

## FRANCHISE DISCLOSURE DOCUMENT



### INTERSTATE BATTERY FRANCHISING & DEVELOPMENT, INC.

a Delaware corporation

4301 121<sup>st</sup> Street

Urbandale, Iowa 50323

(515) 266-8207

[www.interstatebatteries.com/franchising](http://www.interstatebatteries.com/franchising)

As an Interstate All Battery Center franchisee, you will operate a franchised business that specializes in the sale of batteries and offers custom battery pack building, including battery packs for batteries that do not have a standard replacement, under the "Interstate All Battery Center" trade name and business system.

The total investment necessary to begin operation of an Interstate All Battery Center franchised business ranges from \$179,200 to \$438,000. This includes \$55,100 to \$67,500 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 Rich Panek, Director, All Battery, at 4301 121<sup>st</sup> Street, Urbandale, Iowa 50323.

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 ("FTC"). 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](http://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.

Issuance Date: June ~~30, 2023~~ 28, 2024

### How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Interstate All Battery Center in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be an Interstate All Battery Center franchisee?</b>	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising Generally

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

## Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

### Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in Texas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with the franchisor in Texas than in your own state.
2. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments and advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
3. **Supplier Control.** You must purchase all or nearly all of the inventory and supplies necessary to operate your business from the franchisor, its affiliates, or from suppliers that the franchisor designates at prices that the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**NOTICE REQUIRED BY  
THE STATE OF MICHIGAN**

**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.

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## ITEM 1

### THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this franchise disclosure document (“Disclosure Document”), the terms “we”, “us”, “our”, and “Franchisor” mean Interstate Battery Franchising & Development, Inc. (“IBFAD”). The term “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.

#### The Franchisor, Its Parent, Predecessors, and Affiliates

We are a Delaware corporation incorporated on January 18, 2000. Our principal business address is 4301 121st Street, Urbandale, Iowa 50323. We operate only under our corporate name and under the name “Interstate All Battery Center(s).” We began offering franchises in May 2000, as further described below. 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 shares our principal business address. IBSI is located at 14221 N. Dallas Parkway, Suite 1000, Dallas, Texas 75254.

IBSI formed RAD in December 1999 for the purpose of acquiring the assets of John Willemsen 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 14221 N. Dallas Parkway, Suite 1000, Dallas, Texas 75254.

As of April 30, ~~2023~~2024, ABC and its affiliates operate ~~9~~10 “company-owned” Centers. We do not operate any Centers. We have offered “Interstate All Battery Center” franchises since May 2000. 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 14221 N. Dallas Parkway, Suite 1000, Dallas, Texas 75254, 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 65 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. As discussed below, we may offer distributors of our affiliate, IBI, a franchise to operate a retail Interstate All Battery Center. IBI's distributors who have not executed a franchise agreement with us are referred to as "Licensed Dealers." Licensed Dealers do not operate retail Interstate All Battery Centers and have only limited rights from IBI to sell products designated 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. As of April 30, ~~2023, 169~~2024, 170 of IBI's distributors are considered Licensed Dealers. 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.

Except as otherwise described above, no other parents, predecessors, or affiliates are required to be disclosed in this Item, directly offers franchises in any other line of business, or otherwise conducts business of the type being offered to you in this Disclosure Document.

#### 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. You must purchase or lease, at our sole option and as we direct, the Software and the computer hardware on which the Software is loaded from a supplier we designate, which may be us, our affiliate, or an approved third-party vendor.

#### 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.

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 Appendix E to the Franchise Agreement.

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 existing Interstate Batteries independent distributor under a Distribution Agreement ("DA") with IBI 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. 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 DA. In most cases, the Marketing Area under your franchise agreement will be smaller than your Primary Area under your DA. However, if you are Interstate Batteries independent distributor under a DA and you execute a franchise agreement, you will have the option to sign a Letter Agreement in the form attached to the Franchise Agreement as Appendix C, which provides for a temporarily expanded Marketing Area equal in size to your Primary Area under your DA (further described in Item 12). In addition, if you are Interstate Batteries independent distributor under a DA and you execute a franchise agreement, you will be required 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 D.

If you are an existing franchisee, we also offer you an addendum to the Franchise Agreement (the “Branch Addendum”) that grants you the right to establish one satellite All Battery Center at an approved location within your 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 J, unless you are located in certain states.](#)

Currently, you or your affiliate must be an existing franchisee of ours in good standing or an existing distributor of our affiliate IBI in good standing in order to be eligible to purchase a franchise described in this Disclosure Document. While we may allow transfers of an existing franchise (as further described in Items 9 and 17), we currently do not sell new franchises to new franchisees though we may do so in the future. We reserve the right to stop selling new franchises at any time, including to existing franchisees or distributors.

#### 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 distributors 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

President and Director: ~~Walter C. Holmes, III~~ Ben Facer

Mr. ~~Holmes~~Facer has been our President and Director since ~~March 2015~~ May 2024. Mr. ~~Holmes~~Facer has also served as ~~Executive~~Senior Vice President and Chief ~~Operations~~Commercial Officer of IBI since May 2023. He served as ~~Executive~~Vice President and ~~Chief Development Officer~~of National Accounts of IBI from ~~July 2019~~August 2021 to May 2023. He served as ~~Executive~~the Vice President and ~~Chief~~of Partner Results ~~Officer~~for IBI from ~~January~~March 2019 to ~~July 2019~~August 2021. Mr. ~~Holmes~~ served as ~~Senior Vice President~~ of IBI from March 2010 to January 2019 and ~~Chief Legal Officer~~ of IBI from January 2007 to May 2016. Mr. ~~Holmes~~Facer has been located in Dallas, Texas, while serving in these positions and is currently located in Dallas, Texas.

Secretary: Guy Jackson

Mr. Jackson has been our Secretary since May 2024. He has been Executive Vice President and Chief Financial Officer of IBI since May 2024. Previously, Mr. Jackson served as Executive Vice President of Finance of IBI from February 2024 to April 2024. Mr. Jackson has been located in Dallas, Texas while serving in these positions, and is currently located in Dallas, Texas. He served as President of Patriot Financial Consulting in Fleming Island, Florida from February 2020 to February 2024. He served as Vice President and Chief Financial Officer of Guidewell Connect in Jacksonville, Florida from September 2016 to January 2020.

Vice President: Lain Hancock

Mr. Hancock has been our Vice President since July 2020. Mr. Hancock has also served as President and Chief Executive Officer of IBI since May 2023. He served as Chief Operating Officer of IBI from July 2020 to May 2023. He joined IBI as Chief Supply & Operations Officer in January 2019. Mr. Hancock has been located in Dallas, Texas, while serving in these positions and is currently located in Dallas, Texas. ~~Previously, Mr. Hancock served as Chief Strategy and Emerging Brands Officer with Keurig Dr Pepper Inc., located in Plano, Texas, from July 2018 through January 2019.~~

~~Secretary~~Executive Vice President & Chief Operations Officer: William McDade

Mr. McDade has ~~been our~~ served as Executive Vice President and Chief Operations Officer of IBI since ~~May 2024~~. He served as our Secretary ~~since~~from July 2020 to May 2024. He served as our Vice President from July 2015 to July 2020. ~~Mr. McDade has been~~He served as Executive Vice President and Chief Financial Officer of IBI ~~since January 2019~~. He served as Vice President and Chief Financial Officer of IBI from July 2015 to January 2019. Mr. McDade has been located in Dallas, Texas while serving in these ~~positions and~~May 2024. Mr. McDade is currently located in Dallas, Texas.

Divisional Controller: Linda Krier

Ms. Krier has been our Divisional ~~and Credit~~ Controller since March 2024. ~~She served as our Divisional Controller from March 2008 to March 2024~~. Ms. Krier has been located in Urbandale, Iowa while serving in this position and is currently located in Urbandale, Iowa.

~~Vice President, Partner Results:~~ James Magee

~~Mr. Magee has been the Vice President of Partner Results for IBI since August 2021. He served as Director of Transportation & Procurement for IBI from January 2020 to August 2021. He served as Director of Procurement for IBI from June 2018 to December 2019. Mr. Magee has been located in Dallas, Texas while serving in each of these positions and is currently located in Dallas, Texas. In addition, he served as Director of Operations for IBI from January 2015 to May 2018. During that time period, he was located in Shanghai City, China.~~

Director, All Battery: Rich Panek

Mr. Panek has been our Director, All Battery since May 2023. He served as our Director of Sales & Operations from November 2021 to May 2023. He served as Senior Manager of Franchise Operations from November 2008 to November 2021. Mr. Panek has been located in Urbandale, Iowa, while serving in these positions.

### **ITEM 3 LITIGATION**

Interstate Battery Franchising & Development, Inc. v. Charging Bison, LLC, JAMS Case No. 1310022746 (JAMS, Dallas, Texas). After receiving a letter from respondent, a then-current Interstate All Battery Center franchisee, that claimed respondent would have the right to terminate its franchise agreement based on its allegation that certain financial performance disclosures contained in IBFAD's Franchise Disclosure Document were false and amounted to fraud and misrepresentation, among other things, claimant IBFAD initiated an arbitration against respondent on September 27, 2016, seeking declarations that respondent has no basis to terminate the franchise agreement and cannot establish a claim of fraud or misrepresentation. Respondent filed an objection to the arbitration proceeding before JAMS and initiated a court action in Dallas County district court on November 29, 2016, seeking to stay the arbitration. Interstate removed the court action to the federal Northern District of Texas and opposed Charging Bison's motion to stay the arbitration. The district court denied Charging Bison's motion to stay the arbitration and administratively closed the court action on April 7, 2017, and the Fifth Circuit Court of Appeals affirmed by opinion dated March 6, 2018. On June 27, 2018, respondents filed a counterclaim in the arbitration, repeating the allegations of their initial letter and seeking termination or rescission of the franchise agreement and damages. On April 26, 2019, the parties entered into a settlement agreement under which the franchise agreement was mutually terminated, IBFAD's affiliate All Battery Center Inc. purchased certain inventory and equipment of the Center for the purchase price \$199,000, and IBFAD paid respondent \$15,932.43, representing costs associated with the wind-down of the business and de-identification of the Center. In addition, Respondent paid \$2,049 to IBFAD related to royalties and \$19,456.46 to RAD related to product purchases. On May 16, 2019, the parties dismissed the arbitration with prejudice.

No other 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 our last fiscal year, 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.

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 a site license for use of the Software at the Center. You must also purchase or lease, at our sole option and as we direct, the computer hardware configured with the Software from a supplier we designate, which may be us, our affiliate, or an approved third-party vendor. The cost of the site license for the Software is currently \$13,000 per Center. The current cost to purchase 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. In the future, we may require you to lease instead of purchase the computer hardware.

***Existing Accounts.*** You must pay to us an Existing Account acquisition payment for the purchase of RAD's existing contact centers 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. 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 contact centers accounts actually transferred before the installation. The Existing Account acquisition payment will vary for each franchise. No Existing Accounts were sold to franchisees during our fiscal year ending April 30, ~~2023~~2024. The estimated range for the Existing Account acquisition payment is \$0 to \$5,000. During the term of the Franchise Agreement and subject to your participation in the Contact Center Program (described in Item 11), we or our designee may continue to provide Contact Center Program services with respect to the Existing Accounts on your behalf.

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.

***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 IBFAD or an 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 (at least \$25,000). You must pay the costs of implementing the ramp up marketing campaign. You must spend at least \$10,000 for LSM for the initial 120 days and an additional \$15,000 for the balance of the 12 months (the following 245 days) and which may include such items as development of a media plan, marketing materials, media placement costs, to our endorsed third party LSM agency used in developing the campaign and other related expenses as well as an administrative fee. We reserve the right to implement the ramp up marketing campaign on your behalf. If we do, 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.

*Opening Extension Date Incentive and Penalty.* You must open the Center and fully commence business within 9 months from the effective date of the Franchise Agreement, unless you obtain our written approval for an extension and pay the applicable fee. If you open the Center and commence business within 9 months from the effective date of the Franchise Agreement, we will credit to you an amount equal to \$5,000. Any request by you for an extension of the opening date must be submitted to us in writing and signed by you. We may grant an extension of the opening date in our sole discretion, however, no extension of the opening date will be longer than 18 months from the effective date of the Franchise Agreement. Any extension of the opening date must be in writing and signed by us. If we grant an extension for any time period between 12 to 18 months from the effective date of the Franchise Agreement, you must pay us an opening extension fee in the amount of \$5,000. You will not be required to pay an opening extension fee for extensions granted for the time period between 9 to 12 months from the effective date of the Franchise Agreement.

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>

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
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.	
Local Store Marketing ("LSM") Expenditures	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 in the amount of at least \$25,000 (with \$10,000 of such amount required to be spent in the first 120 days of Center operations and an additional \$15,000 during the remaining 245 days of the first calendar year). 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)	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 a LSM expenditure.</p> <p>The cooperative advertising expenses will be no more than your LSM deposits.</p>
New Software or Hardware	Cost of purchase or license of new software and/or hardware.	As Incurred	We may require you to purchase or license new or updated software or hardware at any time. We will give you 90 days' notice of any required new or updated software or hardware, and will require you to execute the then-current form of software license agreement required by us or the licensor. We will test such software at one or more company-owned Centers, if any such Center(s) then exist, before requiring you to purchase or license such software. If we require you to lease new or updated hardware, we will require you to execute the then-current form of lease agreement required by us or the lessor.
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.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
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	Currently, \$500 per week per trainee	Before training begins	We do not charge a training fee for regularly scheduled initial training. 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	
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 Fee	\$1,200 per year (first payment pro-rated)	Payable each January 1 in advance	This fee is payable on January 1 of each year after your Center opens for business.
Help Desk	\$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	Monthly fee 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	Monthly fee payable the first day of each month	This fee is payable on the first day of each month after your Center opens for business.
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.
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 <sup>(1)</sup>
Real Property <sup>(2)</sup>	\$6,600 to \$27,000	As agreed on	As incurred	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
Initial Training Expenses <sup>(3)</sup>	\$3,000 to \$5,000	As agreed on	As incurred	Employees and Various Suppliers
Existing Account Acquisition Payment <sup>(4)</sup>	\$0 to \$5,000	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 <sup>(5)</sup>	\$4,500 to \$6,500	As agreed on	Before opening	Various Suppliers
Computer Software <sup>(6)</sup>	\$13,000 to \$15,000	Lump Sum	Before opening	IBFAD
Computer Hardware <sup>(6)</sup>	\$4,600 to \$17,000	Lump Sum	On delivery	IBFAD
Initial Inventory <sup>(7)</sup>	\$20,000 to \$30,000	Lump Sum	30 days after opening	Various Suppliers
Additional Funds - 3 months <sup>(8)</sup>	\$60,000 to \$80,000	As incurred	Within first 3 months of opening	Various Suppliers
<b>TOTAL</b>	<b>\$179,200 to \$438,000 (Does not include costs to establish a Branch Center.)</b>			

**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. We normally do not recommend purchasing the real estate for your Center, and we are unable to estimate real estate costs if you purchase the building for your Center. The ranges do not include estimates for ground-up construction or free-standing buildings. This estimate assumes you will lease your location. The estimated ranges are for three months' rent. Monthly rental rates could range between \$2,200 to \$9,000 based upon the geographic region, size, type of location, condition of the proposed premises, the type of real estate deal, local market conditions and availability, 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.
- (3) We do not charge a training fee for regularly scheduled initial training for your first store operator (which may be you, your Operating Principal or your designated general manager). Training is provided via on-line training modules. You must pay all expenses you or your employees incur in the training program (e.g. compensation). (See Item 11)

