furniture and Equipment, Net

Furniture and equipment consisted of the following at April 30, 2014 and 2013:

	2014	2013
Computers	\$ 425,120	425,120
Equipment	54,077	54,077
Furniture and fixtures	79,110	79,110
	558,307	558,307
Accumulated depreciation	428,485	326,162
	\$ 129,822	232,145

(3) Point-of-Sale System, Net

The Company acquired software to provide a new point-of-sale system for all IABC stores. The new point-of-sale system began rollout in fiscal 2012. Costs associated with the new system include software purchased and capitalized labor to configure the system for deployment. The asset was deemed to have a ten-year life. Amortization is recorded as the greater of either the straight-line method or the ratio of current revenue to the total revenue for the product. Amortization expense was \$2,082,272 and \$340,972 for the years ended April 30, 2014 and 2013, respectively. The marketing tool will be maintained solely for internal use and was placed in service in fiscal 2014.

**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

Notes to Financial Statements

April 30, 2014 and 2013

As of April 30, 2014, the point-of-sale asset was determined to be impaired due to management's revision to the expected useful life of the asset, which resulted in a lower estimate of future cash flows. The impairment of \$1,304,045 is presented in depreciation and amortization in the statement of operations. The remaining point-of-sale asset will be amortized over the remaining four-year period ending in fiscal 2018. In addition, the Company impaired related analytics tools. The \$211,502 impairment is also presented in depreciation and amortization in the statement of operations.

Amortization expense for the next four years, using the straight-line method, is expected to be approximately \$220,000 for each fiscal year 2015 through 2018.

The point-of-sale system is presented net of accumulated amortization and consisted of the following at April 30, 2014 and 2013:

	2014	2013
Xstore software developed for stores' use	\$ 3,522,302	3,522,302
Analytics tools	—	211,502
Marketing tools	149,382	147,745
	3,671,684	3,881,549
Accumulated amortization	2,665,293	794,523
	\$ 1,006,391	3,087,026

(4) Income Taxes

Income tax expense (benefit) consisted of the following for the years ended April 30, 2014, 2013, and 2012:

	2014			2013			2012		
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>	<u>Current</u>	<u>Deferred</u>	<u>Total</u>	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 155,699	(566,288)	(410,589)	294,248	(192,900)	101,348	803,199	175,065	978,264
State	4,345	(44,688)	(40,343)	30,519	(18,629)	11,890	36,894	—	36,894
	\$ 160,044	(610,976)	(450,932)	324,767	(211,529)	113,238	840,093	175,065	1,015,158

Income tax expense differs from the amounts computed by applying the federal income tax of 35% to income before income tax expense for the following reasons:

	2014		2013		2012	
Computed "expected" tax expense	\$ (417,835)	35.0%	\$ 93,464	35.0%	\$ 976,198	35.0%
State taxes, net of federal tax expense	(41,864)	3.4	1,208	0.5	23,981	0.9
Permanent and other items	8,767	0.7	18,566	7.0	14,979	0.5
Income tax expense	\$ (450,932)	39.1%	\$ 113,238	42.5%	\$ 1,015,158	36.4%

**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

Notes to Financial Statements

April 30, 2014 and 2013

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities at April 30, 2014 and 2013 are presented below:

	2014	2013
Deferred tax assets:		
Allowance for doubtful accounts receivable	\$ 67,204	27,915
Point-of-sale system	625,914	21,116
Accrued vacation	13,547	17,425
Unearned revenue	145,614	187,096
Total deferred tax assets	852,279	253,552
Deferred tax liability:		
Furniture and equipment	(36,287)	(55,384)
State taxes	(6,848)	—
Total deferred tax liability	(43,135)	(55,384)
Net deferred tax assets	\$ 809,144	198,168

Management has not recorded a deferred tax asset valuation allowance as the Company believes it is more likely than not that future operations will generate sufficient taxable income to realize the deferred tax assets.

The statute of limitations for federal returns remains open for the tax years 2010 and after. The Company may be subject to audit by the state tax authorities for the years 2010 and after depending on the open statute of limitations for each state the Company reports in.

