FRANCHISE DISCLOSURE DOCUMENT

STEM GUYS TIRE SUPPLIES, LLC

ISSUANCE DATE: April 22, 2026

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Stem Guys Tire Supplies LLC
A California limited liability company
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Stem Guys Tire Supplies, LLC ("Stem Guys Tire Supplies, "we", "us" or the "Franchisor") offers franchises for the operation of a mobile tire supply business specializing in the delivery of wheel weights, valve stems, patches, tools and other products (a "Franchised Business").

The total investment necessary to begin operation of a new Franchised Business ranges from $86,700 to $243,100. This includes $49,500 that must be paid to the franchisor or affiliates.

This Disclosure Document summarizes certain provisions 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. **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 a different format contact Rich Leland at 364 Fremont Peak Drive, Brentwood, CA 94513, (510) 301-2436, rich@stemguystiresupplies.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

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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
How much can I earn?	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 Exhibit C.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide the support to my business?	Exhibit A contains the franchisor's financial statements. Please review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Stem Guys Tire Supplies in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be Stem Guys Tire Supplies franchisee?	Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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*

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

2. **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.

3. **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.

4. **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.

5. **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.

6. **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.

7. **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 B.

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 in Exhibit I.

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 mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

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.

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN AN ADDENDUM OR RIDER.

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The name of the franchisor is Stem Guys Tire Supplies LLC. For ease of reference, Stem Guys Tire Supplies LLC will be referred to as "we," "us," in this Disclosure Document. We will refer to the person who buys the franchise as "you," throughout this Disclosure Document. If the franchisee is a corporation, partnership, or limited liability company, certain provisions of the Franchise Agreement will also apply to the owners. To fully understand all your and our rights and obligations to each other, you must still carefully review the actual agreements that you will execute. The opening and operation of your franchised business will be governed by the terms of the franchise agreement we and you execute.

The Franchisor and any Parents, Predecessors and Affiliates

We are a California limited liability company with a principal place of business located at 364 Fremont Peak Drive Brentwood, CA 94513. We do business under our corporate name and the mark "Stem Guys Tire Supplies" We have offered franchises since October 2024. We do not offer other franchises in any other line of business. We do not conduct any other business activities other than selling and supporting Franchised Businesses.

Our predecessor was a Sole Proprietorship operated by Steve Clayton, who had a principal business address at 5399 Willow Lake Court, Discovery Bay, CA 94505. Our predecessor operated from 2003 until 2019.

Our agents for service of process are listed on Exhibit B.

Our affiliate, Clayton Tire Supply, LLC is a limited liability company organized under the laws of the state of California in 2019. Clayton Tire Supply, LLC maintains a principal place of business at 364 Fremont Peak Drive, Brentwood, CA 94513. Clayton Tire Supply, LLC operates a mobile tire supply company in substantially the same manner as Franchised Businesses will operate. We refer to this affiliate as our Company-Owned Outlet.

Our Business

We offer franchises for the operation of a mobile tire supply company specializing in the delivery of wheel weights, valve stems, patches, tools and other products ("Services"). Franchised Businesses operate under the System we have developed for operation of a Franchised Business. The System consists of trademarks, service marks, trade dress, and other indicia of origin we have designated for use by franchisees ("Marks"); proprietary procedures, processes, methods, know-how, standards we have developed for use by franchisees ("System Standards") that are set forth in our Operations Manual and elsewhere in writing (collectively, the "Manual").

Market and Competition

The market for mobile tire supply delivery businesses is well developed and highly competitive throughout the United States. You will compete with both independent operators of similar businesses, some of whom belong to cooperative networks of offices, franchisees of other recruitment systems, and other mobile tire supply delivery franchisees. The mobile tire supply delivery industry is year-round, not seasonal.

Industry-Specific Regulations

You must comply with all local, state, and federal laws and regulations that apply to the operation of your Franchised Business including regulations of health, safety, insurance, discrimination, employment, and sexual harassment laws. In some states, you may be required to obtain an employment agency license or registration for the operation of direct hire or interim personnel placement services. Most of these laws and regulations relate to companies that charge fees to applicants for employment services and have an exemption for employer paid fee businesses.

The Federal Fair Credit Reporting Act has regulations on reference checking applicants for employment. The General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA) regulate the storing and use of personally identifiable information both into and out of the European Union and California. Other states may institute laws or regulations regarding the storing and use of personally identifiable information. You will need to ensure that your computer and filing systems are compliant with these regulations and laws.

Some states and municipalities have passed laws that prohibit inquiries about criminal convictions on job applications and prohibit discrimination based on criminal records. A growing number of states, counties, and municipalities have passed laws that prohibit inquiries about job applicants' salary histories.

You should investigate whether there are any federal, state, or local regulations that may apply in the state in which you intend to conduct business. You should consider both their effect on your Franchised Business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for the operation of your Franchised Business.

If you are a corporation, partnership or other entity, our Franchise Agreement will apply to your owners, officers, and directors. We strongly recommend that before signing the Franchise Agreement you engage a franchise attorney and other professional advisors to advise you in determining the laws, ordinances, and regulations affecting your establishment or operation of a franchise, to assist you in evaluating the financial ramifications of this business decision, and the risks of this business investment.

ITEM 2
BUSINESS EXPERIENCE

Richard Leland – President and CEO

Richard Leland has served as our President and CEO since our formation in August, 2024. Mr. Leland has served as the President and CEO of our affiliate Clayton Tire Supply, LLC in Brentwood California since 2019.

ITEM 3
LITIGATION

No litigation information 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

Franchise Fee

You must pay us an initial franchise fee of $49,500 upon signing the Franchise Agreement ("Initial Franchise Fee") for the operation of a Franchised Business in a single territory (a "Designated Territory"). The Initial Franchise Fee is uniform to all franchisees and deemed fully earned and nonrefundable upon payment.

Refunds

The Initial Franchise Fee is fully earned by us when paid and is not refundable under any circumstances.

ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty Fee	7% of monthly Gross Revenue	Monthly	Gross Revenue is defined in the Franchise Agreement and in Note 2 below. Royalties are currently due monthly. Franchisor may perform a monthly reconciliation for each Designated Territory.
Brand Fund Contribution	0% of Gross Revenue Up to 3% of Gross Revenue	Monthly	We reserve the right to establish an advertising and marketing fund (the " Brand Fund") for the common benefit of System franchisees. When established, you are required to participate in and contribute 1% of your Gross Revenue in the manner we prescribe. We reserve the right to increase your Bran Fund Contribution Fund to a maximum of 3% upon 30 days' written notice.
Brand Fund Materials	Our costs.	As invoiced	Payable only if we reproduce or customize Brand Fund materials for you.
Local Advertising Expenditure	Currently $0 per month but we recommend spending a minimum of $250 per month	Monthly	Generally, you will pay vendors, media outlets, etc. directly for local advertising. We may require you to pay the funds to us or third parties we designate or on categories of advertising we select.
Cooperative Advertising	Currently there are no advertising co- ops. If advertising co-ops are established by us, you may be required to contribute as approved by a majority vote of the members of the co-op.	Established by co-op	Not currently assessed. If the Franchisor forms a regional advertising or brand awareness co-op, you must contribute to the co-op. Any amount you must contribute to the co-op will be credited against the required local advertising expenditure.