- (4) The amount shown in this chart reflects our estimate of the Existing Account acquisition payments you may be required to pay based upon the distribution and sales volumes of Existing Accounts in existing Marketing Areas. No Existing Accounts were sold in our fiscal year ending April 30, ~~2023~~2024. This payment is based on RAD's profits from the Existing Accounts in your Marketing Area, if any, in the 12 months before you sign the Franchise Agreement and you must pay us on or before installation of the POS Computer System at your Center. 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 C, which provides for a temporarily expanded Marketing Area equal in size to the distributor's DA Primary Area, less any existing franchise marketing areas. If you sign the Letter Agreement, then your Existing Account acquisition payment will be increased to include any Existing Accounts contained in your expanded Marketing Area. The Existing Account acquisition payment is not uniformly imposed and may be reduced or waived entirely by us at our sole option if the sales volume of the Existing Accounts in your Marketing Area would make it cost-prohibitive for you to acquire a franchise due to the Existing Account acquisition payment you would be required to pay us.
- (5) 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.
- (6) Before opening your Center, you must obtain a site license of the Software and purchase or lease, at our sole option and as we direct, the computer hardware on which it is loaded. Our current form of Store System/Technology Agreement is in Appendix E to the Franchise Agreement. The current form of Participation Agreement is also in Appendix E to the Franchise Agreement. The current site license fee is \$13,000. You also will need to pay to us an annual Computer Software Fee. The current annual Computer Software Fee is \$1,200.
- (7) If you open a new Center, your initial inventory cost will range from \$20,000 to \$30,000.
- (8) 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. 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, or local store marketing expenditures. 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. In addition, inflation may impact various costs, including, among others, furnishings, fixtures, equipment, building costs, signage, technology, equipment, and inventory. 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. We have the right to designate specific types and brands of authorized products as Basic Products, Additional Products, or Auxiliary Products. “Basic Products” are those products described as “All Battery Products,” including alkaline and dry cell batteries and batteries for household electronics, hearing aids, security systems, cameras, laptops and cell phones. “Additional Products” are those products described as “1090NT Products,” such as original and replacement electric storage batteries for automotive, motorcycle, marine, golf cart and other equipment and/or machinery uses. “Auxiliary Products” refer to battery products supplied by vendors or sources other than us or our affiliates. We have the right to revise these designations from time to time, and to add products to, and remove products from, the lists of products we require or authorize for sale in Centers. 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 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 products we authorize.

Computer Hardware and Software. You must purchase or lease, at our sole option and direction, your computer system from a supplier we designate, which may be us or our affiliate. Currently, we require you to purchase your computer hardware from us, but we reserve the right in the future to require you to purchase or lease your computer hardware from a supplier we designate, which may be us, our affiliate, or an approved third-party vendor. The computer system consists of required hardware and 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 (if we so designate), and a payment processing services agreement with a payment processing provider that we designate (if we so designate). The hardware package currently consists of three desktop computers. We have the right, but not the obligation to configure and/or install the computer system at your Center. If we do not configure and/or install the computer system at your Center, you must do so in accordance with any specifications or instructions that we or our designee provide. We may require that you purchase or lease new Software or Hardware at any time, and we may charge you a fee for the new Software. You must also pay us a fee for annual Software access 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.

Contact Centers. We offer a program to franchisees designed to provide customized sales support to our franchise system. Participation in this program is not mandatory. If you elect to participate in the program, you will execute a commitment agreement in the form prescribed by us for each Center that will participate in the program and pay the fees associated with participation in the program.

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, signs, fixtures, furnishings, equipment, flooring and counters, interior and exterior signage, graphics, décor, trade dress, store design consulting services and supplies only from distributors and suppliers approved by us. We or our affiliate may be an approved or sole supplier. 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 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 products we authorize, 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 non-owned 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. While we and they do not do so currently, in the future, we, RAD, or another affiliate, may, under appropriate circumstances, receive rebates, fees, commissions, field-of-use license royalties, or other consideration from approved suppliers based on their sales to franchisees. If we receive payments from suppliers based upon those suppliers' sales to our franchisees, such payments will either be received directly by the National Marketing Fund described in Item 11 or be contributed by us to that Fund. If RAD receives payments from suppliers based upon those suppliers' sales to our franchisees, it may retain those payments and not contribute those payments to the Fund. In the fiscal year ending April 30, ~~2023~~2024, we received \$0 and RAD received \$0 in such payments from suppliers. Our affiliate, IBI, currently pays a subsidy to RAD of \$2 per SLI (starting, lighting, and ignition) battery product sold to company-owned and franchised Interstate All Battery Centers. In the fiscal year ending April 30, ~~2023~~2024, RAD received from subsidies from IBI in the amount of \$1,180,818-023,766.

We will receive revenue from your purchases of computer hardware and licensing the Software. During the fiscal year ending April 30, ~~2023~~2024, we recorded revenue of \$208,800201,600 from franchisees for computer hardware and Software licensing, which represented approximately 2% of our total revenue. RAD will derive revenue from you as a result of providing contact-center services (should you elect to participate in the Contact Center Program described in Item 11) and selling Interstate Batteries products and related products to you directly or through authorized distributors. During the fiscal year ending April 30, ~~2023~~2024, RAD received approximately \$1,000950,000 from providing contact-center services and it received approximately \$45,00041,800,000 from the sale of Interstate All Battery Center products and related products to independent franchisees. This represents approximately 1% and ~~56~~55% of RAD's total

revenue of \$79,816,500 for the fiscal year ending April 30, ~~2023~~2024. The total revenue received by IBFAD for the fiscal year ending April 30, ~~2023~~2024 was \$12,~~745,269~~;860,556.

## 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	Item 11
b. Pre-opening purchases/leases	Franchise Agreement Section 15	Items 5 & 8
c. Site development and other pre-opening requirements	Franchise Agreement Sections 7 & 8	Items 7 & 11
d. Initial and ongoing training	Franchise Agreement Section 13	Item 11
e. Opening	Franchise Agreement Section 8	Item 11
f. Fees	Franchise Agreement Sections 2 & 10; Store System/Technology Agreement Section 5	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	Franchise Agreement Sections 11& 15 & 16.C	Items 8 & 11
h. Trademarks and proprietary information	Franchise Agreement Sections 15.L, 17 & 22.B; Store System/Technology Agreement Section 9	Items 13 & 14
i. Restrictions on products/services offered	Franchise Agreement Section 15	Item 16
j. Warranty and customer service requirements	Franchise Agreement Sections 15 & 16	Item 11
k. Territorial development and sales quotas	Franchise Agreement Section 1 & 2	Item 12
l. Ongoing product/service purchases	Franchise Agreement Section 15; Store System/Technology Agreement Sections 5, 6 & 7	Item 8
m. Maintenance, appearance and remodeling requirements	Franchise Agreement Sections 12.B & 15	Items 6 & 11
n. Insurance	Franchise Agreement Section 18	Item 8
o. Advertising	Franchise Agreement Section 10	Items 6 & 11
p. Indemnification	Franchise Agreement Section 27	Item 6
q. Owner's participation/management/staffing	Franchise Agreement Sections 15 & 19.E	Item 15
r. Records/reports	Franchise Agreement Section 6	Item 6
s. Inspections/audits	Franchise Agreement Sections 6.E & 7	Items 6 & 11
t. Transfer	Franchise Agreement Sections 20 & 21; Store System/Technology Agreement Section 14	Item 17
u. Renewal	Franchise Agreement Section 4.B	Item 17
v. Post-termination obligations	Franchise Agreement Sections 22 & 24; Store System/Technology Agreement Section 12.B.	Item 17
w. Non-competition covenants	Franchise Agreement Sections 22 & 24	Item 17

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
x. Dispute resolution	Franchise Agreement Sections 33 to 41	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 B.)
2. Provide assistance in selecting the site for your Center. (Franchise Agreement, Section 3.B. and 3.D.).
3. Provide an initial training program to you (or your Operating Principal, if applicable) and your Center managers. (Franchise Agreement, Section 13). 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 7, 13 and 14).
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 14.B.). 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 11). 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 I.
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 14.A.)
8. At our option, sell or lease to you (or designate the supplier from whom who must purchase or lease) the computer hardware and sell to you a site license for the Software that we require for Interstate All Battery Centers. (Franchise Agreement, Section 15.E.; 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 10.E.)
2. 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.)
3. Offer additional mandatory or optional training programs as we deem appropriate, if any. (Franchise Agreement, Section 13.B.) We may charge a fee for such training programs.
4. Periodically inspect your Center and its operations. (Franchise Agreement, Section 14.D.)
5. Designate one or more sources for approved products and make arrangements for them to supply you. (Franchise Agreement, Section 15.D.)

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

In addition to the duties and obligations described above, we provide franchisees the opportunity to participate in our Contact Center Program. The Contact Center Program is operated by us or our designees to assist in developing and maintaining customer relationships with billing addresses in participating franchisees' respective Market Areas. Participation in the Contact Center Program is optional and franchisees may elect to participate or discontinue participation in the Contact Center Program at any time during the term of your Franchise Agreement (subject to certain terms and conditions, as set forth below, and the terms of the agreement for Contact Center Program services that you enter into with us).

To participate in the Contact Center Program, you must: (a) have a dedicated sales person actively marketing the franchised business in your Marketing Area; (b) have paid the Existing Account acquisition payment and be eligible to receive the list of Existing Accounts; (c) not be in material default under any agreement with us or our affiliates and must be current on all payments owed to us and our affiliates; (d) sign a contract for Contract Center Program services in the form prescribed by us and pay all fees due thereunder; and (e) satisfy any other criteria for participation in the Contact Center Program set forth in the Manuals.

We may modify or discontinue the Contact Center Program at any time upon 30 days' written notice to you. If we discontinue the Contact Center Program, you will not be required to pay any Contact Center Program fees following the date upon which the Program is discontinued.

### 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 Appendix E to the Franchise Agreement. 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 you to access the Software. The current form of Participation Agreement is also in Appendix E to the Franchise Agreement. 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. You must purchase or lease the computer hardware on which the Software is loaded from a supplier we designate, which may be us, our affiliate, or an approved third-party vendor. Currently, we require you to purchase your computer hardware from us, but we reserve the right in the future to require you to purchase or lease computer hardware from a supplier we designate, which may be us, our affiliate, or an approved third-party vendor. 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. If we require you to lease instead of purchase the hardware, you will pay a monthly lease fee to be determined. The cost of purchasing the software ranges from \$13,000 to \$15,000. The supplier of the Software is Oracle America, Inc. 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. We may require you to execute the then-current form of software license agreement required by us and/or the licensor of such software, including, without limitation, the then-current forms of Store System/Technology Agreement and/or Participation Agreement attached to the Franchise Agreement at Appendix E.

You also must pay us an annual fee for access to the Software. The current annual Software access fee is \$1,200 (first payment pro-rated based on signing date). This fee is payable on January 1<sup>st</sup> 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. 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.

You must also pay us a monthly fee for network support services. The current monthly network services fee is \$170.

In addition to purchasing or leasing the hardware, licensing the Software, and paying for help desk/hardware maintenance services, you must purchase or lease, at our sole option and as we direct, dedicated internet network and power lines, and other computer-related accessory or peripheral equipment that we specify. 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 writing. 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, including internet sales, websites (including, without limitation, Amazon or Walmart Marketplace), catalog sales, radio, telemarketing, mailers, or other direct mailings, 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, [X \(formerly known as Twitter\)](#), 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 website 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 IBFAD or 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 (at least \$25,000). 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. You must spend at least \$10,000 for LSM for the initial 120 days and an additional \$15,000 for the balance of the 12 months (the 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.

*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, ~~2023, 70~~2024, ~~65~~5% of the Fund expenditures were used for digital media, search engine marketing, and listing/digital services, ~~4% of the Fund expenditures were used for creative work and asset development, 63.5%~~ 5% of the Fund expenditures were used for creative work and asset development, 5% of the Fund expenditures were used for in-store marketing collateral and seasonal campaigns, ~~34.5%~~ 5% of the Fund expenditures were used for B2B sales materials, 2% of the Fund expenditures were used for Local Store supplemental marketing support, ~~1.5%~~ 5% of the Fund expenditures were used for administrative services, and ~~13.19%~~ 19% of the Funds were held in reserve for use in the following fiscal year. 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 will be at least \$10,000 in the first 120 days of Center operations and a total of \$25,000 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.

*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 Franchise Forum comprised of franchisees that serves as an additional connection point between us and franchisees on various topics, including marketing. The Franchise Forum consists of 6 franchisee members and 5 company personnel, appointed by us. The Franchise Forum members consist of (a) 3 to 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 Franchise Forum operates from by-laws that we may amend. We have the right to dissolve the Franchise Forum.

### Site Selection

We do not select the site for your Center. You must hire a commercial real estate broker approved by us to 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. 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, Appendix J.)
2. The landlord must provide us with copies of all amendments and assignments and of all letters and notices sent to you. (Franchise Agreement, Appendix J.)
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, Appendix J.)
4. The landlord must permit you to assign the lease to us or our designee without payment of any assignment fee. (Franchise Agreement, Appendix J.)
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, Appendix J.)
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, Appendix J.)
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, Appendix J.)

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, Appendix J.)
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, Appendix J.).
10. Landlord must permit battery service/installation performed in the parking lot. (Franchise Agreement, Appendix J.)

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

#### Time Between Signing Of The Franchise Agreement And Opening

You must open your Center within 9 months from the effective date of the Franchise Agreement, unless you receive written approval for an extension from us and pay the applicable extension fee. However, we will not grant an extension past 18 months from the effective date of the Franchise Agreement. If you open your Center within 9 months from the effective date of the Franchise Agreement, we will credit you \$5,000 as an incentive. If you are granted an extension for between 12 to 18 months from the effective date of the Franchise Agreement, then you must pay us an opening extension fee of \$5,000. There is no extension fee if you are granted an extension for between 9 to 12 months from the effective date of 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 from the effective date of the Franchise Agreement, and if applicable, you must open your third center within 27 months from the effective date of 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 participation in the Contact Center Program described in Item 11) before opening your Center if you meet our requirements, including (a) you or your Operating Principal and any management personnel that will engage in such commercial sales have successfully completed our initial 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 complied with the terms of your service agreement for participation in the Contract Center Program, if applicable. If you sign one or two additional Franchise Agreements at the time you sign the Franchise Agreement, you may engage in commercial sales (including via the Contact Center Program) before opening your second (or third, if applicable) Center, provided that you satisfy the conditions in (a) through (c) in this paragraph and are in compliance with your service agreement for participation in the Contact Center Program, if applicable.

Before opening your Center, you must obtain our written approval of construction or remodeling plans

(Franchise Agreement, Section 7.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 7.E.) You may not open the Center for business without our written authorization. Before opening your second Center, you must satisfy our then-current operational readiness standards, in our sole discretion.

#### Training Program

We provide an initial training program. We have developed electronically accessible modules for initial and ongoing training. 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 participate and successfully complete all training modules provided via our Web-portal (or other electronic access) to our satisfaction. If a franchisee intends to set-up commercial selling prior to opening a store location, then your designated sales manager conducting that business must complete the training to our satisfaction.