(5) Transactions with Affiliates

During the years ended April 30, 2014, 2013, and 2012, the Company had the following operating expense transactions with Interstate, RAD, and ABC:

	2014	2013	2012
Team members' compensation and benefits	\$ 3,819,462	2,839,495	1,533,368
Administrative	12,810	36,152	5,634
	\$ 3,832,272	2,875,647	1,539,002

The amount due from Interstate is \$8,668,143 and \$7,794,976 at April 30, 2014 and 2013, respectively.

**INTERSTATE BATTERY FRANCHISING &
DEVELOPMENT, INC.**

Notes to Financial Statements

April 30, 2014 and 2013

Amounts due from affiliates were \$432,603 and \$566,585 as of April 30, 2014 and 2013, respectively. The amount includes the balance owed from RAD for financed franchise notes, net of telemarketing fees payable. The Company charged stores owned by related parties for their share of contributions to the marketing fund totaling approximately \$234,180, \$255,805, and \$236,970 for the years ended April 30, 2014, 2013, and 2012, respectively. The Company included the amount due to the marketing fund in amounts due from affiliated company at April 30, 2014, 2013, and 2012. The Company does not charge the related party royalty fees on sales. In fiscal year 2015, the Company will begin to charge ABC stores a royalty fee.

Trade accounts receivable include \$53,611 and \$32,304 at April 30, 2014 and 2013, respectively, from franchises owned by an officer of the Company, with terms that are comparable to nonrelated franchises doing business with the Company. The Company charged the related party for their contributions to the marketing fund totaling \$24,037 and \$10,685 for the years ended April 30, 2014 and 2013, respectively. Items charged to income from the related party are as follows:

	2014	2013	2012
Franchise fees	\$ 6,500	—	—
Royalty fees and existing account fees	80,124	43,909	52,310
Hardware and software fees	17,400	5,120	1,880
	\$ 104,024	49,029	54,190

(6) Commitments and Contingencies

The Company is involved in various legal actions and proceedings arising from the normal course of operations. Management believes, based on known facts and the advice of legal counsel, that the ultimate liability, if any, not covered by insurance, arising from all legal actions and proceedings, will not have a material adverse effect upon the financial position of the Company.

(7) Subsequent Events

The Company has evaluated subsequent events through June 13, 2014, the date the financial statements were available to be issued. No significant subsequent events have occurred through this date requiring adjustment to the financial statements or disclosures.

EXHIBIT L
GENERAL RELEASE

GENERAL RELEASE

This General Release ("Release") is executed as of _____, 20__ by _____ ("Franchisee") and by _____ and _____ (collectively "Guarantors").

A. Interstate Battery Franchising & Development, Inc. ("Franchisor") and Franchisee are parties to a Franchise Agreement dated _____ (the "Franchise Agreement"). Guarantors have executed a Guarantee and Assumption of Franchisee's Obligations under the Franchise Agreement in favor of Franchisor (the "Guarantee").

B. Under the Franchise Agreement, Franchisee and Guarantors are required to execute a general release as a condition precedent to Franchisee's [transfer of the Franchise Agreement / renewal of the license granted under the Franchise Agreement].

C. Franchisee wishes to [transfer / renew the license granted under] the Franchise Agreement [to _____].

NOW, THEREFORE, for good and valuable consideration, including the exchange of mutual promises in the Franchise Agreement, the receipt and sufficiency of which are hereby acknowledged, Franchisee and Guarantors agree as follows:

1. Release by Franchisee. Franchisee and Guarantors, for themselves and their respective agents, representatives, predecessors, successors, heirs and assigns, and all other persons acting on their behalf or claiming under any or all of them (collectively, the "**Franchisee Releasers**"), hereby release and forever discharge Franchisor, its past and present officers, directors, shareholders, members, parent corporations, subsidiaries, affiliates, agents, employees, attorneys, insurers, representatives, predecessors, successors, and assigns, and each of them, from any and all claims, debts, liabilities, demands, rights, obligations, judgments, costs, expenses, duties, covenants, agreements, suits, actions, and causes of action, of whatever nature, known or unknown, suspected or unsuspected, vested or contingent, liquidated or unliquidated (collectively, "**Claims**") that the Franchisee Releasers, or any of them, ever had, now have, or may in the future have, arising out of or relating to the Franchise Agreement and/or any act, omission or event occurring on or before the date of this Release, it being the express intention that this Release be as broad as permitted by law. This Release does not affect Franchisee's obligations under the Franchise Agreement or Guarantors' obligations under the Guarantee, and those obligations remain in full force and effect.