Type of Fee[1]	Amount	Due Date	Remarks
Initial Training Fees	There are no fees for initial training for your Operating Principal and/or Key Manager (as defined in Item 15), but you are responsible for any costs of travel, wages, and living expenses.	Before training.	For all training, including initial training, you are responsible for all travel expenses, living expenses, wages, and other expenses incurred by your trainees. See Item 11 under "Training" for further information about our training program.
Account Setup Fee	Our costs	As invoiced	The Account Setup Fee will be charged at our current hourly rate when setting up the account.
Technology Fee	Currently $100/month per user.	Monthly. Payable by the 10th of the month beginning the first full month your Franchised Business is operational.	The Technology Fee currently includes fees related to your access to and usage of our system, our intranet, any mobile applications we develop, and the System Website. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee. There is no cap on the amount the Technology Fee may be increased.
Transfer fee	$10,000	On demand, beginning and as a condition of our consent to any proposed transfer	Payable to us as a condition of approval for transfer. No fee for transfer to corporation or entity that you own or control other than our costs to evaluate the proposed transfer.
Transfer to Entity	$1,000 plus our administrative costs in processing such Transfer, including any attorneys' fees and other third party costs that we incur	Upon demand	Payable when you transfer the Franchise Agreement to an entity that you control.
Reimbursement	Our costs plus 10% administrative charge	On demand	You are obligated to reimburse us for any amounts that you owe to third parties and which we pay on your behalf plus an administrative charge of 10% of such amounts payable to us.
Additional Training Programs	Varies based on programs	Within 10 days of receipt of an invoice	We may charge a reasonable fee for optional or required training programs that we may provide.

Type of Fee[1]	Amount	Due Date	Remarks
Successor Fee	$10,000	Payable on execution of new Franchise Agreement, no later than 30 days before expiration of initial ten-year term or the first renewal term	When your agreement term ends, you will have the option to continue the franchise relationship with us, subject to certain conditions.
Insurance	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining insurance.
Management Fee	5% of Gross Revenue during the period of time in which we manage your Franchised Business.	As invoiced	Payable if: (a) the Operating Principal (see Item 15) dies or is incapacitated, and we elect to manage the Franchised Business pending transfer of his or her interest, (b) the Operating Principal arrested for or formally charged with a serious criminal offense, and we take over operation of the Franchised Business pending final disposition of the charges; (c) you fail to meet System standards as designated in the Franchise Agreement and the Manuals.
Non-Compliance Fee	1% of Gross Revenue, plus reasonable compensation and our costs and expenses, including travel and lodging incurred in performing follow-up inspections.	Same as Royalty	We are entitled to increase your Royalty by 1% of Gross Revenue due to your non-compliance with the Franchise Agreement or the brand standards. We can charge an inspection fee if we require follow-up inspections
Indemnification	Amount of claims	As incurred	You must reimburse us if we incur any damages, losses, or expenses, including reasonable attorneys' fees and other costs, as a result of claims arising from the operation of your Franchised Business.
Audit Costs	All amounts shown to be due, plus the cost of the audit, plus interest and late fees.	On demand	Payable only if: (a) you did not submit Gross Revenue statements; (b) you did not keep full books and records; or (c) the total Gross Revenue you reported for any three consecutive months is more than 2% below the audited Gross Revenue.

Type of Fee[1]	Amount	Due Date	Remarks
Late Fee	$25 per day for each day in which any amounts owed to us are unpaid.	With payment of overdue amount	We can charge a Late Fee to compensate us for our administrative costs incurred in enforcing your obligation to pay us and submit required reports to us.
Interest	18% per annum or the maximum rate permitted by applicable law, whichever is less. Interest charges are distinct from Late Fees on past due amounts.	Continues to accrue until paid.	Applies only if you do not pay us on time. We calculate interest from the date the payment was due until paid in full.
Attorneys' Fees	Our costs and expenses	As incurred	You must pay our costs and expenses if we are involved in litigation by or against you.

Notes to Table 6:

1. Except as described in the remarks above, all of the fees in the table above are imposed by us, payable to us, non-refundable, and are uniformly imposed. You must use the payment methods we designate. You must furnish us and your bank with any necessary authorizations to make payment by the methods we require.

2. "Gross Revenue" means all revenue that you receive or otherwise derive from operating the Franchised Business, and any revenue derived from organizing and hosting off-site events, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for the revenue. If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Franchised Business, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers, (ii) any bone fide shipping charges that you collect from a customer and actually pay to a third-party shipping or logistics company for the delivery of items to customers, and (iii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee[1]	$49,500	$49,500	Lump Sum	At signing of Franchise Agreement	Us
Travel and Living Expenses While Training[2]	$500	$5,000	As arranged	Prior to opening your Franchised Business	Suppliers
Storage[3]	$500	$2,000	As arranged	Prior to opening your Franchised Business	Suppliers
Vehicle[4]	$4,500	$87,000	As arranged	Prior to opening your Franchised Business	Suppliers
Decals[5]	$1,300	$5,000	As arranged	Prior to opening your Franchised Business	Suppliers
Management and Technology System[6]	$1,000	$5,000	As arranged	Prior to opening your Franchised Business	Suppliers
Opening Inventory[7]	$15,000	$35,500	As arranged	Prior to opening your Franchised Business	Suppliers
Uniforms[8]	$200	$500	As arranged	Prior to opening your Franchised Business	Suppliers
Office Supplies[9]	$200	$600	As arranged	Prior to opening your Franchised Business	Suppliers
Grand Opening Marketing[10]	$0	$4,000	Lump Sum	Prior to opening your Franchised Business	Suppliers
Business Licenses and Permits[11]	$1,000	$5,000	As arranged	Prior to opening your Franchised Business	Suppliers
Professional Fees[12]	$0	$5,000	As arranged	As incurred	Professional Advisors
Insurance[13]	$1,000	$3,000	As arranged	As incurred	Insurance Company
Additional Funds (3 months)[14]	$12,000	$36,000	As arranged	As incurred	Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT[15]	**$86,700**	**$243,100**			

Notes to Table 7:

1. *Initial Franchise Fee*: The Initial Franchise Fee is fully earned and nonrefundable.

2. *Travel and Living Expenses While Training:* There is no training fee for up to three (3) individuals to attend the initial training. You are responsible for making arrangements and paying the expenses for any persons attending the training program including, without limitation, transportation, lodging, meals and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodation you choose. The estimate provided contemplates costs associated with the training of three (3) people for our training program at our corporate location or another location that we may designate.

3. *Storage:* This estimate includes the cost of storage facilities and shelving units for the inventory necessary to operate the Franchised Business. The low estimates assume you are able to install and store the inventory at your personal residence. The high estimate contemplates the cost of the shelving units and rent over a three-month period for a 750 square foot storage facility.