Post opening, the franchisee must maintain a minimum of one store operator that has completed the above training program to our satisfaction.

We instruct trainees in the full range of functions involved in the operation of an Interstate All Battery Center, including operation of all equipment, customer service, public relations and accounting techniques. The training course takes approximately three weeks to complete (assuming the training participant devotes full-time efforts to completion of training modules) and is accessible electronically. We do not charge a training fee for regularly scheduled initial training for your first store operator. We may charge a training fee for any additional management personnel (currently, \$1,500 per trainee). You are responsible for all expenses (e.g. compensation) incurred in connection with each trainee's participation in the training program.

We do not currently specify additional training requirements, but we reserve the right to require you and any of your management personnel 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 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 and your managers 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 may be completed within 21 days assuming full-time participation in the program. The training modules may be accessed via our Web-portal at any time. We may adjust the required course content and hours of training to accommodate the training participant based on such participant's knowledge level or past experience. This decision is based solely upon the assessment of our training program director.

## TRAINING PROGRAM

Subject	Hours of Classroom Training	Location
Welcome / Introduction & Orientation – Interstate Philosophy	3	Electronically (e.g. Web-based Portal or Intranet)
Tour of Home Office	1	Electronically (e.g. Web-based Portal or Intranet)
How to be a Franchisee; An Inter-dependent Relationship	4	Electronically (e.g. Web-based Portal or Intranet)
Computer I – Operations Computer II – Accounting Computer III – P.O. System	20	Electronically (e.g. Web-based Portal or Intranet)
Focus – X STORE and Custom Assembly	8	Electronically (e.g. Web-based Portal or Intranet)
Focus – X STORE and Watch Battery Installs	11	Electronically (e.g. Web-based Portal or Intranet)
Battery Basics, Chemistries and Product Training I & II	16	Electronically (e.g. Web-based Portal or Intranet)
Custom Assembly I – Pack Assembly, Market Pricing and Design	16	Electronically (e.g. Web-based Portal or Intranet)
Customer Service – Sales Floor Training	8	Electronically (e.g. Web-based Portal or Intranet)
B2B Training	8	Electronically (e.g. Web-based Portal or Intranet)
Safety / OSHA Training	2	Electronically (e.g. Web-based Portal or Intranet)
B2B Training – The Art of Making Sales Calls	4	Electronically (e.g. Web-based Portal or Intranet)
Marketing Review	2	Electronically (e.g. Web-based Portal or Intranet)
PowerCare Training	2	Electronically (e.g. Web-based Portal or Intranet)
Human Resources	2	Electronically (e.g. Web-based Portal or Intranet)
All Battery Intercom, Dashboard & Fairway	2	Electronically (e.g. Web-based Portal or Intranet)
Contact centers Training	2	Electronically (e.g. Web-based Portal or Intranet)
Business Consultant Opening Review	2	Electronically (e.g. Web-based Portal or Intranet)
Training Program Certification	4	Electronically (e.g. Web-based Portal or Intranet)

We furnish all trainees with:

1. Participant's Guide
2. Computer Based Training Modules (CBT's on DVD)
3. System Operations Manuals (on DVD)
4. Reference guides and resource documents (on DVD)

Our training program is facilitated by Rich Panek. Mr. Panek has been with Interstate Batteries since 1995 and has ~~38~~<sup>39</sup> years' experience in the operations support (including providing initial training, store opening support and ongoing operational support) in the retail and food service industries.

#### 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 I 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 Appendix G to the Franchise Agreement 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 their independent distributors (which consist of individuals or entities that have signed or will sign a Distribution 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" are those products described as "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 distribution agreements to certain specified classes of customers. "Basic Products" are those products described as "All Battery Products," including 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 from or through your Center and only as follows: (1) within the Marketing Area specified by your Franchise Agreement, you may sell and advertise any and all products we authorize; (2) you may sell and ship Basic Products and Auxiliary Products beyond your Marketing Area; (3) you may not sell or ship Additional Products 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 product in any advertising medium, including internet sales, websites (including, without limitation, Amazon or Walmart Marketplace), 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 product and you may not advertise any product; (6) you may not advertise or sell, or cause, permit, direct, or authorize any affiliate of yours or other third party to advertise or sell, any product on the Internet, or on any e-commerce website or platform, including, but not limited to, Amazon or Walmart Marketplace, without our written prior consent, which we may grant or deny at our sole option; and (7) you may not sell or deliver any product or service 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.) "Basic Products" are those products described as "All Battery Products," including alkaline and dry cell batteries and batteries for household electronics, hearing aids, security systems, cameras, laptops and cell phones. "Additional Products" are those products described as "1090NT Products," such as original and replacement electric storage batteries for automotive, motorcycle, marine, golf cart and other equipment and/or machinery uses. "Auxiliary Products" refer to battery products supplied by vendors or sources other than us or our affiliates. We have

the right to revise these designations from time to time, and to add products to, and remove products from, the lists of products we require or authorize for sale in Centers.

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

If you are or become both our franchisee and 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 C ("Letter Agreement"). The Letter Agreement provides for a temporarily expanded Marketing Area equal in size to the distributor's DA Primary Area, 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 DA Primary Area, then we may (a) terminate the expanded Marketing Area and reinstate the "Marketing Area" as defined in the Summary Pages 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 DA Primary Area. The temporarily expanded Marketing Area may also be reduced in our sole discretion, if an Interstate All Battery Center is located adjacent to the DA Primary Area. If you sign the Letter Agreement, your Existing Account acquisition payment with respect to RAD's existing contact centers customer accounts in the Marketing Area (as described in Item 5) will be increased to include the additional contact centers 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 contact centers 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 Franchise Agreement grants you a license to operate an Interstate All Battery Center under the mark "Interstate All Battery Center" and to use other future marks we authorize.

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 following marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"). IBSI has renewed or intends to renew the registrations for the marks listed below. All required affidavits have been filed.

Mark	Registration Date	Registration Number
INTERSTATE	December 26, 1967	0841147
INTERSTATE	May 2, 1989	1537597
	November 6, 2001	2503824
INTERSTATE ALL BATTERY CENTER	December 1, 2009	3718169
INTERSTATE BATTERIES	June 7, 2016	4971760

There are no currently effective material determinations of the USPTO, 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 has completed our initial training program to our satisfaction, as 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.

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 initial 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 ~~(, which is 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 from or through your Center and only as follows: (1) within the Marketing Area specified by your Franchise Agreement, you may sell and advertise any and all products we authorize; (2) you may sell and ship Basic Products and Auxiliary Products beyond your Marketing Area; (3) you may not sell or ship Additional Products 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 product in any advertising medium, including internet sales, websites (including, without limitation, Amazon or Walmart Marketplace), 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 product and you may not advertise any product; (6) you may not advertise or sell, or cause, permit, direct, or authorize any affiliate of yours or other third party to advertise or sell, any product on the Internet, or on any e-commerce website or platform, including, but not limited to, Amazon or Walmart Marketplace, without our written prior consent, which we may grant or deny at our sole option; and (7) you may not sell or deliver any product or service 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.) "Basic Products" are those products described as "All Battery Products," including alkaline and dry cell batteries and batteries for household electronics, hearing aids, security systems, cameras, laptops and cell phones. "Additional Products" are those products described as "1090NT Products," such as original and replacement electric storage batteries for automotive, motorcycle, marine, golf cart and other equipment and/or machinery uses. "Auxiliary Products" refer to battery products supplied by vendors or sources other than us or our affiliates. We have the right to revise these designations from time to time, and to add products to, and remove products from, the lists of products we require or authorize for sale in Centers. 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 H. 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 23.D. of FA	You may terminate the Franchise Agreement for cause. These provisions are subject to state law.
e. Termination by IBFAD without cause	Not Applicable.	Not Applicable.
f. Termination by IBFAD with cause	Section 23 of FA; Section 9 of BA	We may terminate the Franchise Agreement and Branch Addendum for cause.
g. "Cause" defined – curable defaults	Section 23.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 23.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 or safety; loss of possession of the franchised location; conviction of or pleading no contest to a felony, crime

	Section 9 of BA	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 Distribution Agreement, if any; sale of counterfeit product; unauthorized use of Proprietary Marks.  Under the Branch Addendum, non-curable defaults include: a default under the Franchise Agreement or the Branch Addendum.
i. Your obligations on termination/nonrenewal	Section 24 of FA	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 DA in certain circumstances.
j. Assignment of contract by IBFAD	Section 20 of FA; Section 10 of BA	There are no limitations on our right to assign the franchise.
k. "Transfer" by you – definition	Section 21.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 21 of FA; Section 10 of BA	You must obtain our approval before any Transfer.
m. Conditions for IBFAD's approval of transfer	Section 21 of FA; Section 10 of BA	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 H. We may use a different form in the future.
n. IBFAD's right of first refusal to acquire your business	Section 21.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 25 of FA	On expiration or <del>earlier</del> termination of the Franchise Agreement, we have the right to purchase your business.
p. Your death or disability	Section 21.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 22.C. of FA	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. Non-competition provisions are subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 22.C. of FA	For a period of 2 years following expiration, <del>early</del> 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. Non-competition provisions are subject to state law.
s. Modification of the agreement	Section 30 of FA	Franchise Agreement may be modified only in writing.
t. Integration/merger clause	Section 30 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 34 of FA	Arbitration is mandatory for most disputes. These provisions are subject to state law.
v. Choice of forum	Section 35 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 E.
w. Choice of law	Section 35 of FA	Texas law governs. State franchise statutes may supersede this choice of law; see Exhibit E.

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. These provisions are subject to state law.
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.



Provision	Section In Store System/Technology Agreement	Summary
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.
q. Non-competition covenants during the term of the franchise	Not Applicable.	Not Applicable. Non-competition provisions are subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable.	Not Applicable. Non-competition provisions are subject to state law.
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. These provisions are subject to state law.
v. Choice of forum	Not Applicable.	Not Applicable.

Provision	Section In Store System/Technology Agreement	Summary
w. Choice of law	Section 16	Section 16 incorporates by reference the applicable law provision (§35) of the Franchise Agreement, which states that Texas law governs. State franchise statutes may supersede this choice of law; see Exhibit E.

See Exhibit E 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 Cup 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 Denny Hamlin, Christopher Bell, Ty Gibbs, and Martin Truex, Jr. 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.

We do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of company-owned, licensed dealers or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting ~~Paul McCarthy, Development Manager~~ [Rich Panek, Director of All Battery](#), at ~~14221 N. Dallas Parkway, Suite 1000, Dallas, Texas 75254~~ [4301 121<sup>st</sup> Street, Urbandale, Iowa 50323, \(515\) 266-8207](#), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1**  
**SYSTEMWIDE OUTLET SUMMARY**  
**FOR FISCAL YEARS ~~2021~~2022 TO ~~2023~~2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2021</del> 2022	<del>172</del> 171	<del>171</del> 165	<del>-1</del> 6
	<del>2022</del> 2023	<del>171</del> 165	<del>165</del> 162	<del>-6</del> 3
	<del>2023</del> 2024	<del>165</del> 162	<del>162</del> 160	<del>-3</del> 2
Company-Owned	<del>2021</del> 2022	7	<del>7</del> 9	<del>0</del> +2
	<del>2022</del> 2023	<del>7</del> 9	9	<del>+2</del> 0
	<del>2023</del> 2024	9	<del>9</del> 10	<del>0</del> +1
Total Outlets	<del>2021</del> 2022	<del>179</del> 178	<del>178</del> 174	<del>-1</del> 4
	<del>2022</del> 2023	<del>178</del> 174	<del>174</del> 171	<del>-4</del> 3
	<del>2023</del> 2024	<del>174</del> 171	<del>171</del> 170	<del>-3</del> 1

**TABLE NO. 2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(OTHER THAN THE FRANCHISOR)**  
**FOR FISCAL YEARS ~~2021~~2022 TO ~~2023~~2024**

State	Year	Number of Transfers
Alabama	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Alaska	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Arizona	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Arkansas	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
California	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Colorado	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Connecticut	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Delaware	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Florida	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Georgia	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0

State	Year	Number of Transfers
Idaho	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Illinois	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Indiana	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Iowa	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Kansas	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Kentucky	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Louisiana	<del>2021</del> 2022	<del>0</del> 1
	<del>2022</del> 2023	<del>1</del> 0
	<del>2023</del> 2024	<del>0</del> 1
Maryland	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Massachusetts	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Michigan	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Minnesota	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Mississippi	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	<del>0</del> 1
Missouri	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Montana	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Nebraska	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Nevada	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
New Hampshire	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
New Mexico	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
New York	<del>2021</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
North Carolina	<del>2021</del> 2022	0
	<del>2022</del> 2023	0

State	Year	Number of Transfers
	<del>2023</del> 2024	0
North Dakota	<del>2024</del> 2022	<del>4</del> 0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Ohio	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Oklahoma	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Oregon	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Pennsylvania	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
South Carolina	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
South Dakota	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Tennessee	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Texas	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Utah	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Vermont	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Virginia	<del>2024</del> 2022	<del>4</del> 0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Washington	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
West Virginia	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Wisconsin	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Wyoming	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Puerto Rico	<del>2024</del> 2022	0
	<del>2022</del> 2023	0
	<del>2023</del> 2024	0
Totals	<del>2024</del> 2022	<del>2</del> 1
	<del>2022</del> 2023	<del>1</del> 0
	<del>2023</del> 2024	<del>0</del> 3