2. Risk of changed facts. Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that their release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. No prior assignment. Franchisee and Guarantors represent and warrant that they are the sole owners of all Claims released under Section 1 above and that they have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. Covenant not to sue. Franchisee and Guarantors (on behalf of the Franchisee Releasers) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

EXHIBIT M
TABLE OF CONTENTS OF MANUALS

Table of Contents

Section 1	The Interdependent Relationship	(8 pgs.)
Section 2	All Battery Center Core Story	(10 pgs.)
Section 3	P.O.S. Training X STORE	(45 pgs.)
Section 4	Watch Battery Installation	(16 pgs.)

Total pgs. = 79

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Section 1	Battery Basics	(25 pgs.)
Section 2	SLI Batteries	(29 pgs.)
Section 3	ED18 Diagnostic Tool	(10 pgs.)
Section 4	NiCad Chemistry	(13 pgs.)
Section 5	NiMH Chemistry	(13 pgs.)
Section 6	Lithium Ion Chemistry	(12 pgs.)
Section 7	Custom Assembly	(21 pgs.)
Section 8	CADEX Quick Reference Guide	(4 pgs.)

Total pages = 127

Table of Contents

Section 1	OSHA	(22 pgs.)
Section 2	Marketing an Interstate All Battery Center	(57 pgs.)
Section 3	Powercare Motive Division	(13 pgs.)
Section 4	Human Resources	(85 pgs.)
Section 5	Interstate Intranet Tools	(11 pgs.)
Section 6	NEEDS Based Selling	(43 pgs.)
Section 7	Store Operations Forms	(50 pgs.)
Section 8	Recycling	(18 pgs.)

Total pages = 299

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Section 1	B2B Sales Program	(79 pgs.)
Section 2	Selling the All Battery Center Way	(46 pgs.)

Total pages = 125

**INTERSTATE ALL BATTERY UNIVERSITY
RETAIL SELLING SKILLS**

Table of Contents

Section 1	Sales Floor Training	(52 pgs.)
Section 2	Sales Associate's Handbook	(33 pgs.)

Total pages = 85

**INTERSTATE ALL BATTERY UNIVERSITY
RETAIL SELLING SKILLS**

EXHIBIT N

FORM OF FRANCHISE CLOSING QUESTIONNAIRE

**INTERSTATE ALL BATTERY UNIVERSITY
RETAIL SELLING SKILLS**

Franchise Closing Questionnaire

As you know, IBFAD (“we” or “us”) and you are preparing to enter into a Franchise Agreement for the operation of an All Battery Center Store franchise. The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.

Please review each of the following questions carefully and provide honest responses to each question.

- Yes ___ No ___ 1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?
- Yes ___ No ___ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes ___ No ___ 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
- Yes ___ No ___ 4. Did you have possession of the Franchise Disclosure Document at least 14 calendar days before you paid us any money related to the purchase of this franchise?
- Yes ___ No ___ 5. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
- Yes ___ No ___ 6. A) Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor? If No, do you wish to have more time to do so? Yes No
- Yes ___ No ___ B) Have you discussed the benefits and risks of operating an All Battery Center Store franchise with your professional advisor?
- Yes ___ No ___ C) Did you discuss the benefits and risks of operating an All Battery Center Store franchise with an existing All Battery Center Store franchisee?
- Yes ___ No ___ 7. Do you understand the risks of operating an All Battery Center franchise?
- Yes ___ No ___ 8. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities, and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace?
- Yes ___ No ___ 9. Do you understand that you will receive no territorial protection (except as otherwise provided in a mutually agreed upon Addendum to the Development Agreement and/or Franchise Agreement) and that we and our affiliates may engage in businesses that compete with your Store(s)?
- Yes ___ No ___ 10. Do you understand we are not obligated to provide assistance to you in finding and securing a location for your All Battery Center Store?
- Yes ___ No ___ 11. Do you understand that we are not responsible for any construction delays?