4. *Vehicle*: You are required to purchase a vehicle we approve of, which should be similar to a Ford Transit cargo van with extended tall body, with dual wheels, for the operation of the Franchised Business. The vehicle must be in good working order and should be free of dents and damage. We reserve the right to review and approve the proposed vehicle. The low end of the range contemplates you finance the vehicle at standard market rates. The high end assumes you purchase the vehicle outright. This estimate also includes the cost of installing shelving units in the vehicle.

5. *Decals*: The figures in the chart reflect the estimated range for decals for your vehicle.

6. *Management and Technology System*: This estimate includes the costs related to the purchase of specified computer hardware and software that we require. If we require, you must provide us with electronic access to certain daily information. We reserve the right to add, remove, increase, decrease, or modify these requirements at any time.

7. *Opening Inventory:* This estimate includes the cost of the opening inventory necessary to operate the Franchised Business. The opening inventory includes but is not limited to wheel weights, valve stems, patches, tools and other products.

8. *Uniforms.* This estimate includes the cost of uniforms required to operate the Franchised Business.

9. *Office Supplies*: This item includes the cost of office supplies such as pens, pencils, notebooks, post-it notes, etc., necessary to operate the Franchised Business.

10. *Grand Opening Marketing*: We suggest you spend a minimum of $4,000 in connection with pre-opening advertising and marketing services.

11. *Business Licenses and Permits*: This estimates the costs of business licenses and permits for you to begin operations of the Franchised Business. This estimate is based on our experiences with business licenses in Brentwood, California, and may vary depending on your state and local requirements.

12. *Professional Fees*: This estimates the costs of professional advisors (like an attorney and an accountant) for the initial review and advice consistent with the start-up of a Franchised Business.

13. *Insurance*. This estimate is for your insurance premium deposit and your first three months of insurance coverage, which may be paid prior to opening. You will need to check with your insurance carrier for actual premium quotes and costs, as well as for the actual amount of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier, the amount of the deductibles and of coverage, and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our required minimums.

14. *Additional Funds*: This category estimates your pre-operational expenses that are not listed in other categories, as well as additional funds necessary for the first three months of your operations including expenses such as employee salaries and wages, payroll taxes (including payroll to cover the grand opening promotional period and the pre-opening training period for your staff), Royalty Fees, legal and accounting fees, additional advertising, health and workers' compensation insurance, bank charges, miscellaneous supplies and equipment, staff recruiting expenses, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the Franchised Business. Your costs depend on factors such as: how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our concept; the prevailing wage rate; competition; and the sales level reached during this initial period.

15. *Total*: Except as expressly indicated otherwise, these estimates cover your initial cash investment up to the opening of your Franchised Business. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and development stages of your Franchised Business, the actual duration of which will vary materially from franchisee to franchisee and cannot be predicted by us for your Franchised Business. You must have additional sums available, whether in cash or through a bank line of credit, or you must have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your Franchised Business, which in turn will depend upon factors such as the demographics and economic conditions in the area in which your Franchised Business is located, the presence of other similar services or other public awareness of our business and trademarks within the general vicinity of your proposed Franchised Business your ability to operate efficiently and in conformance with our recommended methods of doing business and competition. Because the actual amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation.

The ranges and categories listed in the table above are based on our own experience. Your expenses may be significantly different depending on the suppliers you use and local costs.

You may incur labor costs in employing additional employees, but those costs are dependent on numerous factors that we cannot predict or estimate, such as the labor rates, labor tax rates, and workers' compensation rates within your Designated Territory, as well as the availability of workers, number of employees you decide to use, skill and experience levels of your employees, number of hours worked per employee, volume of business, etc. You should investigate the costs of labor in your Designated Territory before making any decision to operate a Franchised Business, as this will be a significant portion of your ongoing expenses. We will work with you to develop the best strategy and timing for adding production capacity.

None of the estimated expenditures listed in the table are refundable except to the extent of the terms of any purchase you make from a third party. We do not offer, directly or indirectly, financing for any of the above expenditures. See Item 10. The availability and terms of financing to you will depend on many factors, including the availability of financing generally, your creditworthiness, other security that you may have, and policies of lending institutions concerning the type of business being operated by you.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required and approved purchases and suppliers:

We have the right to require that all equipment, technology, inventory, supplies, signs, furnishings, fixtures, décor items, retail merchandise, payment systems, and other products and services that you purchase for use or resale in the Franchised Business: meet specifications that we establish from time to time; and/or be purchased only from vendors that we have expressly approved; and/or be purchased only from a single source (which may include us or our affiliates) at the then-current price. To the extent that we establish specifications, require approval of vendors, or designate specific vendors for particular items, we will notify franchisees via the Manual or otherwise.

We and our affiliates may earn a profit on products and services we sell to you directly, and we and our affiliates may receive rebates, administrative fees, commissions, licensing fees, or other benefits from unaffiliated vendors and distributors with respect to their sales of products or services to you or other franchisees, whether or not the product or service is presently mentioned in this Item. Except as limited by applicable law, we and our affiliates have the right to retain any payments received from vendors.

We or our affiliates may negotiate purchasing arrangements under which vendors agree to make goods or services available to Businesses on specific terms. You agree to participate in and abide by the terms of any vendor purchase program we establish. The following specific restrictions on your purchasing are in effect as of the issuance date of this Disclosure Document, but we can impose other restrictions at any time.

Items you must purchase from us or affiliates:

Other than as provided below, neither we nor any of our affiliates is an approved vendor of products or services to our franchisees as of the issuance date of this Disclosure Document. However, we reserve the right to designate ourselves and/or our affiliates as an approved vendor, or as the only approved vendor, for other products and services in the future. If we do not require you to use a designated source or approved vendor for a particular item, you may purchase the item from any source you choose, as long as your purchases conform to the brand standards.

Items you must purchase from our approved suppliers:

<u>Inventory</u>. You must purchase all inventory necessary to operate the Franchised Business from approved suppliers.

<u>Vehicle.</u> You are required to purchase a vehicle we approve of, which should be similar to a Ford Transit cargo van with extended tall body, with dual wheels, for the operation of the Franchised Business. The vehicle must be in good working order and should be free of dents and damage. We reserve the right to review and approve the proposed vehicle.

Items that must meet our specifications:

For some products and services, we have not designated a specific source or vendor that you must use, but you must follow our specifications and/or obtain our approval of the vendor. As of the date of this Disclosure Document, they include:

Type	Minimum Coverage
Comprehensive General Liability	$1 million per incident / $2 million aggregate
Commercial Umbrella Policy	$1 million excess over all underlying liability coverages per occurrence and $1 million in the aggregate
Property and Casualty Insurance	Full replacement value of your equipment, furniture, fixtures, inventory, and vehicles
Commercial Automobile Insurance	At least $1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage
Business Interruption	12 months loss of income, including coverage for our Royalty Fees with no co-insurance clause
Product Liability	$1 million policy limit
Workers' Compensation	As required by law in your area
Crime Insurance for Employee Dishonesty	$50,000 combined single limit
Employer Liability	$100,000 per incident

Your insurance policies must be written by a carrier with an industry rating acceptable to us, must name us, Stem Guys Tire Supplies, LLC, and our parents, subsidiaries, and affiliates, and their respective officers, directors, members, shareholders, and employees as additional insureds, and must not have deductibles, exclusions or co-insurance that are unacceptable to us. All public liability and property damage policies must be primary and non-contributory and must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors, and assigns.