**TABLE NO. 3**  
**STATUS OF FRANCHISED OUTLETS**  
**FOR FISCAL YEARS ~~2021~~2022 TO ~~2023~~2024**

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets Operating At Year- end
Alabama	<del>2021</del> 2022	1	0	0	0	0	0	1
	<del>2022</del> 2023	1	0	0	0	0	0	1
	<del>2023</del> 2024	1	0	0	0	0	0	1
Alaska	<del>2021</del> 2022	0	0	0	0	0	0	0
	<del>2022</del> 2023	0	0	0	0	0	0	0
	<del>2023</del> 2024	0	0	0	0	0	0	0
Arizona	<del>2021</del> 2022	3	0	0	0	0	0	3
	<del>2022</del> 2023	3	0	0	0	0	0	3
	<del>2023</del> 2024	3	0	0	0	0	0	3
Arkansas	<del>2021</del> 2022	2	0	0	0	0	0	2
	<del>2022</del> 2023	2	0	0	0	0	0	2
	<del>2023</del> 2024	2	0	0	0	0	0	2
California	<del>2021</del> 2022	409	0	0	0	13	0	96
	<del>2022</del> 2023	96	0	0	0	30	0	6
	<del>2022</del> 2024	6	0	0	0	0	0	65
Colorado	<del>2021</del> 2022	3	0	0	0	0	0	32
	<del>2022</del> 2023	32	0	0	0	0	0	2
	<del>2023</del> 2024	2	0	0	0	0	0	2
Connecticut	<del>2021</del> 2022	3	0	0	0	0	0	3
	<del>2022</del> 2023	3	0	0	0	0	0	3
	<del>2023</del> 2024	3	0	0	0	0	0	3
Delaware	<del>2021</del> 2022	40	0	0	0	0	0	0
	<del>2022</del> 2023	0	0	0	0	0	0	0
	<del>2023</del> 2024	0	0	0	0	0	0	0
Florida	<del>2021</del> 2022	7	0	0	0	0	0	76
	<del>2022</del> 2023	76	0	0	0	0	0	6
	<del>2023</del> 2024	6	0	0	0	0	0	6
Georgia	<del>2021</del> 2022	43	0	0	0	0	1	32
	<del>2022</del> 2023	32	0	0	0	0	0	2
	<del>2023</del> 2024	2	0	0	0	0	0	2
Idaho	<del>2021</del> 2022	3	0	0	0	0	0	3
	<del>2022</del> 2023	3	0	0	0	0	0	3
	<del>2023</del> 2024	3	0	0	0	0	0	3
Illinois	<del>2021</del> 2022	11	0	0	0	0	0	11
	<del>2022</del> 2023	11	0	0	0	0	0	11
	<del>2023</del> 2024	11	0	0	0	0	0	11
Indiana	<del>2021</del> 2022	5	0	0	0	0	0	5
	<del>2022</del> 2023	5	0	0	0	0	0	5
	<del>2023</del> 2024	5	0	0	0	0	0	54
Iowa	<del>2021</del> 2022	8	0	0	0	0	0	89
	<del>2022</del> 2023	89	0	0	0	0	0	98
	<del>2023</del> 2024	98	0	0	0	0	1	87
Kansas	<del>2021</del> 2022	3	0	0	0	0	0	3
	<del>2022</del> 2023	3	0	0	0	0	0	3
	<del>2023</del> 2024	3	0	0	0	0	0	3
Kentucky	<del>2021</del> 2022	1	0	0	0	0	0	1
	<del>2022</del> 2023	1	0	0	0	0	0	1
	<del>2023</del> 2024	1	0	0	0	0	0	1
Louisiana	<del>2021</del> 2022	4	0	0	0	0	0	4
	<del>2022</del> 2023	4	0	0	0	0	0	4
	<del>2023</del> 2024	4	0	0	0	0	0	4
Maryland	<del>2021</del> 2022	1	0	0	0	0	0	1
	<del>2022</del> 2023	1	0	0	0	0	0	1
	<del>2023</del> 2024	1	0	0	0	0	0	40
	<del>2021</del> 2022	8	0	0	0	0	0	8

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets Operating At Year- end
Massachusetts	<del>2022</del> 2023	8	0	0	0	0	0	8
	<del>2023</del> 2024	8	0	0	0	0	0	8
Michigan	<del>2021</del> 2022	3	0	0	0	0	0	3
	<del>2022</del> 2023	3	0	0	0	0	0	3
	<del>2023</del> 2024	3	0	0	0	0	0	3
Minnesota	<del>2021</del> 2022	5	0	0	0	0	0	5
	<del>2022</del> 2023	5	0	0	0	0	<del>0</del> 1	<del>5</del> 4
	<del>2023</del> 2024	<del>5</del> 4	0	0	0	0	<del>1</del> 0	4
Mississippi	<del>2021</del> 2022	1	0	0	0	0	0	1
	<del>2022</del> 2023	1	0	0	0	0	0	1
	<del>2023</del> 2024	1	0	0	0	0	0	1
Missouri	<del>2021</del> 2022	3	<del>0</del> 1	0	0	0	0	<del>3</del> 4
	<del>2022</del> 2023	<del>3</del> 4	<del>1</del> 0	0	0	0	0	4
	<del>2023</del> 2024	4	0	0	0	0	0	4
Montana	<del>2021</del> 2022	1	0	0	0	0	0	1
	<del>2022</del> 2023	1	<del>0</del> 1	0	0	0	0	<del>1</del> 2
	<del>2023</del> 2024	<del>1</del> 2	<del>1</del> 0	0	0	0	<del>0</del> 1	<del>2</del> 1
Nebraska	<del>2021</del> 2022	4	0	0	0	0	0	4
	<del>2022</del> 2023	4	0	0	0	0	0	4
	<del>2023</del> 2024	4	0	0	0	0	0	4
Nevada	<del>2021</del> 2022	1	0	0	0	0	0	1
	<del>2022</del> 2023	1	0	0	0	0	0	1
	<del>2023</del> 2024	1	0	0	0	0	0	1
New Hampshire	<del>2021</del> 2022	1	0	0	0	0	0	1
	<del>2022</del> 2023	1	0	0	0	0	0	1
	<del>2023</del> 2024	1	0	0	0	0	0	1
New Mexico	<del>2021</del> 2022	0	<del>0</del> 1	0	0	0	0	<del>0</del> 1
	<del>2022</del> 2023	<del>0</del> 1	0	0	0	0	0	<del>1</del> 0
	<del>2023</del> 2024	<del>1</del> 0	<del>1</del> 0	0	0	0	0	<del>0</del> 1
New York	<del>2021</del> 2022	<del>8</del> 1	0	0	0	0	0	<del>8</del> 1
	<del>2022</del> 2023	<del>8</del> 1	0	0	0	0	0	<del>8</del> 1
	<del>2023</del> 2024	<del>8</del> 1	0	0	0	0	0	<del>8</del> 1
North Carolina	<del>2021</del> 2022	<del>5</del> 8	0	0	0	0	0	<del>5</del> 8
	<del>2022</del> 2023	<del>5</del> 8	0	0	0	0	0	<del>5</del> 8
	<del>2023</del> 2024	<del>5</del> 8	0	0	0	0	0	<del>5</del> 8
North Dakota	<del>2021</del> 2022	<del>2</del> 5	0	0	0	0	0	<del>2</del> 5
	<del>2022</del> 2023	<del>2</del> 5	0	0	0	0	0	<del>2</del> 5
	<del>2023</del> 2024	<del>2</del> 5	0	0	0	0	0	<del>2</del> 5
Ohio	<del>2021</del> 2022	<del>3</del> 2	0	0	0	0	0	<del>3</del> 2
	<del>2022</del> 2023	<del>3</del> 2	0	0	0	0	0	<del>3</del> 2
	<del>2023</del> 2024	<del>3</del> 2	0	0	0	0	0	<del>3</del> 2
Oklahoma	<del>2021</del> 2022	<del>5</del> 3	0	0	0	0	0	<del>5</del> 3
	<del>2022</del> 2023	<del>5</del> 3	0	0	0	0	0	<del>5</del> 3
	<del>2023</del> 2024	<del>5</del> 3	0	0	0	0	0	<del>5</del> 3
Oregon	<del>2021</del> 2023	5	0	0	0	0	0	5
	<del>2022</del> 2023	5	0	0	0	0	0	5
	<del>2023</del> 2024	5	0	0	0	0	0	5
Pennsylvania	<del>2021</del> 2022	<del>3</del> 5	0	0	0	0	0	<del>3</del> 5
	<del>2022</del> 2023	<del>3</del> 5	0	0	0	0	0	<del>3</del> 5
	<del>2023</del> 2024	<del>3</del> 5	0	0	0	0	0	<del>3</del> 5
South Carolina	<del>2021</del> 2022	3	0	0	0	0	0	3
	<del>2022</del> 2023	3	0	0	0	0	<del>1</del> 0	<del>3</del> 1
	<del>2023</del> 2024	<del>2</del> 3	0	0	0	0	0	<del>2</del> 3
South Dakota	<del>2021</del> 2022	<del>2</del> 3	0	0	0	0	<del>0</del> 1	2
	<del>2022</del> 2023	2	0	0	0	0	0	2
	<del>2023</del> 2024	2	0	0	0	0	0	2
Tennessee	<del>2021</del> 2022	<del>1</del> 2	0	0	0	0	0	<del>1</del> 2
	<del>2022</del> 2023	<del>1</del> 2	0	0	<del>1</del> 0	0	0	<del>0</del> 2
	<del>2023</del> 2024	<del>0</del> 2	0	0	0	0	0	<del>0</del> 2

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets Operating At Year- end
TexasTennessee	20212022	11	0	0	1	0	0	10
	20222023	10	0	0	0	0	0	10
	20232024	10	0	0	0	0	0	10
UtahTexas	20212022	11	0	0	0	0	0	11
	20222023	11	0	0	0	0	1	10
	20232024	10	0	0	0	0	0	10
VermontUtah	20212022	2	0	0	0	0	0	2
	20222023	2	0	0	0	0	0	2
	20232024	2	0	0	0	0	0	2
VirginiaVermont	20212022	62	0	0	0	0	0	62
	20222023	62	0	0	0	0	0	62
	20232024	62	0	0	0	0	0	62
WashingtonVirginia	20212022	36	0	0	0	0	0	46
	20222023	46	0	0	0	0	0	46
	20232024	46	0	0	0	0	0	36
West VirginiaWashington	20212022	04	0	0	0	0	0	04
	20222023	04	0	0	0	0	1	03
	20232024	03	0	0	0	0	0	03
Wisconsin	20212022	5	0	0	0	0	0	5
	20222023	5	0	0	0	0	0	5
	20232024	5	0	0	0	0	0	5
Wyoming	20212022	1	0	0	0	0	0	1
	20222023	1	0	0	0	0	0	1
	20232024	1	0	0	0	0	0	1
Puerto Rico	20212022	2	0	0	0	0	0	2
	20222023	2	0	0	0	0	0	2
	20232024	2	0	0	0	0	0	2
Canada	20212022	6	0	0	0	0	0	6
	20222023	6	0	0	0	0	0	6
	20232024	6	0	0	0	0	0	6
Totals	20212022	172171	2	0	1	13	24	171165
	20222023	171165	21	0	10	30	4	165162
	20232024	165162	13	0	0	1	4	162160

TABLE NO. 4  
STATUS OF COMPANY-OWNED OUTLETS  
FOR FISCAL YEARS 20212022 TO 20232024 (1)

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	2021202	12	0	12	0	0	24
	2022	2	0	2	0	0	4
	2023	4	0	0	0	0	4
New Mexico	2021202	14	0	1	0	0	05
Texas	2022	05	0	0	0	0	05
Texas	2023	05	0	0	0	0	05
Texas	2021202	5	0	0	0	0	5
Texas	2022	5	0	0	0	0	5
Texas	2023	5	0	0	0	0	5
Totals	2021202	7	0	12	0	10	79
	2022	7	0	2	0	0	9
	2023	9	0	0	0	0	9
	2024	9	0	1	0	0	10

Note:

Interstate Battery Franchise & Development, Inc.  
Franchise Disclosure Document | 20232024  
95932315.1



As noted in Item 1, as of April 30, ~~2023~~2024, ABC and its affiliates operated the company-owned stores.

**TABLE NO. 5  
PROJECTED OPENINGS  
AS OF APRIL 30, ~~2023~~2024**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
California	+	0	0
North Carolina	1	0	0
Oklahoma	+	0	0
Oregon	2	0	0
Totals	53	0	0

List of Current and Former Franchisees

Attached as Exhibit F is a list of the addresses and telephone numbers of all franchised Interstate All Battery Centers as of April 30, ~~2023~~2024. Also attached as Exhibit F 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, ~~2023~~2024.

Exhibit F also lists the name, city and state and current business telephone number, or the last known home telephone number of franchisees who have had outlets terminated, canceled or not renewed or who otherwise have voluntarily or involuntarily ceased to do business under our Franchise Agreement, or who have not communicated with us within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. Your contact information may also be disclosed to other buyers while you are a current franchisee.

**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. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Interstate All Battery Center system. 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.

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, ~~2023~~2024 and ~~2022~~2023, and related statements of operations, stockholder's equity, and cash flows for the fiscal years ending April 30, 2024, 2023, and 2022, ~~and 2021~~ are attached as Exhibit G.

**ITEM 22**  
**CONTRACTS**

The following contracts appear in Exhibits to this Disclosure Document:

Exhibit C	Franchise Agreement
	Appendix C – Letter Agreement
	Appendix D – Distributor Addendum to Franchise Agreement
	Appendix E – Store System/Technology Agreement and Participation Agreement
	Appendix F – Credit and Security Agreement
	Appendix G – Confidentiality Agreement
	Appendix H – Assignment of Telephone Numbers
Exhibit D	Branch Addendum
Exhibit H	General Release
Exhibit J	Franchise Closing Questionnaire

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 specific addenda appear in the Franchise Agreement following Appendix J and in Exhibit E to this Disclosure Document.

**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 Financial Protection and  
Innovation  
1-866-275-2677

#### Los Angeles

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

#### Sacramento

2101 Arena Boulevard  
Sacramento, CA 95834  
(916) 445-7205

#### 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, 1<sup>st</sup> Floor  
Lansing, MI 48933

### Minnesota:

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

### New York:

New York State Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, NY 10005  
(212) 416-8222

### 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, Fourteenth Floor, Dept. 414  
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 Insurance  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-3563

**Virginia:**

State Corporation Commission  
Division of Securities & Retail Franchising  
1300 East Main Street, 9<sup>th</sup> 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  
201 West Washington Avenue, Suite 300  
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 Financial Protection and  
Innovation  
Department of Financial Protection and Innovation  
2101 Arena Boulevard  
Sacramento, CA 95834

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 6<sup>th</sup> 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 7<sup>th</sup> 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 13<sup>th</sup> Street, Suite 500  
Lincoln, NE 68508

### **New York**

Attn: New York Secretary of State  
New York Department of State  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, NY 12231-0001

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~~ Fourteenth Floor, Dept.  
[414](#)  
Bismarck, ND 58505-0510

CT Corporation System  
314 East Thayer Avenue  
Bismarck, ND 58501

### **Ohio**

CT Corporation System  
1300 East 9<sup>th</sup> 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  
124 East Euclid, Suite 104  
Pierre, SD 57501

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

**Texas**

Walter C. Holmes, III  
14221 N. Dallas Parkway, CT Corporation System  
1999 Bryan St., Suite 1000-900  
Dallas, TX 75254 75201

**Virginia**

Clerk of the State Corporation Commission  
1300 E. Main Street, 1<sup>st</sup> 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  
Wisconsin Securities Commission  
201 W. Washington Avenue, Suite 300  
Madison, WI 53703

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

Ramp Up Marketing Campaign: \$10,000 in the first 120 days of Center operations and a total of \$25,000 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 \$25,000 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

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.  
14221 N. Dallas Parkway, Suite 1000  
Dallas, Texas 75254  
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 non-owned 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: \_\_\_\_\_, 202\_\_

Delivery Date of completed Franchise Agreement: \_\_\_\_\_, 202\_\_

Terms under Distributor Addendum (if applicable):

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

Marketing Area (Recital C). That portion of the Primary Area 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}**.

DA Primary Area. That portion of the Primary Area of “**{Distributor Name}**” comprised of the territory which is coextensive with Distributor’s Primary Area (as defined in the DA) 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 E – Store System/Technology Agreement and Participation Agreement

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State-Specific Amendments

## INTERSTATE ALL BATTERY CENTER FRANCHISE AGREEMENT

This Interstate All Battery 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 16, 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 Distribution 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) 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 contact centers 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(1)) 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 open the Center and fully commence business within 9 months from the Effective Date, unless Franchisee obtains Franchisor’s written approval for an extension of such time period and Franchisee pays to Franchisor any applicable extension fee in accordance with this Section 2. If Franchisee opens the Center and commences business within 9 months from the Effective Date, Franchisor shall credit to Franchisee an amount equal to \$5,000. Any request by Franchisee for an extension of the opening date specified above shall be submitted to Franchisor in writing and signed by Franchisee. Franchisor may, but is not obligated to, grant an extension of the opening date in its sole discretion; provided however, that any extension of the opening date shall be no longer than 18 months from the Effective Date. Any extension of the opening date must be in writing and signed by Franchisor. If Franchisor grants an extension for any time period between 12 to 18 months from the Effective Date, Franchisee shall pay to Franchisor an opening extension fee in the amount of \$5,000. Franchisee will not be required to pay an opening extension fee for extensions granted for the time period between 9 to 12 months from the Effective Date.