- Yes ___ No ___ 12. Do you understand that you must have and provide us a valid e-mail address at all times during the term of the Franchise Agreement and that you must notify us of any changes to the e-mail address?
- Yes ___ No ___ 13. A) Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be brought in arbitration in the city where our principal business office is located at the time, if not resolved informally or by mediation?
- Yes ___ No ___ B) Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any punitive, exemplary, incidental, indirect, special, consequential, or other damages (including, without limitation, loss of profits)?
- Yes ___ No ___ 14. Do you understand that your Operating Principal, Store Manager, and B2B Sales Rep must successfully complete the training program prior to the Opening Date; and that if he or she fails, in our sole judgment, to satisfactorily complete our training program, and you fail to cure such default within 90 days following written notice from us, we may terminate the Franchise Agreement?
- Yes ___ No ___ 15. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?
- Yes ___ No ___ 16. Has any employee or other person speaking on our behalf made any statement, promise, or agreement, other than those matters addressed in our Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support services, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document? If Yes, please provide a full explanation on the back of this questionnaire.
- Yes ___ No ___ 17. A) Do you understand that the U.S. Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?
- Yes ___ No ___ B) Have you ever been a suspected terrorist or associated directly or indirectly with terrorist activities?
- Yes ___ No ___ C) Do you understand that we will not approve your purchase of an All Battery Center Store franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?
- Yes ___ No ___ D) Is it true that you are not purchasing an All Battery Center Store franchise with the intent or purpose of violating any anti-terrorism law or for obtaining money to be contributed to a terrorist organization?
- Yes ___ No ___ 18. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an All Battery Center Store franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes ___ No ___ 19. Has any employee or other person speaking on our behalf made any statement or promise regarding the actual, average, or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an All Battery Center Store will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the

Franchise Disclosure Document? If Yes, please provide a full explanation on the back of this questionnaire.

Yes ____ No ____

20. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for the Store, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?

I certify that each of the above responses is true and correct.

FRANCHISEE

By: _____
[Print Name & Title]

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Interstate Battery Franchising & Development, Inc. offers you a franchise, Interstate Battery Franchising & Development, Inc. must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make any payment to us or an affiliate in connection with the proposed franchise sale or grant. Under Michigan law, Interstate Battery Franchising & Development, Inc. must provide this Disclosure Document to you at least 10 business days before you sign any contract or make any payment relating to the franchise relationship. Under New York, Oklahoma and Rhode Island law, Interstate Battery Franchising & Development, Inc. must provide this Disclosure Document to you at the earliest of the first personal meeting or 10 business days before you sign a contract or make any payment relating to the franchise relationship.

If Interstate Battery Franchising & Development, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit A. IBFAD’s agent for service of process in this state is listed in Exhibit B.

The franchise sellers are: Paul McCarthy, 12770 Merit Drive, Suite 400, Dallas, TX 75251; and Kevin Hogan, Liberty Development, 7935 B Wright Road, Houston, TX 77041.

Date of Issuance: July 2, 2014

I have received an Interstate All Battery Center Disclosure Document dated July 2, 2014. This Disclosure Document included the following exhibits:

- | | |
|--|--|
| A. State Administrators | G. Credit and Security Agreement |
| B. Agents for Service of Process | H. Confidentiality Agreement |
| C. Franchise Agreement and State-Required Amendments | I. Additional State-Required Information |
| D. Branch Addendum | J. List of Franchisees |
| E. Store System/Technology Agreement and Participation Agreement | K. Financial Statements |
| F. Addendum to Confidential Distributor Agreement | L. General Release |
| | M. Table of Contents of Manuals |
| | N. Form of Franchise Closing Questionnaire |

Date Disclosure Document Received

Date Disclosure Document Received

Print Name

Print Name

Signature

Signature

Address

Address

City State Zip Code

City State Zip Code

Area Code Phone Number

Area Code Phone Number

TO BE RETAINED BY YOU

RECEIPT

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Print Name

Signature

Address

City State Zip Code

Area Code Phone Number

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