Prior to opening your Franchised Business, you must provide us with certificates of insurance demonstrating that you have met the requirements. At least thirty (30) days before expiration of a policy, you must furnish evidence of renewal or replacement insurance. If you do not obtain the required coverage, we have the right (but not obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services. We can increase the coverage requirements or require different or additional kinds of insurance.

Management and Technology System. All components of the Management and Technology System must meet our specifications.

Vendor Approval Process

If we require you to use an approved vendor for a particular item, but you wish to purchase the item from a source that we have not approved, you may submit a written request for approval of the vendor, unless it is an item for which we have designated a specific vendor. To obtain approval, proposed vendors must demonstrate the ability to meet our standards and must possess adequate quality controls and capacity to supply your needs promptly and reliably. We will provide the relevant standards and specifications to vendors that wish to become approved vendors, provided that the proposed vendor signs a confidentiality agreement; however, we may refuse to disclose product formulations or specifications that we deem to be extremely sensitive. At our request, you must submit samples and other information we require to examine, test, and determine whether the proposed vendor meets our specifications and quality standards. We may also require that the proposed vendor allow our representatives to inspect its facilities. We may charge vendors a license fee to use our trademarks or other proprietary property. We may also charge vendors a rebate or other fee for participation in our purchasing program.

We have no obligation to approve any specific vendor or any minimum number of vendors for any item, and any proposed vendor relationship must not jeopardize the availability of any special pricing or other benefits offered by existing vendors based on system-wide purchases. We may require you to pay a fee to cover our costs of reviewing a proposed vendor, which you must pay whether or not we approve the vendor. We generally will give you written notice of approval or disapproval of the proposed vendor within 30 days after receiving your request and completion of evaluation and testing, if required. You may not sell or offer for sale any products or services of the proposed vendor until you receive our written approval.

We have the right to revoke approval of particular vendors if we determine that their products or services no longer meet our standards. Upon receipt of written notice of revocation, you must stop buying from the disapproved vendor. In addition, if we revoke our approval of the products because they fail to meet our standards, you may be required not to use your remaining inventory of those products.

Your purchases from us will be at the prices and on the terms in effect at the time of your purchase.

We may negotiate contracts with providers of goods and services in an effort to obtain favorable pricing for our franchisees and Affiliate-Owned Outlets. Terms of purchase agreements may vary based on any number of factors and prices may change from time-to-time.

Other than as noted above, we do not currently negotiate purchasing arrangements with vendors on behalf of our franchisees, but we reserve the right to do so, including pricing terms. Our ability to negotiate and maintain arrangements with vendors may depend on the participation of as many franchisees as possible. Accordingly, if we name a specific vendor for a product or service, you must obtain the product or service from that designated vendor. You must comply with the terms and conditions included in the contract with a specific vendor.

As noted above in this Item, vendors may make payments to us based on franchisees' use of the vendors. Vendor payments may include participation fees per franchise, rebates based on actual purchases, marketing contributions for joint promotion of the vendor's products with our brand, and/or sponsorship fees for conferences and other events. We will use any restricted funds in the manner agreed with the vendor. Except as limited by applicable law, we have the right to pass through, share or retain all or a portion of any rebates, commissions, discounts, or beneficial pricing that we obtain from vendors. We may use these monies to, among other things, recapture costs related to maintaining the vendor program, negotiating designated vendor arrangements, facilitating orders, and making a profit.

As of the date of this Disclosure Document, none of our officers owns an interest in any unaffiliated vendors that sell products or services to our franchisees.

We estimate that the proportion of your required purchases and leases from approved suppliers to all purchases and leases in establishing the Franchised Business is 80% to 90%. We estimate that the current proportion of your required purchases and leases from approved suppliers to all purchases and leases in operating the Franchised Business is approximately 80% to 90%, but this amount is subject to change.

There are no purchasing cooperatives or distribution cooperatives in our franchise system as of the date of this disclosure document. As of the last fiscal year ending on December 31, 2025, we did not derive any revenue from franchisee required purchases.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other 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 Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 4.1	Items 8 and 11
b.	Pre-opening purchases/leases	Section 6.6	Items 5, 6, 7 and 8
c.	Site development and other pre-opening requirements	Sections 4.1, 5.1, and 5.2	Items 7, 8 and 11
d.	Initial and ongoing training	Article 5	Item 11
e.	Opening	Section 4.3 and 5.2	Item 11
f.	Fees	Articles 3, Sections 5.3, 8.4, 13.6, 14.2, and 16.9	Items 5, 6 and 7
g.	Compliance with standards and policies/Operations Manual	Article 6 and Sections 14.1 and 14.2	Item 1
h.	Trademarks and proprietary information	Article 9 and Section 15.5	Items 13 and 14
i.	Restrictions on products/services offered	Sections 6.6, 6.7 and 12.1	Items 11 and 16
j.	Warranty and client service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Section 6.4, 4.2	Item 12
l.	On-going product/service purchases	Sections 6.6, 6.7, and 6.9	Item 8

Obligation		Section In Franchise Agreement	Disclosure Document Item
m.	Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n.	Insurance	Article 6.12	Item 7
o.	Advertising	Article 7	Items 6, 7 and 11
p.	Indemnification	Article 11	Item 6
q.	Owner's participation/management/ staffing	Sections 6.2	Items 11 and 15
r.	Records/reports	Article 8	Item 6
s.	Inspections/audits	Article 8	Item 6
t.	Transfer	Article 13	Item 17
u.	Renewal	Section 2	Item 17
v.	Post-termination obligations	Article 15 and Section 9.6	Item 17
w.	Non-competition covenants	Article 12 and Sections 1.5 and 10.2	Item 17
x.	Dispute resolution	Article 16;	Item 17
y.	Owner's/Shareholder's Guaranty	Section 1.5, 12.4	Item 15

ITEM 10
FINANCING

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

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Franchisor is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your Franchised Business, we or our designee will provide the assistance described in the list below.

1. Furnish an initial training program described below in this Item. (Article 5 of Franchise Agreement.)

2. Give you a copy of or access to an electronic copy of our confidential and proprietary Operations Manual, covering the specifications, standards, and operating procedures that we require in a Franchised Business. (Section 6.1 of Franchise Agreement.)

3. We may assist in the grand opening and grand opening marketing for your Franchised Business. (Section 7.4 of the Franchise Agreement.)