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. Notwithstanding the foregoing, Franchisee must satisfy Franchisor’s operational readiness standards, as they may be updated by Franchisor from time to time in its sole discretion, before Franchisee may open an additional Center.

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 Franchisor deems 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 copies of the proposed lease or the contract of sale for the site), and the size, appearance, other physical characteristics, and a site plan of the premises. No lease for a site for the Center will be approved by Franchisor unless a rider to the lease, in substantially the form attached to this Agreement as Appendix J, is incorporated in the lease.

**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 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.

**E. Site Acquisition.** Promptly following Franchisor's acceptance of the site for the Center, Franchisee shall acquire the site by purchase or lease, at Franchisee's expense. Franchisee shall furnish to Franchisor a copy of the fully-executed lease (which shall be for at least the Term) or contract of sale, as applicable, within 10 days after execution.

#### **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 10<sup>th</sup> 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 or 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.B., 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 10<sup>th</sup> 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 contact centers 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 E 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 contact centers to the Existing Accounts pursuant to Section 9.

**D. Advertising Fee.** Franchisee shall pay Franchisor the advertising fees set forth in Section 10.

**E. Software License and Support Fees.** Franchisee shall pay Franchisor or its designee all software license and support fees as described in Section 15.E. and the software license agreement(s) to be executed by Franchisee, including, without limitation, the Store System/Technology Agreement attached to this Agreement at Appendix E.

**F. Rescheduling Fee.** If Franchisee seeks to reschedule the final inspection described in Section 7.E. hereof or the Center set up described in Section 14.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.

**G. Remittance Reports.** On or before the 10<sup>th</sup> 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.

**H. 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.I.; (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.

**I. 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.

**J. 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, 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.

**K. 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.J.) 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. 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 7 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 15.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 and photographs of the premises as requested by Franchisor fulfilling the terms of this Section 7 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.

#### **8. 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 18 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, contact centers as provided in Section 9, below) before the Center is opened for business, provided; (a) Franchisee or Franchisee's Operating Principal and any management personnel that will engage in such commercial sales has successfully completed the initial training program described in Section 13.A. of this Agreement, (b) Franchisee has installed all computer hardware and software, in accordance with Section 15.E. hereof, and (c) Franchisee has furnished Franchisor with copies of all insurance policies required by Section 18 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, contact centers as provided in Section 9, 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 Existing Account acquisition payments described in any one of the Multiple Agreements and any fees described in Contact Center Program services agreements to which Franchisee is a party (as described in Section 9). However, this paragraph shall not be deemed to constitute a waiver of any Existing Account acquisition payments described in the Multiple Agreements or Contact Center Program fees, and unless sooner paid in accordance with this paragraph, all such payments and fees shall otherwise be paid as set forth in the Multiple Agreements and Contact Center Program service agreements, as applicable.

#### **9. Contact Center Program.**

The Contact Center Program is operated by Franchisor or its designee to assist Interstate All Battery Center franchisees in developing and maintaining customer relationships in their respective marketing areas (the "Contact Center Program"), as further described in the Manuals. Franchisee's participation in the Contact Center Program is optional and at Franchisee's expense. Franchisor may elect to participate in the Contact Center Program at any time during the Term. To participate in the Contact Center Program, Franchisee must execute Franchisor's then-current form of services agreement and pay the fees applicable to the services Franchisee elects to receive, as set forth in the Manuals. Franchisor may modify or discontinue the Contact Center Program at any time upon 30 days' written notice to Franchisee. If Franchisor discontinues the Contact Center Program, Franchisee will not be required to pay any Contact Center Program fees following the earlier of the date upon which the Contact Center Program is discontinued or the expiration date of Franchisee's services agreement.

## **10. 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 10.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 10.

**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 \$25,000 in total during the first Operating Year (defined below) in accordance with the ramp up campaign marketing campaign described below in Section 10.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)** 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.

(2) Franchisor may limit the media and/or the geographic areas in which Franchisee advertises the Center and/or advertises Authorized Products (as defined in Section 15.B.) for sale. Franchisee may not launch or participate in an independent website on the Internet (including, without limitation, Amazon or Walmart Marketplace), without Franchisor's prior written consent, which Franchisor may grant or deny at Franchisor's sole option. Franchisee must comply with Franchisor's social media policies set forth in the Manuals with respect to any social media pages and mobile applications (including without limitation Facebook, [X \(formerly known as Twitter\)](#), Pinterest, Foursquare, and Instagram). Franchisee may not advertise or offer for sale on the Internet or on any e-commerce websites or platforms, including, but not limited to, Amazon and Walmart Marketplace, any Authorized Products without Franchisor's prior written consent, which Franchisor may grant or deny at Franchisor's sole option. Any listing of the Center by Franchisee on any website, social media page, or mobile application 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 minimum LSM spend 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 10.A. and 10.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.

#### **11. Manuals.**

Franchisor will loan Franchisee a copy of the confidential and proprietary 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, data security and consumer privacy, social media policies 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.

#### **12. 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 12.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.

### **13. Training.**

A. Initial Training. Franchisee (or, if Franchisee is owned by more than one individual, Franchisee's Operating Principal, defined in Section 19.E.) and Franchisee's management personnel must successfully complete Franchisor's initial training program in the operation of Interstate All Battery Centers prior to the Opening Date. Franchisor's initial training program requires Franchisee to complete Franchisor's online training program.

Initial training for Franchisee (or the Operating Principal, if applicable) is provided at no additional charge, provided that Franchisee is responsible for all costs incurred in completing the training program at the Center (e.g. compensation). 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 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 Franchisee, the Operating Principal, Franchisee's general manager and any other management-level employees of Franchisee to take and successfully complete other training courses in addition to the initial 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 expenses incurred by Franchisee, the Operating Principal or Franchisee's management-level employees in connection with completing the online training program at the Center. 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.

### **14. 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. 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.

**C. 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.

**D. 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.

**E. 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.

## **15. 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) conspicuous identification of Franchisee as the independent 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 will not directly or indirectly advertise or sell any Authorized Product on the Internet, or on any e-commerce website or platform, including, but not limited to, Amazon and Walmart Marketplace, without prior written approval of Franchisor, which Franchisor may grant or deny at Franchisor’s sole option. Unless other permissible channels of trade are approved in writing by Franchisor or under this Agreement, Franchisee will only sell Authorized Product from and through Franchisee’s Center and/or Branch Center. Further, Franchisee will not cause, permit, direct, or authorize any affiliate of Franchisee or any third party to advertise or sell any Authorized Product, or any product purporting to be an Authorized Product, on the Internet or on any e-commerce website or platform, including, but not limited to, Amazon and Walmart Marketplace, without prior written approval of Franchisor, which Franchisor may grant or deny at Franchisor’s sole option.

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 only from distributors and suppliers approved for Franchisee by Franchisor, which approved (or sole) supplier may be Franchisor or Franchisor's affiliate. 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 10.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 software to be used in the Center is highly customized and will not work efficiently without the appropriate computer hardware. Accordingly, Franchisee agrees to purchase or lease, at Franchisor's sole option, the approved computer hardware and purchase or license the approved software to be used in the Center from Franchisor, Franchisor's affiliate, or a supplier designated by Franchisor. The hardware purchased or leased by Franchisee must meet Franchisor's stated minimum specifications. Franchisee shall procure and install required dedicated telephone and power lines, modems, printers, uninterruptible power supplies (UPS) and other computer-related accessory or peripheral equipment as Franchisor specifies. Franchisor has the right, but not the obligation, to install the computer hardware and designated software at the Center. 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, purchased, leased, or licensed, 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 any software license agreement required by Franchisor and/or the licensor of such software, including, without limitation, the Store System/Technology Agreement attached to this Agreement at Appendix E and the Participation Agreement attached to this Agreement at Appendix E; (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 or license 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. Franchisee's cost of such purchase or license of new, different, or upgraded software programs may be reflected in either a one-time fee or expense and/or a change to the annual software fee described in the Store System/Technology Agreement, as determined by Franchisor at its sole option. With respect to any required purchase or license of new, different or upgraded software programs: (i) Franchisor will test any such programs at one or more Franchisor-owned Center(s), if any such Center(s) then exists, before requiring Franchisee to purchase or license such programs; (ii) Franchisee will be notified of the required purchase or license no less than 90 days before Franchisee is required to implement the program; and (iii) within such 90-day notice period, Franchisee will execute the then-current form of software license agreement required by Franchisor and/or the licensor of such software program, including, without limitation, the then-current forms of Store System/Technology Agreement and/or Participation Agreement attached to this Agreement at Appendix E. 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 or leased 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, which Franchisor may grant or withhold at Franchisor's sole option, 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 15.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, (iii) Authorized Products through the Internet or any e-commerce websites or platforms, including, but not limited to, Amazon and Walmart Marketplace, or (iv) 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 16), 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 initial 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 manager actively marketing the Franchised Business in the Marketing Area. Franchisee shall be solely responsible for all employment and personnel matters with respect to employees of the Center, including their hiring, firing, scheduling, supervision, discipline, and the terms of their employment and compensation, and for the proper training of such employees in the operation of the Center. Franchisor will not, directly or indirectly, exercise or reserve control over employment and personnel matters and decisions involving Franchisee's Franchised Business and Center. For the avoidance of doubt, Franchisor is not the employer or joint employer of Franchisee or Franchisee's employees.

**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. In addition to operating the Franchised Business in full compliance with the Manuals, 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, data security and consumer privacy (including without limitation Payment Card Industry Data Security Standards as they may be revised and modified by the Payment Card Industry Security Standards Council, or any successor or replacement organization and/or in accordance with other standards Franchisor may specify, and the Fair and Accurate Credit Transactions Act), [Applicable Data Protection Laws](#), 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.

**M. Data Protection Obligations.** For purposes of this Section 15.M, "Personal Information" means information that identifies, relates to, or could reasonably be linked to individuals, including but not limited to, Franchisee's customers, employees, independent contractors, and business contacts, and/or otherwise including particular elements of "personal information" as defined under Cal. Civ. Code § 1798.140.

1. Franchisee acknowledges and agrees that it will collect, process, and otherwise use Personal Information, and transfer Personal Information to Franchisor, in compliance with all applicable laws, rules, and regulations applicable to privacy and security of Personal Information, including, but not limited to, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act (collectively, "Applicable Data Protection Laws"). Franchisee agrees to hold Franchisor and its affiliates harmless of any liability and losses and expenses incurred, suffered or sustained by Franchisor and its affiliates, shareholders, officers, directors, employees and agents, as a result of Franchisee's non-compliance with Applicable Data Protection Laws.

2. Franchisee agrees to comply with Franchisor's standards and policies pertaining to Applicable Data Protection Laws. If there is a conflict between Franchisor's standards and policies pertaining to Applicable Data Protection Laws and actual applicable law, Franchisee shall: (i) comply with the requirements of applicable law; (ii) immediately give Franchisor written notice of said conflict; and (iii) promptly and fully cooperate with Franchisor and its counsel in determining the most effective way, if possible, to meet its standards and policies pertaining to Applicable Data Protection Laws within the bounds of applicable law. Franchisee agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

3. With regard to Personal Information that Franchisee may collect, receive, or otherwise process as a result of any agreements between Franchisee and Franchisor (or its subsidiaries or affiliates), including this Agreement, Franchisee agrees and certifies that it will: (i) Process Personal Information only for the limited and specified purposes of providing services requested by Franchisor; (ii) Assist Franchisor with the resolution of any request or inquiries that Franchisor receives from individuals and/or data protection regulators relating to Franchisee's processing of Personal Information and, if and to the extent requested by Franchisor, cooperate with any regulators' requests; (iii) Implement and maintain reasonable and appropriate physical, technical, and administrative safeguards, procedures, and practices to protect and maintain the confidentiality, security, accuracy, integrity, availability, and authenticity of Personal Information; (iv) Notify Franchisor, and provide Franchisor with the ability to object, before transmitting Personal Information to a service provider, sub-processor, subcontractor, or other vendor; (v) Require any service provider, sub-processor, subcontractor, or other vendor that receives Personal Information to agree to provisions materially similar to those found within this Section 15.M; (vi) Notify Franchisor if it believes that it can no longer meet the obligations of this Section 15.M; and (vii) Allow and contribute to reasonable audits by Franchisor, including inspections by the Franchisor or its auditor, to verify Franchisee's compliance with data processing and security obligations and Applicable Data Protection Laws.



4. For purposes of this Section 15.M, “Security Incident” means any actual or reasonably suspected unauthorized disclosure, release, access, or acquisition of Personal Information. In the event of any Security Incident, Franchisee shall notify Franchisor immediately but no later than forty-eight (48) hours after Franchisee or any of its vendors become aware of a Security Incident. Such notifications shall include, at a minimum, the following information to the extent known by Franchisee and as it becomes available: (i) detailed description of the Security Incident, (ii) the date or estimated date of the Security Incident, (iii) the date range of the Security Incident within which the Security Incident occurred, (iv) the type of Personal Information that was the subject of the Security Incident, whether the notification was delayed as a result of a law enforcement investigation, and (v) the identity of each impacted individual. Franchisee shall take immediate action to investigate the Security Incident and shall use industry standard, reasonable efforts to mitigate the effects of any such Security Incident. Franchisee shall also provide Franchisor with reasonable assistance to satisfy any legal obligations (including obligations to notify impacted individuals and any data protection regulator) of Franchisor in relation to such Security Incident.

5. To the extent Franchisee’s activities require a restricted transfer (as such term is defined under Applicable Data Protection Laws) of Personal Information to Franchisor, such restricted transfer shall be undertaken pursuant to a legal mechanism for transfer as approved under Applicable Data Protection Laws (which legal mechanism may include, without limitation, the entry into standard contract clauses for restricted transfers).

6. Franchisee further agrees and certifies that it will not: (i) Sell, rent, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, Personal Information to another business or a third party for monetary or other valuable consideration; (ii) Retain, use, disclose, collect, sell, or otherwise process Personal Information for any purpose other than for the specific purpose of, and as necessary for, performing services for Franchisor pursuant to a written agreement(s). For clarity, Franchisee may not retain, use, or disclose the Personal Information for any other commercial purposes or outside of the direct business relationship between Franchisee and Franchisor; (iii) Combine the Personal Information that it receives from Franchisor with the Personal Information that it receives from another company or business (or that it collects from its own interaction with individuals), except if expressly permitted to do so by Franchisor or required to do so by law; or (iv) Share, rent, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, Personal Information for the purpose of cross-context behavioral advertising.

7. This Section 15.M will survive expiration or termination of this Agreement and any other agreement(s) that may exist between Franchisee and Franchisor (or its subsidiaries or affiliates). Existing terms in such agreement(s) remain in effect except that this Section 15.M controls in the event of a conflict with such terms. In the event of a breach of this Section 15.M, Franchisor may take reasonable and appropriate steps to stop and remediate the unauthorized use by Franchisee of Personal Information. Franchisee will make available to Franchisor all information requested by Franchisor to demonstrate Franchisee’s compliance with the obligations set out in this Section 15.M.