Time To Open

We estimate that the length of time between signing a franchise agreement and the opening of your Franchised Business will be approximately sixty (60) to ninety (90) days. The factors that may affect this time period include your ability to complete training, your ability to obtain any needed permits or licenses, and the time needed to secure any licensing, financing, or staff. If you fail to open your Franchised Business within ninety (90) days of signing, we reserve the right to terminate the Franchise Agreement. In certain situations, we may permit you to use your personal or an approved rental vehicle prior to purchasing our specified vehicle (see Item 7), provided that the required vehicle has been ordered and your personal vehicle meets our specifications.

Continuing Assistance

During the operation of your Franchised Business, we or our designee will:

1. Provide you access to advertising and promotional materials that we may, but are not required to, develop. We may, at our option, pass the cost of the advertising and promotional materials that you use on to you or charge the Brand Fund. (Article 7 of the Franchise Agreement.)

2. Provide additional trainings or programs, at a frequency that we will determine, on new methods, marketing techniques, equipment, and products. This may include a mandatory annual meeting or convention that all franchisees must attend at their cost. (Section 5.3 of Franchise Agreement.)

3. Provide you with, or otherwise make available, any updates, changes, or modifications to the Operations Manual and or other manuals and support materials that are related to the operation of your Franchised Business. You are responsible for making sure that you continually update your manual(s) once we have made such updates or revisions available to you. (Section 6.1 of the Franchise Agreement.)

4. If established administer contributions Brand Fund for the benefit of all Stem Guys Tire Supplies franchisees. We will also review for approval any local or regional advertising proposed by you. (Sections 7.2, 7.3 and 7.4 of the Franchise Agreement.)

5. Review proposed transferees of your Franchised Business for approval. (Section 13.3 of the Franchise Agreement)

Franchise Advisory Council

Franchisee Advisory Council. We may establish an advisory council of franchisees ("Franchisee Advisory Council") using a form and process set forth in the Manual to advise us on various issues and strategies. The Franchisee Advisory Council will have an advisory role, but no operational or decision-making power. We may change the structure and process of the Franchisee Advisory Council or dissolve the Franchisee Advisory Council at any time. If we establish a Franchisee Advisory Council, you must participate in all council-related activities and meetings and must pay any dues related to the administration of the Franchisee Advisory Council.

Local Advertising

You are not currently required to spend any amount on local advertising and promotional activities, but we recommend spending a minimum of $250 per month (the "Local Advertising Expenditure"). Your Local Advertising Expenditure is in addition to your Brand Fund Contribution. We have the right to designate in the Manuals the types of expenditure that will or will not count toward the Local Advertising Expenditure. At our request, you must submit appropriate documentation to verify compliance with the Local Advertising Expenditure. If you fail to spend (or prove that you spent) the Local Advertising Expenditure in any month, then we may, in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Brand Fund Contribution or to pay us the shortfall for us to spend on local marketing for your Franchised Business. We may, in our sole discretion, require you to pay the Local Advertising Expenditure to us or otherwise direct its use. We reserve the right to change this amount on 30 days' written notice to you.

You must participate in advertising, promotional, and community outreach programs that we may specify from time to time, at your own expense. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Designated Territory, unless we and franchisees in neighboring territories agree otherwise. You must ensure that all of your advertising, marketing, promotional, customer relationship management, public relations and other brand related programs and materials that you or your agents or representatives develop or implement relating to the Franchised Business is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. Moreover, you must conduct all advertising in a dignified manner and in conformance with the standards and requirements we specify in the Manuals.

You must submit to us in writing for our prior approval all sales promotion materials and advertising that have not been prepared by or previously approved by us. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. We will have the final decision on all creative development of advertising and promotional messages. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

Grand Opening Marketing Plan

We suggest that you spend a minimum of $4,000 to conduct a grand opening advertising campaign which may include but is not limited to pre-launch digital or paper ads, paper flyers, social media posts, PR announcements, and e-mail or paper mail campaigns. We are not required, under the Franchise Agreement, to spend any amount on advertising in your area or Designated Territory.

Cooperative Advertising

We have not established any local or regional advertising or brand awareness cooperatives ("Co-op"). If we do so in the future, you must participate in any cooperative advertising or brand awareness program for the region in which your Franchised Business is located. We may change, dissolve, or merge Co-ops in our sole discretion. You must contribute to the Co-op up to two percent of your Gross Revenue, as determined by the members of the Co-op. Any amount contributed to the Co-op will be credited against the minimum amount which you must spend on local advertising, as described above. There is no advertising council at the present time.

Brand Fund

We reserve the right and intend to establish a brand development fund (the "Brand Fund") for the common benefit of System franchisees. Once established all franchisees will be required to contribute an equal amount to the Brand Fund (the "Brand Fund Contribution"). When we establish, you must contribute 1% of your Gross Revenue to the Brand Fund in the manner we prescribe and participate in Brand Fund programs. We reserve the right to increase your Brand Fund Contribution to up to 3% of Gross Revenue upon 30 days' notice to you. We have the right to use Brand Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising and public relations materials which promote, in our sole judgment, the products offered by System franchisees. We may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: (a) the cost of preparing and producing television, radio, magazine, Internet, and newspaper advertising campaigns; (b) the cost of direct mail and outdoor billboard advertising; (c) the cost of public relations activities and advertising agencies; (d) the cost of developing and maintaining an Internet website, which may be used to collect customer orders, conduct surveys; and (e) personnel and other departmental costs for advertising that we internally administer or prepare. We are not obligated to expend monies from the Brand Fund in any particular franchisee's market in proportion to the payments to the Brand Fund made by the franchisee in that market. We do not represent that we will spend any particular amount of Brand Funds locally, regionally, or nationally. While we do not anticipate that any part of Brand Fund Contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available."

We will use Brand Fund Contributions to develop and prepare advertising which we distribute to System franchisees for their placement in the local media. The advertising is prepared by us and by outside sources. If we do not spend all Brand Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. There is no requirement that the Brand Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Brand Fund expenditures. As of the last fiscal year ending December 31, 2025, we neither collected nor spent any Brand Fund Contributions.

We shall administratively segregate all contributions to the Brand Fund on our books and records. All such payments to the Brand Fund may be deposited in our general operating account, may be commingled with our general operating funds, and may be deemed an asset of ours, subject to our obligation to expend the monies in the Brand Fund in accordance with the terms hereof. We may, in our sole discretion, elect to accumulate monies in the Brand Fund for such periods of time, as we deem necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. In the event our expenditures for the Brand Fund in any one fiscal year shall exceed the total amount contributed to the Brand Fund during such fiscal year, we shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Brand Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust. (Franchise Agreement - Paragraph 7.3).

We have the sole right to determine how to spend the Brand Fund Contributions, or funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs, provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount of Brand Fund Contributions in your Designated Territory and not all System franchisees will benefit directly or on a pro rata basis from our expenditures. We have the right to reimbursement from the Brand Fund Contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Brand Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs.

Training

You or your Operating Principal, any Key Manager(s), must attend and successfully complete our training programs ("Required Trainees"). We may waive a portion of Initial Training or alter the training schedule if we determine that your Required Trainees have sufficient prior experience or training. Initial Training will be provided as soon as practicable after you sign your Franchise Agreement.

At all times during the term of your franchise agreement, at least one management employee at your Franchised Business must have attended and completed our week-long full-time Initial Training course to our satisfaction, at our then current corporate headquarters, or at some other location we may designate, or through a virtual environment. Initial Training programs are offered periodically as needed to meet the demands of new franchisees. Your Required Trainees and any other personnel must be approved by us in writing before participating in our training course. There is no tuition fee for attendance by your Required Trainees. We may charge our then current training fees for any additional personnel attending the training course, or for any attendees who fail to complete the training course to our satisfaction and must repeat the training.

We may periodically offer additional training programs covering such subjects as new procedures, marketing, bookkeeping, accounting and general operating procedures and the establishment, development, and improvement of computer systems. Attendance by you or your Operating Principal or Key Manager may be mandatory or optional, in our discretion. There is no tuition fee for mandatory or optional training courses. All expenses that you and your personnel incur while attending or obtaining all training will be borne entirely by you.

We will provide an experienced training staff, which will instruct on System operating procedures, steps to opening your Franchised Business. Our training will be conducted Rich Leland. We may employ more training directors, including training directors with different areas of expertise, in the future.

Instruction materials may include our Manual, digital training materials, and related workbooks. New operators and managers must be approved by us and complete training program before assuming active duty at your Franchised Business.

INITIAL TRAINING PROGRAM

Subject*	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction to the Franchise System	.5	0	Our then current headquarters, or another location designated by Franchisor
Brand and Culture	.5	0	Our then current headquarters, or another location designated by Franchisor
Operations (SOPs)	8	0	Our then current headquarters, or another location designated by Franchisor
Product Training	8	0	Our then current headquarters, or another location designated by Franchisor
Customer Service	1	0	Our then current headquarters, or another location designated by Franchisor
Sales and Marketing	1	0	Our then current headquarters, or another location designated by Franchisor
Financial Management	1	0	Our then current headquarters, or another location designated by Franchisor
Technology and Systems	1	0	Our then current headquarters, or another location designated by Franchisor
Totals	**21 Hours**	**0 Hours**	

Scheduling. All training is scheduled by us throughout the year on an as-needed basis to reasonably accommodate franchisees.

Management and Technology System

You must obtain, maintain, and use the hardware and software that we specify periodically in the Manuals to (the "Management and Technology System") (i) enter and track customer information, (ii) update inventory, (iii) enter and manage your customer's contact information, (iv) generate sales reports and analysis relating to the Franchised Business, and (iv) provide other services relating to the operation of the Franchised Business.

Specifications for the brand, operating capabilities, and functionality of these hardware components will be set forth in the Manuals and are subject to change. At a minimum, the components of the Management and Technology System must be connected to the Internet via a high-speed Internet connection and must be able to run our designated software programs and general business software such as email, word processing, and similar programs.

The Business Management and Technology System will use third-party software from our approved vendors for point-of-sale functions, email marketing, and all customer management functions. For any proprietary software or third-party software that we require you to use, you must execute and be responsible for the fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.

You must obtain and use in the Franchised Business a computer system containing the hardware and software we specify. The Management and Technology System currently includes a back-office computer, a printer, a phone, and software from our designated vendors.

You must maintain the Management and Technology System at your expense and must purchase any hardware or software maintenance or technical support programs that we require. You must replace, upgrade, or update the Management and Technology Systems we may require from time to time. We will establish reasonable deadlines for the implementation of any changes to our Management and Technology System requirements, but there are no contractual limitations on our right to require changes to the Management and Technology System.

We currently do not require you to enter into, or expect that you will need to enter into, any maintenance, updating, upgrading, or support contracts related to the Business Management and Technology System. We, our affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. We anticipate the Business Management and Technology System will cost between $1,000 to $5,000. Vendors may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which we estimate may cost between $300 to $500 per year.

You, at all times, must give us unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the Management and Technology System for the purposes of obtaining the information relating to the Franchised Business. You must permit us to download and transfer data via a high-speed Internet connection or such other connection that we specify on a real-time basis. There are no contractual limitations on our right to access data stored in the Computer System.

Operations Manual

Our Operations Manual is currently under active development. Attached as Exhibit D is a copy of the current table of contents of our current Manual, which indicates the topics addressed and the number of pages devoted to each topic.

Website

We have established and intend to maintain a website at www.stemguystiresupplies.com that provides information about the franchise System (the “Stem Guys Tire Supplies Website”). We will include on the Stem Guys Tire Supplies Website an interior page containing information about your Franchised Business. If we include your information on the Stem Guys Tire Supplies Website, we have the right to require you to prepare all or a portion of the page, at your expense, using a template that we provide. All information is subject to our approval before posting. We will have sole discretion and control over the Website’s design and contents. You consent to the posting of information about your Franchised Business on the Website.

We have the sole right to approve any linking to or use of the Website. We have no obligation to maintain the Stem Guys Tire Supplies Website indefinitely, and we reserve the right to discontinue it at any time without liability to you. As we have no control over the stability or maintenance of the internet generally, we are not responsible for damage or loss caused by errors or malfunctions of the internet.

You will not be allowed to establish or operate any website for your Franchised Business or establish or participate in any System related blog or other discussion forum without our express consent. If we no longer maintain an internet website promoting the System and franchised businesses, you may be allowed to establish or operate any other website for your Franchised Business or establish or participate in any System related blog or other discussion forum with our advance written consent.

We may maintain one or more social media sites (e.g., Facebook, Twitter, Instagram, or other social media sites). You may not establish or maintain any social media sites utilizing any of the Marks without our advance written consent. We may designate from time to time regional or territory-specific usernames/handles that you must maintain. You must adhere to any social media policies, including those that may be included in the Manual, that we establish from time to time and must require all of your employees to do so as well.

ITEM 12
TERRITORY

You will be granted a Designated Territory which will include approximately 500 tire shops or a maximum radius of 60 miles. This geographic area around your Designated Territory will utilize publicly available databases as its primary source data. The size of your Designated Territory could vary depending on the demographic information and population density of the area included in the Designated Territory. For example, your Designated Territory could vary in size from a city in an urban location to a county in a more suburban area. Your territory is not exclusive. You may face competition from other franchisees, from franchisor owned outlets or from other channels of distribution or competitive brand franchisor controls.

You must operate your Franchised Business from a location within your Designated Territory. You may operate your Franchised Business as a home-based business as long as your home is located in your Designated Territory. You may choose to operate your Franchised Business from business premises outside of your primary residence. Prior to operating your Franchised Business outside of your primary residence, you must obtain our prior written approval. It is in our sole discretion to approve or deny these premises. Unless we have provided our acceptance of the proposed business premises in writing the request will be deemed denied 30 days after receiving your written request.