## **16. 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 16.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 16.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.

**17. 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.

**18. 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.

#### **19. 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 21 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 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 initial 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 19.E.

## **20. 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.

## **21. 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 21.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 21 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 management-level employees of the transferee designated by Franchisor shall complete satisfactorily the training specified in Sections 13.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 19.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 22.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 21.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 19.B. and the transferee shall comply with the remaining provisions of Section 19; 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 21. 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 21.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 21.B. and 21.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 21.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 23.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 21.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 21.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 3<sup>rd</sup> 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 3<sup>rd</sup> 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 or a waiver of any other provision of this Section 21 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.

## **22. 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 22.C.(1) or to hold interests in the businesses described in Section 22.C.(2); and (5) restrictions on Franchisee's right to hold interests in, or perform services for, the businesses described in Section 22.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) 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, this restriction will apply within the United States, Canada, and Puerto Rico. Following the expiration of the Term, ~~earlier~~ termination of this Agreement, or an approved Transfer of this Agreement, this restriction will 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 22.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 22 shall apply to Franchisee and to all guarantors ~~of Franchisee's obligations~~ that are 10% Owners, 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 22.B. ~~and C.~~, in a form prescribed by Franchisor from time to time in the Manuals, from all management-level 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 22 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 22.

### **23. 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 22.

(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 44.

(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 23.B. within a 12-month period.

(16) If, on the Effective Date, Franchisee or an affiliate of Franchisee is party to a Distribution 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 23.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 23.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.

**24. 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 22 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 websites 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 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 H attached hereto. Company shall have no liability to Franchisee 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 24.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 24.A. through 24.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.

## **25. 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 25, “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 3<sup>rd</sup> 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 3<sup>rd</sup> 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 25. 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 25.C. and D.

## **26. 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, joint employment, or partnership is created or implied by the terms of this Agreement, and Franchisee is not and shall not hold itself (or its Operating Principal or any employee) out as agent, legal representative, partner, subsidiary, joint venturer, joint employer, 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. For the avoidance of doubt, Franchisor is not the employer or joint employer of Franchisee or Franchisee's employees.

The sole relationship between Franchisee and Franchisor is a commercial, arms' length business relationship and, except as provided in Section 27, there are no third party beneficiaries to this Agreement. In all public records, in dealings with other persons, and on letterheads, agreements, and business forms (including, but not limited to, job application forms, employee paychecks and employee handbooks), 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.



## **27. 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 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, investigation, 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. Franchisor's Indemnitees have the right to be represented, at Franchisee's expense, by their own independent counsel, selected by Franchisor and separate from any counsel representing Franchisee. 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; attorneys' fees; 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.

## **28. 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.

**29. 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 29 shall be deemed to be written notice for purposes of this Agreement.

**30. 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.

**31. Force Majeure.**

As used in this Agreement, the term "force majeure" means any act of God (such as tornadoes, earthquakes, hurricanes, or floods), strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, terrorist acts, cybersecurity incidents, epidemic, pandemic, 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 financial inability or inability to obtain financing (regardless of the reason) will not constitute an event of force majeure.

If any party fails to perform any obligation under this Agreement due to an event of force majeure, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable efforts to perform such obligations as soon as possible under the circumstances. Either party will, within five days of the occurrence of the event of force majeure, give a written notice to the other party stating the nature of the event of force majeure, its anticipated duration, and any action being taken to avoid or minimize its effect. Any suspension of performance will be of no greater scope and of no longer duration than is reasonably required; provided, however, if the suspension of performance continues for 90 days from the date of the occurrence and such failure to perform would constitute an event of default of this Agreement in the absence of such event of force majeure, Franchisor may terminate this Agreement immediately by giving written notice to Franchisee and/or Franchisor may exercise any of the remedies described in this

Agreement or otherwise available at law or in equity. No event of force majeure will operate to excuse Franchisee from the prompt payment of any fee or other payment due to Franchisor or its affiliates pursuant to this Agreement.

**32. 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 27, 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.

**33. 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.

**34. 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 34.B. below, unless excepted from mandatory arbitration by Sections 34.C. or 34.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 34.C. or 34.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 33 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 34.

(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 34.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 34.A. above or this Section 34.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 34 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 34.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 21 of this Agreement; or (5) any action by Franchisor to enforce the non-competition restrictions set forth in Section 22.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 34.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.

**35. 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.

**36. 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.

**37. 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.

**38. 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.

**39. 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.

**40. 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.

**41. 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.

**42. Survival of Sections 34 Through 41.**

The provisions of Sections 34 through 41, 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 36.

**43. 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.

**44. Representations by Franchisee.**

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

**A.** 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.

**B.** The License Fee is not refundable.

**C.** 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.

**D.** 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.

**E.** 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.

**F.** 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.

**G.** 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.

**H.** No other franchisee of Franchisor with whom Franchisee may have spoken was acting on Franchisor's behalf.

**I.** 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.

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: \_\_\_\_\_

FRANCHISEE:  
{Franchisee Name}

By: \_\_\_\_\_  
Name/Title: **Signor**

## **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 21, 22 ~~and 24, and 33-41~~, 24, 25, and 33-41; provided, notwithstanding the foregoing, a Guarantor that is not a 10% Owner (as defined in the Agreement) will not be personally bound by the non-compete covenants of Section 22.C. of the Agreement. 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 27 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~~ a 10% Owner 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 22.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 15.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 15.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 15.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}** DA Primary Area  
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 "DA Primary Area" as defined in the Summary Pages of the Franchise Agreement.

#### **History**

On **{DA Date}**, **{Distributor Corp Name}** (as "IBS of **{Distributor Name}**"), an affiliate of Franchisee, entered into a Distribution Agreement ("Distribution Agreement" or "DA") 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 DA Primary Area as coextensive with the Primary Area as defined in the Distribution Agreement.

In consideration of Franchisee's request for the ability to utilize all sales opportunities available to Franchisee in the DA Primary Area, Franchisor agrees to afford Franchisee all benefits associated with the expansion of the Franchisee's Marketing Area to the size of the DA Primary Area 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 DA Primary Area as defined in the Summary Pages of the Franchise Agreement. Specifically, Franchisee may conduct marketing and contact centers 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 DA Primary Area:

2. In consideration of the grant of the Expanded Marketing Area by Franchisor, Franchisee agrees to pay Franchisor for the transfer of additional contact centers accounts contained in the Expanded Marketing Area. Accordingly, and subject to the immediately succeeding sentence, the contact centers 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 contact centers 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 DA Primary Area, 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 DA Primary Area. 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 contact centers 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 contact centers 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. 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.

6. 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: \_\_\_\_\_

Agreed by:

**{Franchisee Name}**

By: \_\_\_\_\_

Name/Title: **Signor**

## **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 **{DA Date}**, Franchisor’s affiliate, Interstate Batteries, Inc. (“IBI”), and **{Distributor Corp Name}**, Franchisee’s affiliate, executed a Distribution 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 15.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 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 23.B(2) of the Agreement is hereby deleted and replaced with the following:

(2) Notwithstanding the provisions of Section 23.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 Distribution 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: \_\_\_\_\_

**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 the Software at each computer terminal at the Specified Site. IBFAD has the right, but not the obligation, to install 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. If Licensee has leased any Hardware from IBFAD, Licensee must promptly return all Hardware to IBFAD upon expiration or termination of this Agreement.

### 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 Licensee’s acquisition of the Hardware (defined in Section 4 of this Agreement) for the 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 requirements of the Franchise Agreement, Licensee will purchase or lease, at IBFAD's sole option and direction, the hardware in which the Software is to be installed ("Hardware"). IBFAD has the right, but not the obligation, to configure the Hardware with the Software (the configured Hardware will be referred to as the "Computer System"). If IBFAD does not install the Hardware and/or Software, Licensee must install and configure the Computer System in accordance with any specifications and instructions provided by IBFAD or IBFAD's designee.

**B. Access.** Upon Licensee's acquisition of the Hardware and signing of any necessary lease, sublicensing agreement, or user agreement, IBFAD or IBFAD's designee will provide Licensee with access credentials to the Software.

**5. Network Services.**

**A.** Licensee shall execute a Network Services Agreement with a Network Service Provider designated by IBFAD. IBFAD may, at its sole option, 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 the 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.

**E.** Licensee will pay IBFAD a monthly fee of \$170 for the network services ("Network Services Fee"). The Network Services Fee is payable in advance and is due on the 1<sup>st</sup> day of each month during the term of the Agreement. IBFAD reserves the right to make modifications to the Network Services Fee, upon thirty (30) days' prior written notice to Licensee.

**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 may, at its sole option, 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, [including Applicable Data Protection Laws](#).

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 Fee.**

(1) Licensee will pay IBFAD an annual fee for access to the Software ("Software Fee"). The Software Fee is payable in advance on January 1 of each year. The Software Fee is currently \$1,200 per year. IBFAD reserves the right to modify the amount of the Software Fee at any time, at its sole option, upon thirty (30) days' prior written notice to Licensee, and Licensee agrees to pay any modified (including increased) Software Fee, including paying the prorated portion of any increased Software Fee for the remainder of the year if the Software Fee is modified in the middle of a year. To the extent the Software is modified or updated to offer additional optional features and Licensee elects to utilize such additional features or licenses at a Specified Site, Licensee will pay to IBFAD, in addition to the Software Fee described above, additional fees in an amount to be determined by IBFAD at its sole option.

(2) Provided that Licensee has paid the required Software Fee and signed all necessary licensing agreements, IBFAD will provide access to the Software.

**C. Help Desk Services.**

(1) Licensee will pay IBFAD a monthly fee of \$160 for the Help Desk Services ("Help Desk Fee"). The Help Desk Fee is payable in advance and is due on the 1<sup>st</sup> day of each month during the term of the Agreement.

(2) Provided that Licensee is not in arrears with respect to the Help Desk Fee, IBFAD, through its Help Desk personnel, will provide the following support (the "Help Desk Services"): (i) provide Licensee with assistance involving software issues; and (ii) provide Licensee with assistance involving network connectivity issues, if IBFAD has designated and engaged a Network Service Provider. Licensee will be able to access the Help Desk Services by calling the designated U.S. toll free telephone number. IBFAD Help Desk representatives will provide Help Desk Services in English. IBFAD will endeavor to make the Help Desk Services accessible during regular business hours. IBFAD, however, shall have the right, in its sole discretion and without prior notice, to modify the Help Desk Support Services hours. IBFAD, at its sole option, may direct Licensee to the Software supplier for assistance where, in IBFAD's sole determination, the supplier is best equipped to resolve Licensee's issue.

(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) days' prior written notice to Licensee.

**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.** 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.

**B.** 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. If Licensee has leased any Hardware from IBFAD, Licensee must promptly return all Hardware to IBFAD upon expiration or termination of this Agreement.

**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. [Capitalized terms used herein but not defined above shall have the same meaning as in the Franchise Agreement.](#)

*{Signature page follows.}*

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: \_\_\_\_\_

**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: \_\_\_\_\_

## 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



## **APPENDIX F**

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) 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**

## **APPENDIX G**

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'~~ Applicant's confidentiality, and 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: \_\_\_\_\_

By: \_\_\_\_\_  
Name/Title: **{Signor}**

**{Address}**

## **APPENDIX H**

### **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 I**

### **SBA ADDENDUM**

THIS ADDENDUM (the “Addendum”) is made and entered into on **{Date}**, by Interstate Battery Franchising & Development, Inc., a Delaware corporation, located at 14221 N. Dallas Parkway, Suite 1000, Dallas, Texas 75254 (“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 21.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 21.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 21.B. of the Franchise Agreement.
- Under Section 15.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 9 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.

*{Signature page follows.}*

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: \_\_\_\_\_

By: \_\_\_\_\_  
Name/Title: **{Signor}**

## **APPENDIX J**

### **LEASE RIDER**

(1) Landlord acknowledges that Tenant is a franchisee of Interstate Battery Franchising & Development, Inc., a Delaware corporation (“Franchisor”), and that the Interstate All Battery Center (“Center”) located at {Address} (“Premises”) is operated under the Interstate All Battery Center franchise system, pursuant to a franchise agreement (“Franchise Agreement”) between Tenant and Franchisor. Landlord consents to Tenant’s use at the Premises of such marks and signs, décor items, color schemes and related components of the Interstate All Battery Center system as Franchisor may prescribe for the Center.

(2) During the term of the Franchise Agreement, the Premises may be used only for the operation of the Center. If the Premises is located in a shopping center, 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. Landlord must permit the Center to perform battery service/installation in the parking lot of the Premises.

(3) 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 Premises. If Tenant has failed to cure a default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure (“Franchisor Notice”). In the event of any default by Tenant under the Lease, Landlord shall give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure (“Franchisor Notice”). Following Franchisor’s receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant’s default before Landlord shall exercise any of Landlord’s remedies arising as a consequence of Tenant’s default. Any such cure shall be effective within 15 days following Franchisor’s receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease.

(4) If Franchisor cures Tenant’s default or notifies Landlord of the termination of the Franchise Agreement (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord’s receipt of Franchisor’s notice thereof), upon Franchisor’s request, Landlord will exercise its rights under the Lease to remove and evict Tenant from the Premises, and Franchisor shall have the right and option, upon written notice to Landlord, to assume the terms, conditions, covenants, obligations and conditions of the Lease for the remainder of the term, together with any applicable renewal options, without the payment of any fee or other cost requirement. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

(5) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the Interstate All Batter Center system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort.

(6) 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.

(7) Landlord agrees that, following the expiration or ~~earlier~~ termination of the Franchise Agreement, Franchisee shall have the right to make those alterations and modifications to the Premises as may be necessary to clearly distinguish to the public the Premises from an Interstate All Battery Center and also to make such specific additional changes as Franchisor may reasonably request for that purpose. 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 Premises made necessary by such activity.

(8) 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) All notices sent pursuant to this Lease Rider shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be as follows, which address may be changed by written notice to Landlord in the manner provided in the Lease:

Interstate Battery Franchising & Development, Inc.  
4301 121st Street  
Urbandale, IA 50323  
Attn: Franchise Department

with a copy to Franchisor's Legal Department  
Interstate Battery Franchising & Development, Inc.  
14221 N. Dallas Parkway, Suite 1000  
Dallas, Texas 75254  
Attn: Legal Dept.

**AMENDMENT TO INTERSTATE ALL BATTERY CENTER  
FRANCHISE AGREEMENT  
REQUIRED FOR CALIFORNIA 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. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. 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: \_\_\_\_\_

**FRANCHISEE:**  
**{Franchisee Name}**

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 **{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 at the end of Sections 4.B.(2)(E) and 21.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 sentence is added at the end of Sections 30, 37, 38, and 39:  
  
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.
3. The following sentence is added at the end of Section 33:  
  
The second sentence of this Section 33 does not apply to any claim arising under the Illinois Franchise Disclosure Act of 1987.
4. The following sentence is added at the end of Section 35:  
  
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.
5. The following sentence is added at the end of Section 36:  
  
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.
6. Section 44.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.
7. The Illinois Franchise Disclosure Act shall govern the Franchise Agreement with respect to Illinois franchisees.
8. Except as expressly modified by this Amendment, the Interstate All Battery Center Franchise Agreement remains unmodified and in full force and effect.
9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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: \_\_\_\_\_

**FRANCHISEE:  
{Franchisee Name}**

By: \_\_\_\_\_  
Name/Title: {Signor}

**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 21.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 35:

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 36:

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 44:

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.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



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: \_\_\_\_\_

**FRANCHISEE:**  
**{Franchisee Name}**

By: \_\_\_\_\_  
Name/Title: **{Signor}**

**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 21.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 Minnesota Statute § 80C.14, subdivisions 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 is added to the end of the third paragraph of Section 17 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.