You are not permitted to advertise and market outside of your Designated Territory. You may service a market area outside of your Designated Territory only if the customers you are servicing are not located within two miles of a Designated Territory of another Stem Guys Tire Supplies Franchisee, and you must obtain our prior written consent. If you are servicing customers in an area outside of your Designated Territory, we may but are not required to grant you a right of first refusal in the event the territory is acquired by another Stem Guys Tire Supplies franchisee. If you are not granted or if you decline the right of first refusal, you will be no longer permitted to operate in the area. We do not restrict you from passively attracting clients from outside your Designated Territory and likewise we do not restrict other franchisees from passively attracting clients outside their designated territory which may include your Designated Territory.

If your Designated Territory lies within the reach of media or marketing sources that serve other franchise or affiliate-owned businesses, we can require you to advertise and market cooperatively with those franchise or affiliate-owned businesses. The terms of the cooperative advertising will be established by us at that time.

Except when advertising or marketing cooperatively, or through media that, in addition to your Territory also includes territory of another franchisee, you cannot actively advertise or solicit business outside your Designated Territory. We can advertise, market and promote our and our affiliates brands, but cannot otherwise solicit business, within your Designated Territory.

We will not establish or license another person or entity to establish any other Stem Guys Tire Supplies businesses within your Designated Territory while your Franchise Agreement is in effect, however we can develop, use and franchise other trade names and trademarks for other similar businesses. We and our affiliates also have the right to acquire, be acquired by, or merge with other companies which provide mobile tire supply delivery, related businesses, and other related services anywhere (including inside or outside of the Designated Territory and, even if such businesses are located in the Designated Territory, provided the other businesses continue to operate under another name). We will not compensate you for any of our activities including soliciting or accepting business in your Designated Territory, even if they have an impact on your Franchised Business.

Presently, there are no active plans to do so, but we also have the right to develop and use alternative channels of distribution, such as the Internet, or other direct marketing methods, for the sale of proprietary products and services both within and outside your Designated Territory under trademarks the same and different from those you will use under your Franchise Agreement, and you will receive no compensation for our sales through alternative distribution channels.

If you are granted an option to purchase or right of first refusal and you fail to execute a franchise agreement for the optioned territory within the allotted timeframe, you will be deemed to have waived your option or right. Your option to purchase will be valid only so long as you meet the requirements of any and all other agreements with us and have substantially complied with the terms and conditions of all the agreements during the term of the Franchise Agreement. In the event that the provisions of the Franchise Agreement are not substantially complied with by you, the option to purchase or right of first refusal will be permanently waived. If waived and you wish to acquire additional franchises you must undertake the new franchisee application process. An option to purchase or right of first refusal cannot be sold, given or assigned to another person or business entity.

You retain the rights to your Designated Territory even if the business population increases. As long as you are in compliance with the terms of your Franchise Agreement, we will not modify your territorial rights. .

time Performance Requirements and Modifications to Your Designated Territory. During the term of your Franchise Agreement, you will be required to meet the minimum performance requirements detailed in the table below (the "Minimum Performance Requirements").

Years of Operation	**Minimum Annual Revenue**
2-3	$180,000
4-5	$250,000
6-8	$400,000
9+	$450,000

If you do not achieve the applicable Minimum Performance Requirements, we will have the right to:

- reduce the size of the Designated Territory;
- establish or license a third party to establish a Business within the Designated Territory;
- require you to implement an improvement program, which may include, among other things, engaging in specified marketing activities, or
- terminate your Franchise Agreement.

If we require you to implement an improvement program, your failure to comply with the terms of the program or failure to achieve Minimum Performance Requirements will allow us to terminate the Franchise Agreement. The Minimum Performance Requirements are not a representation or guarantee of any financial results.

ITEM 13
TRADEMARKS

Pursuant to the Franchise Agreement, you are granted a license to operate a Franchised Business using the marks, and other marks in connection with the business (the "Marks"). The Marks listed below are the subjects of valid and subsisting U.S. Patent and Trademark Office registrations shown below.

We have applied for the following trademarks with the Principal Register of the USPTO and has filed all required affidavits with respect to each of the Marks:

Mark	Serial Number	Filing Date
STEM GUYS TIRE SUPPLIES	99470827	October 30, 2025
	99470835	October 30, 2025

At this time, we do not have a registration for this trademark. Therefore, this trademark does not have many of the legal benefits and rights as a federally registered trademark. If your right to use this trademark is challenged, you may have to change to an alternative trademark which will increase your expenses.

We also claim common law rights to our designs, logos, and trade dress items, including color schemes and appearance, as well as copyright where applicable, but there have not been judicial determinations of the existence, validity, or extent of our rights. We claim and intend to rely on common law and/or statutory trade secret and unfair competition protection for the proprietary materials and information you are awarded a license to use under the Franchise Agreement.

There are presently no final effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any trademark administrator of any state or any court proceedings which limit or restrict our right to use the above-described Marks or are relevant to your use of the Marks for your Franchised Business.

We have the right to control any administrative proceeding or litigation involving a trademark licensed by or to you. If you learn of any claim, suit, or demand against you by a third party for any alleged infringement, unfair competition, or similar matter due to your use of the Marks, in accordance with the terms of the Franchise Agreement, you must promptly notify us of the claim, suit, or demand. We will then take whatever action we, in our sole discretion, consider necessary or appropriate. We intend to take reasonable steps to preserve and protect our ownership of the Marks and their validity. We are not obligated to protect any rights awarded to you to use the Marks or protect you against claims of infringement or unfair competition regarding the Marks. You may not settle or compromise any claim by a third party without our prior written consent. We may defend, compromise, or settle any claim at our cost, using attorneys that we choose, and you must cooperate fully with us in defending the claim. If you learn of any infringing use, you must promptly notify us. We will decide in our discretion whether or not to prosecute any purported infringement of the Marks and our decisions will be final.

We are the lawful and sole owner of the domain name(s) www. stemguystiresupplies.com. You cannot register any of the Marks owned by us or any abbreviation, acronym, or variation of the Marks, or any other name that could be deemed confusingly similar, as internet domain names. We retain the sole right to advertise the System on the internet and to create, operate, maintain, and modify, or discontinue using, a website using the Marks. You may access our website. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any internet domain name in connection with your franchise.

You may use only the Marks which we designate, and you may use them only in the manner we authorize and permit. Any goodwill associated with Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Marks only for the operation of the business and only in your Designated Territory, on the truck, or in advertising for the business. You will use all Marks without prefix or suffix and in conjunction with the symbols "SM," "TM," "S" or "®," as applicable, to the extent they have been validly registered in the USPTO. You may not use the Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the franchise System. You may not use the Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name alone. You are not permitted under any circumstances to use the initials "D/B/A" and the business name "Stem Guys Tire Supplies" You must promptly register at the office of the county in which your business is located, or such other public office as provided for by the laws of the state in which your business is located, as doing business under such assumed business name.