4. Franchisor's consent or approval of a transfer by Franchisee pursuant to Section 21 of the Franchise Agreement will not be unreasonably withheld.

5. The following is added to Section 23.B.(1) of the Franchise Agreement:

With respect to franchises governed by Minnesota law, IBFAD will comply with Minnesota Statute § 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).

6. The following is added to Section 35 of the Franchise Agreement:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit IBFAD from requiring litigation to be conducted outside Minnesota, requiring a waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. 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 36:

Any claims arising under Minnesota law must be brought within 3 years after the grant of the franchise.

8. Section 38 is deleted.

9. The words “shall be entitled to” in the second sentence of Section 41 of the Franchise Agreement are deleted and replaced with “may seek.” The words “without posting a bond” in the second sentence of Section 41 of the Franchise Agreement are deleted and replaced with “and a court will determine if a bond is required.”
10. Except as expressly modified by this Amendment, the IBFAD Franchise Agreement remains unmodified and in full force and effect.
11. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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: \_\_\_\_\_

**FRANCHISEE:**  
**{Franchisee Name}**

By: \_\_\_\_\_  
Name/Title: **{Signor}**

**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 22.C.:

Covenants not to compete will be subject to Section 9-08-06, N.D.C.C.
3. Sections 33 and 35 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 34.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 34.B.(4) is deleted.
6. Sections 38 and 39 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.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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: \_\_\_\_\_

**FRANCHISEE:  
{Franchisee Name}**

By: \_\_\_\_\_  
Name/Title: {Signor}

**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.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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: \_\_\_\_\_

**FRANCHISEE:  
{Franchisee Name}**

By: \_\_\_\_\_  
Name/Title: **{Signor}**

**INTERSTATE ALL BATTERY CENTER  
WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
FRANCHISE AGREEMENT, FRANCHISEE CLOSING QUESTIONNAIRE,  
AND RELATED AGREEMENTS**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the 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, or 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 the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

State-Required Amendments to Franchise Agreement

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

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

By: \_\_\_\_\_  
Name/Title: \_\_\_\_\_

**FRANCHISEE:  
{Franchisee Name}**

By: \_\_\_\_\_  
Name/Title: {Signor}



**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 contact centers 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**

## **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~~ 21, 22, 24, 25, and 33-41; provided, notwithstanding the foregoing, a Guarantor that is not a 10% Owner (as defined in the Franchise Agreement) will not be personally bound by the non-compete covenants of Section 22.C. of the Franchise Agreement. 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 27 of the Franchise 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~~ a 10% Owner 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 22.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.

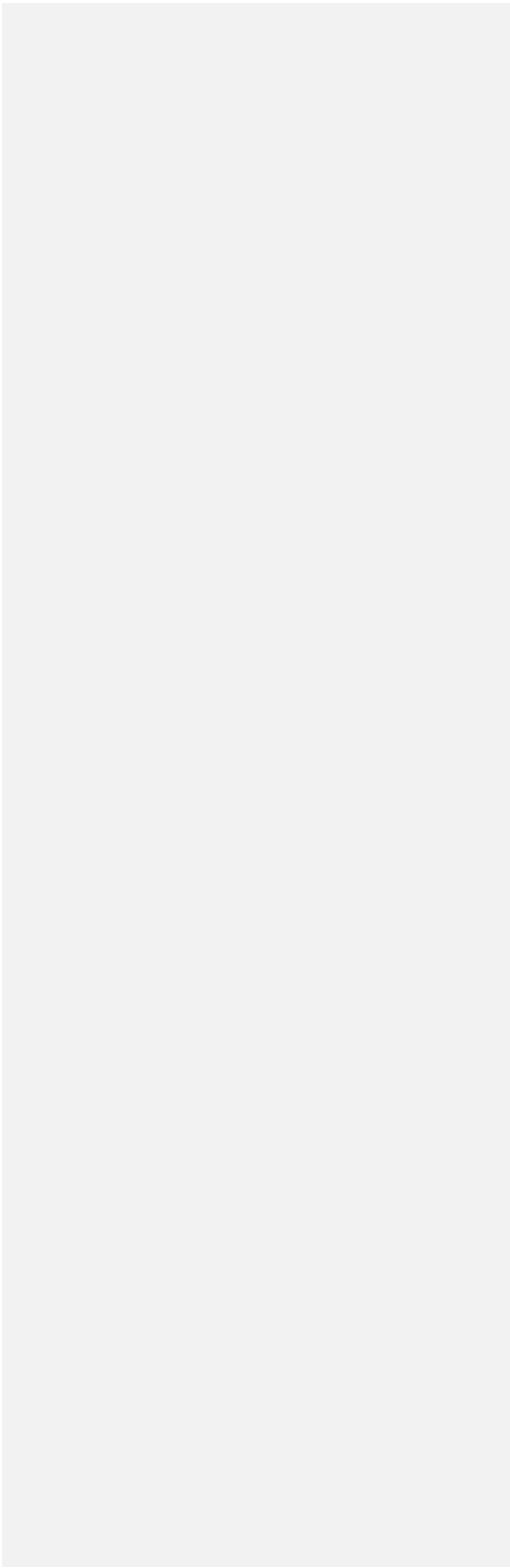
Each of the undersigned has hereunto affixed his signature, under seal, as of the Effective Date of the Agreement.

GUARANTOR(S):

Date: \_\_\_\_\_

Date: \_\_\_\_\_

|



|

**EXHIBIT E**  
**STATE SPECIFIC ADDENDA**

**INFORMATION REQUIRED  
BY THE STATE OF CALIFORNIA**

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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](http://www.allbatteryfranchise.com). OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [dfpi.ca.gov](mailto:dfpi.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, transfer, 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.

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. The franchise agreement contains provisions shortening the statute of limitations to bring claims and requiring you to waive your right to punitive or exemplary damages against the franchisor, limiting your recovery to actual damages for any claims related to your franchise. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

**INFORMATION REQUIRED  
BY THE STATE OF ILLINOIS**

**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.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**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.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**INFORMATION REQUIRED  
BY THE STATE OF MINNESOTA**

1. **Item 13, Additional Disclosure.** The following statement is added to Item 13:

Under Minnesota Statute § 80C.12, subdivision 1(g), it is unfair for us to not protect your right to use the marks. IBFAD will protect your rights to use the marks. We will indemnify you from any loss, costs or expenses arising out of or any claim, suit or demand by a third party that your use of the Proprietary 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.

2. **Item 17, Additional Disclosures.** The following are added to Item 17:

With respect to franchises governed by Minnesota law, IBFAD will comply with Minnesota Statute § 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 Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring you to litigate outside of Minnesota, waive a jury trial, or consent to liquidated damages, termination penalties or judgment notes. However, we intend to enforce any of these provisions in the Franchise Agreement to the extent the law allows, and the aforementioned provisions 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. In addition, nothing can abrogate or reduce 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. The sections of the Franchise Agreement requiring you to assent to a general release do not apply to claims governed by Minnesota Statute §§ 80C.01 - 80C.22.

Pursuant to Minnesota Rule 2860.4400J, all sections of the Franchise Agreement and/or Franchise Disclosure Document that reference our right to obtain injunctive relief are hereby amended to refer to our right to seek to obtain injunctive relief. A court will determine if a bond is required.

Any claims arising under the Minnesota law must be brought within 3 years after the grant of the franchise.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**INFORMATION REQUIRED  
BY THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from 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.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**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.

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**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.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



**INFORMATION REQUIRED  
BY THE STATE OF VIRGINIA**

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Interstate Battery Franchising & Development, Inc. for use in the Commonwealth of Virginia is amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to the franchisee by any provision contained in the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**EXHIBIT F**  
**LIST OF FRANCHISEES**

**Interstate All Battery Centers - Franchised Locations**  
As of April 30, ~~2023~~2024

Address	City	State	Zip	Phone	Franchisee
15840 118 Ave NW	Edmonton	AB	T5V 1C4	(780) 454-4343	Brian Benning
105 W Wilson Street	Dothan	AL	36303	(334) 793-2419	David Williams, Amy Williams
2820 E Nettleton Ave	Jonesboro	AR	72401	(870) 275-7646	Danny Cole
2020 Lantrip Road	Sherwood	AR	72120	(501) 834-5100	Brian Strait
1427 West Broadway Road	Mesa	AZ	85202	(480) 962-3800	Billy Kann
8582 N 91st Avenue	Peoria	AZ	85345	(623) 847-7444	Dave Walworth
<del>9021</del> Florentine Rd	<del>Prescott</del> Valley	<del>AZ</del>	<del>86314</del>	<del>(928) 713-4210</del>	<del>Dave Walworth</del>
17173 N Litchfield Rd. Suite 35	Surprise	AZ	85374	(623) 584-1300	Dave Walworth
311 Banks Road	Kelowna	BC	V1X 6A1	(250) 860-3444	Jennifer King Marc Alarie
30208 Industrial Parkway SW	Hayward	CA	94544	(510) 992-6003	Sassan Behnam
34300 Monterey Ave	Palm Desert	CA	92211	(760) 328-8500	Scott Howard
570 W. El Camino Real Ste 160	Redwood City	CA	94063	(650) 839-6000	Sassan Behnam
460 Madera Street	San Gabriel	CA	91776	(626) 282-0363	Carter Hansen
<del>211 Phelan Avenue</del>	<del>San Jose</del>	<del>CA</del>	<del>95112</del>	<del>(408) 295-9046</del>	<del>Richard Multanen</del>
25845 Railroad Ave #3	Santa Clarita	CA	91350	(661) 259-0365	Steve Mead
12650 W. 64th Avenue, Unit C	Arvada	CO	80004	(303) 463-6300	Hank Quisenberry
300 Willow Street	Fort Collins	CO	80524	(970) 484-1307	Michael Johnston
227 Federal Road #4	Brookfield	CT	06804	(203) 546-7711	Larry Judge
425 Homestead Ave	Hartford	CT	06112	(860) 563 -1242	Robert Judge
150 Route 80	Killingworth	CT	06419	(860) 663-3005	Robert Judge
11655 Philips Highway	Jacksonville	FL	32256	(904) 688-3330	Scott Fox & Chris Bauer
2855 Highway 92 E	Lakeland	FL	33801	(863) 666-8787	Gig Gigowski, Bernita Gigowski
16221 NW 57th Ave	Miami Gardens	FL	33014	(305) 974-5126	Javier Montalvan
730 Sand Lake Rd Ste 730-90	Orlando	FL	32809	407-986-9331	Scott Fox & Chris Bauer
1950 W. State Road 426, Suite 124	Oviedo	FL	32765	(407) 977-8886	Scott Fox & Chris Bauer
8445 Honore Avenue	University Park	FL	34201	(941) 822-8133	Scott Fox & Chris Bauer
213 Rose Dr.	Brunswick	GA	31520	(912) 264-1460	Chris Ronson
190 Buford Highway	Suwanee	GA	30024	(770) 945-2686	Terry Thach
220 Airport Road	Ames	IA	50010	(515) 232-7101	Matt Breen
810 N Ankeny Blvd	Ankeny	IA	50023	(515) 964-7557	Brian & Rhonda Weber
5240 Edgewood Rd NE Suite 800	Cedar Rapids	IA	52411	(319) 362-8330	Matt Breen
504 U.S. 18	Clear Lake	IA	50428	(641) 357-5171	Matt Breen
16768 Bockenstedt Rd	Dyersville	IA	52040	(800) 446-6403	Kirk Snedden
<del>401 Campus Drive</del>	<del>Huxley</del>	<del>IA</del>	<del>50124</del>	<del>(515) 597-3063</del>	<del>Matt Breen</del>
3130 Line Drive	Sioux City	IA	51106	(712) 252-2767	Tom Ferry
1090 73rd Street	Windsor Heights	IA	50324	(515) 255-9572	Brian & Rhonda Weber
4545 W Chinden Blvd	Boise	ID	83714	(208) 323-3696	Tom Honnold Jr.
5205 E Cleveland Boulevard	Caldwell	ID	83607	(208) 454-3696	Tom Honnold Jr.
1800 W. Franklin Road	Meridian	ID	83642	(208) 887-3696	Tom Honnold Jr.
1115 E. Lafayette Unit B	Bloomington	IL	61701	(309) 663-5911	Don Reynolds

Address	City	State	Zip	Phone	Franchisee
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	Tom Elliott
1160 Flex Ct.	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	Kevin Longfellow
11912 South Spaulding School Dr.	Plainfield	IL	60585	(815) 436-4787	Ed Sterling
101 North 48th St.	Quincy	IL	62305	(217) 214-1069	SteveJake Leigh
4704 44th St	Rock Island	IL	61201	(309) 788-5677	Steve Gibson
5175 American Road	Rockford	IL	61109-6310	(815) 874-7030	Rick Britton, Heidi Britton
3301 West Jonathan DR	Bloomington	IN	47404	(812) 334-2102 (800) 745-2104	Cheryl Reiter
6848 East 21st Street	Indianapolis	IN	46219	(317) 322-1818	Dennis McDaniel
6654 W Washington St	Indianapolis	IN	46241	(317) 559 -1018	Dennis McDaniel
4686 South US Highway 41 Ste B	Terre Haute	IN	47802	(812) 233-8711	Cheryl Reiter
229 East State Street	West Lafayette	IN	47906	(765) 746-0520	Kevin Elliott
606 E Wyatt Earp Blvd	Dodge City	KS	67801	(620) 225-3182	Mike Primm
5530 East Central	Wichita	KS	67208	(316) 691-8111	Mike Primm
2357 North Maize Road Suite 107	Wichita	KS	67205	(316) 722-2860	Mike Primm
1831 Blankenbaker Parkway Suite 300	Louisville	KY	40299	(502) 297-8600	Dan Sawyer, Mike Sawyer
2107 Bowie Drive	Alexandria	LA	71301	(318) 443-0354	ShaneKristine Hussong
3154 College Dr Suite B	Baton Rouge	LA	70808	(225) 389-6649	Tom Bromley, Reynolds BromleyMark Manning
110 West Airline Highway	Kenner	LA	70062	(504) 463-2301	Paul Duplantis
300 East Amedee Drive	Scott	LA	70583	(337) 233-7070	Mark Manning
139 Washington Street, (Rt. 20)	Auburn	MA	01501	(508) 791-7904	Daniel Schmitz
102 Providence Highway Suite B	East Walpole	MA	02032	(781) 232-5089	Daniel Schmitz
235 East Main Street	Milford	MA	01757	(781) 232-5095	Daniel Schmitz
154 Faunce Corner Road, Ste. G	North Dartmouth	MA	02747	(508) 991-8019	Mike St. Don
421 New State Hwy	Raynham	MA	02767	(774) 501-1551	Mike St. Don
484 Station Ave.	S Yarmouth	MA	02664	(508) 394-9400	Mike St. Don
179 Swansea Mall Drive	Swansea	MA	02777	(508) 678-1188	Mike St. Don
30 Nashua Street	Woburn	MA	01801	(781) 932-0076	Kurt Reslow
16635 Industrial Lane	Williamsport	MD	21795	(301) 223-1330	Brandon Shank
2222 Main Street To Be Determined	Ann ArborColdwater	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	Jeff Anderson
335 East 78th St	Bloomington	MN	55420	(952) 345-1190	Dan Hartel
410 Co Rd 42 West	Burnsville	MN	55337	(952) 435-6999	Dan Hartel
3560 NW Main Street	Coon Rapids	MN	55448	(763) 421-4040	Dan Hartel
101 County Rd 120, Suite 200	St Cloud	MN	56303	(320) 252-5442	Dan Hartel
1400 Vandiver Dr.	Columbia	MO	65202	(573) 303-0542	Steve Leigh
910 East Karsch	Farmington	MO	63640	(573) 756-5380	Gary Harris, Kathy Harris
3702 E 20th	Joplin	MO	64801	(417) 623-5665	Mike Primm

Address	City	State	Zip	Phone	Franchisee
3712 N. Belt Highway Suite A	St. Joseph	MO	64506	(816) 396-9100	Ron Jackson, Kyle Jackson
243 Highway 51	Ridgeland	MS	39157	(601) 898-1200	<del>Debra Erwin</del> Steven Wagner
301 S 24th St W	Billings	MT	59102	(406) 839-9111	Steve Groce
1380 Maple Ave	Helena	MT	59601	(406) 449-8699	Tom Honnold
303 E Woodlawn Rd Ste 700	Charlotte	NC	28217	(704) 377-1131	Jeff Smith
8605 Concord Mills Blvd	Concord	NC	28027	(704) 979-3430	Jeff Smith
1622 Stanley Road	Greensboro	NC	27407	(336) 375-9129	Jeff Smith
2117 Catawba Valley Blvd SE	Hickory	NC	28602	(828) 322-5594	Scott McDade
5109 Highway 74 W	Monroe	NC	28110	(704) 289-8166	Jeff Haddock
901 E. Main Avenue	Bismarck	ND	58501	(701) 221-2400	Al Hintz
4430 17th Avenue S.	Fargo	ND	58103	(701) 293-8000	Dan Hartel
2250 N Webb Road Suite 240	Grand Island	NE	68803	(308) 384-0551	Lee Danhauer, Zach Danhauer
4310 N. 27th St	Lincoln	NE	68521	(402) 474-1991	Travis Hall, Tanya Hall
920 S. 72nd Street	Omaha	NE	68114	(402) 341-7366	Travis Hall, Tanya Hall
3301 Oak View	Omaha	NE	68144	(402) 697-9949	Travis Hall, Tanya Hall
52 Daniel Webster Highway	Merrimack	NH	03054	(603) 424-8245	<del>John Cyr</del> Rick Nold
75C Lackawanna Ave	Parsippany	NJ	07054	(862) 701-1578	Daniel Schmitz
155 East 9th Ave	Runnemede	NJ	08078	(609) 219-5385	Daniel Schmitz
10701 Corrales Rd NW Suite 26A	Albuquerque	NM	87114	(505) 897-9500	Scott Dillashaw
4151 W. Oquendo Road	Las Vegas	NV	89117-3004	(702) 736-1825	Steve Rands
7808 Transit Road	Amherst	NY	14221	(716) 632-8900	Keith Terryberry
161 25th St	Brooklyn	NY	11232	(718) 965-9882	Brian Judge
1445 Military Road	Kenmore	NY	14217	(716) 873-4462	Todd Winder
10 John Walsh Boulevard	Peekskill	NY	10566	(914) 737-6681	Don Spano
391 Clay Road	Rochester	NY	14623	(585) 359-3150	Jim Boyatzies, Bernadette Boyatzies
393 N. Collingwood Avenue	Syracuse	NY	13206	(315) 437-9075	Dave Lewis
4942 Commercial Drive	Whitestown	NY	13495	(607) 639-1833	Rick Nold
37-11 54th St	Woodside	NY	11377	(718) 267-1957	Brian Judge
1515 W. 5th Avenue	Columbus	OH	43212	(614) 360-2372	Jason Wooldridge
5777 Westerville Rd	Columbus	OH	43081	(614) 890-1585	Joe Kenny
4816 Milan Rd Unit C	Sandusky	OH	44870	(419) 502-0046	Jeff Smith
2601 N Aspen Suite 1003	Broken Arrow	OK	74012	(918) 940-9400	Mark Smiling
5601 W Owen K Garriott	Enid	OK	73703	(580) 237-7633	Steve Terry, Ian Terry
1065 36th Avenue NW	Norman	OK	73072	(405) 701-1313	Steve Terry, Ian Terry
6920 N. Broadway Extension	Oklahoma City	OK	73116	(405) 634-3699	Mike Ellis
7703 N Owasso Expressway	Owasso	OK	74055	(918) 274-3800	Mark Smiling
3077 Mavis Road CRU Unit #1	Mississauga	ON	L5C 1T7	(905) 949-1818	Tim Bauman
171 MacFarlane Road	Ottawa	ON	K2E 6V4	(613) 798-9700	James Locke
7835 Highway 50, Unit 14 & 15	Woodbridge	ON	L4L 1A5	(905) 264-0080	Tim Bauman
894 S Front St	Central Point	OR	97502	(541) 664-3417	Ryan Duntsch
650 Seneca Rd	Eugene	OR	97402	(541) 302-6176	Sam Lewis, Jennifer Lewis
1225 NE 48th Ave	Hillsboro	OR	97124	(503) 693-1033	Dennis Fernald
9710 SE Washington St Suite C	Portland	OR	97216	(503) 258 -8888	Dennis Fernald

Address	City	State	Zip	Phone	Franchisee
4794 SW 76th Ave	Portland	OR	97225	(503) 252-3400	Dennis Fernald
94 Orchard Road	Hummelstown	PA	17036	(717) 566-0927	Wayne Reinhold
2359 Oregon Pike Suite 101	Lancaster	PA	17601	(717) 824-4336	Grant Brown
1966 Lincoln Highway	North Versailles	PA	15137	(412) 829-2226	Stan Blinka
Plaza Escorial, Av. 65 De Infantería	Carolina	PR	00987	(787) 701-0777	Juan Vento, Javier Vento
Avenue De Diego #321	Puerto Nuevo, San Juan	PR	00921	(787) 706-0455	Juan Vento, Javier Vento
6281 St Andrews Road	Columbia	SC	29212	(803) 851-0038	David Kenny
848 Edgefield Road	North Augusta	SC	29841	(803) 279-0753	Clay Wiggins
1522 Eglin Street	Rapid City	SD	57701	(605) 341-7181	Hugh McIntyre
2900 W 12th Street	Sioux Falls	SD	57104	(605) 274-3363	Tyler Henriksen
815 51st Street East	Saskatoon	SK	S7K 0X7	(306) 931-9903	Logan Hancock
1849 Industrial Boulevard	Abilene	TX	79602	(325) 692-4441	Gary Heuerman Randy Chamness
6008 College Street	Beaumont	TX	77707	(409) 860-4200	Joe Kingsbury
3720 North Frazier	Conroe	TX	77303	(936) 788-2160	Allen Martin
4251 FM 2181 Suite 230	Corinth	TX	76210	(940) 321-0765	Brian Downe
4903 Ambassador Row	Corpus Christi	TX	78416	(361) 854-5000	JD Jones
109 B. West Loop 281	Longview	TX	75605	(903) 663-9644	Allen Martin
2927 Ridge Rd Suite 111	Rockwall	TX	75032	(214) 771-4100	George Miksovsky
1847 Troup Hwy Suite 200	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 Suite 120	Logan	UT	84341	(435) 213-9539	Jeff Daines & Andy Neff
160 East University Parkway Suite C	Orem	UT	84058	(801) 224-2444	Jeff Daines & Andy Neff
418 Trade St Suite D	Danville	VA	24541	(434) 799-4043	Jeff Smith
1702 Jefferson Highway	Fishersville	VA	22939	(540) 941-1025	Danny Showalter
7952 Angleton Court	Lorton	VA	22079	(703) 339-0707	Richard Myers
5568 Sabre Road	Norfolk	VA	23502	(757) 461-3722	Mike Lewis
3132 West Main Street	Salem	VA	24153	(540) 380-4866	Aaron Fernandez
5121 Hoadly Road	Woodbridge	VA	22192	(703) 690-3399	Anthony Barbour
71 River Street	Rutland	VT	05701-3935	(802) 786-9075	Babe Keith
1298 South Brownell Road	Williston	VT	05495	(802) 658-9110	Rick Nold
727 134 Street Southwest	Everett	WA	98204	(425) 743-7677	Tom Allen
500 SW Grady Way Suite G	Renton	WA	98057	(425) 226-6788	Tom Allen
2001 Ahtanum Road	Yakima	WA	98903	(509) 457-3640	Tom Honnold Jr.
4740 West Packard Street	Appleton	WI	54913	(920) 739-0852	Jeff Daines
13238 33rd Ave	Chippewa Falls	WI	54729	(715) 723-0283	Merlin Woodley
2105 Parview Road	Middleton	WI	53562-8425	(608) 836-8500	Tom Brown
426 John Avenue	Superior	WI	54880	(715) 392-3710	Bob DeSmedt
4560 N 124th St	Wauwatosa	WI	53225	(414) 481-1890	Dan Keyes, Bill Gehl
3731 E 2 <sup>nd</sup>	Casper	WY	82609	(307) 472-9200	Hugh McIntyre

**List of Former Franchisees**  
**As of April 30, ~~2023~~2024**

Address	City	State	Phone	Franchisee
211 Phelan Avenue	San Jose	CA	(408) 295-9046	Richard Multanen
401 Campus Drive	Huxley	IA	(515) 597-3063	Matt Breen
4686 South US Highway 41 Ste B	Terre Haute	IN	(812)233-8711	Cheryl Reiter
16635 Industrial Lane	Williamsport	MD	(301) 223-1330	Brandon Shank
4704 44 <sup>th</sup> 301 S 24th St. W	Rock IslandBillings	ILMT	309-788-5677(406) 839-9111	Steve GibsonGroce
13907 Dublin Road	Apple Valley	MN	952-412-6321	Craig LaCount
5825 Andover	Amarillo	TX	806-681-2269	Michael Graham
1522 Eglin St.	Rapid City	SD	307-472-9200	Hugh McIntyre

**Interstate All Battery Centers - Franchised Locations**  
**Franchise Agreements Signed but Outlet Not Opened**  
**As of April 30, ~~2023~~2024**

City	State	Phone	Franchisee
Oakland	CA	(650) 839-6000	Sassan Behnam
Clemmons	NC	(704) 377-1131	Jeff Smith
Muskogee	OK	(918) 274-3800	Mark Smiling
Salem	OR	(503) 258-8888	Dennis Fernald
Bend	OR	(503) 258-8888	Dennis Fernald

**Transfers**  
~~None~~As of April 30, 2024

City	State	Phone	Franchisee
Ridgeland	MS	(601) 898-1200	Debra Erwin
Baton Rouge	LA	(225) 389-6649	Tom & Reynolds Bromley
Merrimack	NH	(603) 424-8245	John Cyr

**EXHIBIT G**  
**FINANCIAL STATEMENTS**



**EXHIBIT H**  
**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 Releasors**"), 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 Releasors, 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 Releasors) 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.

5. Complete defense. Franchisee and Guarantors: (i) acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Representation by counsel. Franchisee and Guarantors have had the opportunity to be represented by counsel of their choice in this matter, including the negotiations that preceded the execution of the Franchise Agreement and the Guarantee.

7. Choice of law. This Release shall be governed by and interpreted and construed under the laws of the State of Texas, without reference to Texas conflict of laws principles.

8. Attorneys' fees and costs. In any proceeding in which a party seeks to enforce the provisions of this Release, the prevailing party will be entitled to recover all of its costs incurred in connection with the enforcement of this Release, including any appeals and including, but not limited to, reasonable attorneys' fees.

9. Authorization. The person who executes this Release on behalf of Franchisee represents and warrants that Franchisee has authorized that person to enter into this Release on behalf of Franchisee. Franchisee and Guarantors represent and warrant that they have the authority to enter into this Release on their own behalf and on behalf of the other persons and entities to be bound by their signatures.

10. Successors and assigns. This Release will inure to the benefit of the successors and assigns of Franchisor and will bind the successors, assigns, representatives and heirs of Franchisee and Guarantors.

IN WITNESS WHEREOF, Franchisee and Guarantors have executed this Release as of the date first above written.

FRANCHISEE

By: \_\_\_\_\_  
[Print Name & Title]

GUARANTOR

By: \_\_\_\_\_  
[Print Name]

**EXHIBIT I**  
**TABLE OF CONTENTS OF MANUALS**

**INTERSTATE ALL BATTERY UNIVERSITY  
VOLUME ONE**

**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

**INTERSTATE ALL BATTERY UNIVERSITY  
VOLUME TWO**

**Table of Contents**

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

**INTERSTATE ALL BATTERY UNIVERSITY  
VOLUME THREE**

**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

**INTERSTATE ALL BATTERY UNIVERSITY  
SALES TRAINING**

**Table of Contents**

Section 1	B2B Sales Program	(79 pgs.)
Section 2	Selling the All Battery Center Way	(46 pgs.)

Total pages = 125

PROPRIETARY AND CONFIDENTIAL



**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

PROPRIETARY AND CONFIDENTIAL

**EXHIBIT J**  
**FORM OF FRANCHISE CLOSING QUESTIONNAIRE**

### 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. 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. **DO NOT COMPLETE THIS FRANCHISE CLOSING QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS(ES) WILL BE LOCATED IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

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, 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]

**DO NOT COMPLETE THIS FRANCHISE CLOSING QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS(ES) WILL BE LOCATED IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

### State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	June <del>30, 2023</del> <u>28, 2024</u>
Illinois	June <del>30, 2023</del> <u>28, 2024</u>
Indiana	June <del>30, 2023</del> <u>28, 2024</u>
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	June <del>30, 2023</del> <u>28, 2024</u>
North Dakota	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## 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, it 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, or sooner if required by applicable state law. Applicable state laws in (a) Connecticut and Michigan require us to provide you this Disclosure Document at least 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, (b) Maine, New York and Rhode Island require us to provide you this Disclosure Document at the earliest of the first personal meeting or 14 days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

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 name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Rich Panek	4301 121 <sup>st</sup> Street, Urbandale, Iowa 50323	515-299-7338

Issuance Date: June ~~30, 2023~~28, 2024

I have received an Interstate All Battery Center Disclosure Document dated June ~~30, 2023~~28, 2024. This Disclosure Document included the following exhibits:

- |                                                          |                                               |
|----------------------------------------------------------|-----------------------------------------------|
| A. State Administrators                                  | F. List of Franchisees                        |
| B. Agents for Service of Process                         | G. Financial Statements                       |
| C. Franchise Agreement and State-<br>Required Amendments | H. General Release                            |
| D. Branch Addendum                                       | I. Table of Contents of Manuals               |
| E. State Specific Addenda                                | J. Form of Franchise Closing<br>Questionnaire |

\_\_\_\_\_  
Date Disclosure Document Received

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip Code

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Area Code Phone Number

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**TO BE RETAINED BY YOU**

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**TO BE RETURNED TO IBFAD**