All of your advertising must prominently display the Marks and must comply with our standards for using the Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Marks. You may use the Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us, and we must approve, all advertising, publicity, signs, decorations, furnishings, equipment, or other materials employing the Marks, or related marks, before first publication or use. You must identify yourself as the owner of the business (in the manner we prescribe) in conjunction with any use of the Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing on your business location.

If it becomes advisable at any time in our sole discretion for us or you to modify or discontinue use of the Marks or use one or more additional or substitute trade or service marks, you must comply with our directions to modify or discontinue the use of the Marks within the time frame specified by us. We may add to, delete, or modify our Marks. You must accept, use, or cease using, as may be applicable, the Marks, including modified or additional Marks in accordance with our prescribed procedures, policies, rules, and regulations whether contained in the Manuals, in the Franchise Agreement, or otherwise. You will not be compensated as a result of any discontinuation or modification of the Marks.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We have no patents or pending patent applications that are material to the franchise. Under the Federal Copyright Act (the "Act), a copyright arises upon creation of the work and continues for 75 years. The Act does not require registration and our copyrighted materials are not registered. We claim copyrights and other proprietary rights in our Manual and other materials we provide to you for the operation of your Franchised Business. You may use all of these materials while you are a franchisee. You and your employees may only use them for the operation of the Franchised Business. You must keep them confidential. You may not use them in any other business or provide them or copies of them to any person other than your employees. You must return them to us if your franchise agreement is terminated or expires.

There are no current material determinations of, or proceedings pending in the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect which limit your right to use any of our copyrights. As of the date of this disclosure document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of the copyrights. will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement and proper use of the copyrights, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the copyrights. We have the right to control any administrative proceedings or litigation involving the copyrights licensed by us to you. You must fully cooperate with us in defending and/or settling the litigation.

During the term of the Franchise Agreement, you may have access to and become acquainted with our Confidential Information, which includes trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights. You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets will remain our exclusive property. You may never (during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated) reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you beginning any dissemination.

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Unless we approve your employment of management personnel to operate the Franchised Business, you must actively participate in the actual operation of the Franchised Business and devote as much of your time as is reasonably necessary for its efficient operation. We recommend that you actively participate in the operation and supervision of the Franchised Business. If you are a limited or general partnership, limited liability company, corporation, or other legal entity ("Entity") or if more than one person will execute the Franchise Agreement as a Franchisee, you must designate one partner, member, equity or stockholder, or other possessor of an ownership interest in the Entity (collectively, "Owners") to make all decisions on behalf of your business and represent you in your dealings with us and our affiliates (a "Operating Principal"). Your Operating Principal must be a natural person who directly or indirectly owns at least twenty percent (20%) of the total ownership interest in the Entity. You may not change your Operating Principal without our prior written consent. You may appoint a non-Owner to oversee the establishment and operation of your Franchised Business ("Key Manager"), subject to our approval which we will not withhold unreasonably. Your governing documents must give the Operating Principal or Key Manager the right to make all decisions with respect to your Franchised Business and represent you in your dealings with us and our affiliates. You or your Operating Principal, any Key Manager(s), must attend and successfully complete our training programs ("Required Trainees"). Refer to Item 11 for details. All Required Trainees must complete our initial training program to our sole, subjective satisfaction. We do not require Key Managers to have an equity interest in the Franchised Business.

We may require all Owners to personally guaranty your obligations under the Franchise Agreement and also agree to be personally bound by, and jointly and severally liable for the breach of, any provision of the Franchise Agreement. All of your Owners, management personnel, and employees who are provided access to the Manual or other confidential information must sign a Confidentiality Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services which are a part of the System, and all products and services which we may incorporate into the System in the future. You may only offer those products and services which we have previously approved. There are no limits regarding to whom you may offer goods and services.

You may not use our Marks for any other business, and you may not conduct any business other than the Network franchise from your approved location. You cannot engage in any business other than your Stem Guys Tire Supplies franchise that competes with your franchise, or our Affiliates.

We may add to, delete from, or modify the products and services which you can and must offer. You must abide by any additions, deletions and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. There are no other limits on our rights to make these changes.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The table below lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision		Section in Franchise Agreement (FA)	Summary
a.	Length of the franchise term	§2.1	10 years
b.	Renewal or extension of the term	§2.2	You may renew the FA for a Successor Term of five years up to two times by giving written notice at least six and not more than twelve months before the expiration of the then-current term
c.	Requirements for franchisee to renew or extend	§2.2	You must not be in default under the FA, have substantially complied with the FA throughout the Term, made all payments on time when due, signed a new FA which may have materially different terms, refurbish the Franchised Business to conform to our then-current standards, executed a general release, completed additional required training, secured the Site for the Successor Term, and paid the Successor Fee.
d.	Termination by franchisee	§14.3	You may terminate the FA only if we commit a material breach of the FA; you give us written notice of the breach; we fail to cure the breach, or to take reasonable steps to begin curing the breach, within sixty days after receipt of your notice; and you are in full compliance with your obligations under the FA. Termination will be effective no less than ten days after you deliver to us written notice of termination for failure to cure within the allowed period.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with cause	Article 14	On the occurrence of any Event of Default as defined in the FA.
g.	"Cause" defined – curable defaults	§14.1(a)	If Franchisee fails to pay any financial obligation pursuant to the FA (a) within five (5) days of the date on which Franchisor gives notice of such delinquency, (b) immediately upon written notice if such payment has not been made within sixty (60) days after the date on which it is required to be paid, or (c) immediately upon written notice if Franchisee is determined to have under- reported its Gross Revenue during any month by two percent (2%) or more of the actual Gross Revenue during such month on two (2) or more occasions

			during the Term of the FA, whether or not Franchisee subsequently rectifies such deficiency; if Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by an appropriate authority to comply with any law or regulation applicable to the operation of the Franchised Business; if Franchisee fails to perform or breaches any covenant, obligation, term, condition, warranty, or certification herein or fails to operate the Franchised Business as specified by Franchisor in the Manual, fails to pay promptly any undisputed invoices from Franchisor or suppliers, and fails to cure such non-compliance or deficiency within thirty (30) days (or such longer term as granted by Franchisor) after Franchisor's written notice thereof; if Franchisee abandons or ceases to operate all or any part of the Franchised Business conducted under the FA for seventy-two (72) hours or longer (except as otherwise provided herein) or defaults under any mortgage, deed of trust or lease with Franchisor or any third party covering the Franchised Business or the Site, fails to cure such abandonment or default and Franchisor or such third party treats such act or omission as a default, and Franchisee fails to cure such default to the satisfaction of Franchisor or such third party within any applicable cure period granted Franchisee by Franchisor or such third party.
h.	"Cause" defined – non-curable defaults	§14.1(b)	Automatically, without notice or action required by Franchisor, if Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, or, unless otherwise prohibited by law, if a petition in bankruptcy is filed by Franchisee, or such a petition is filed against and consented to by Franchisee or not dismissed within thirty (30) days, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed; or if a final judgment in excess of Five Thousand Dollars ($5,000) against Franchisee relating to the Franchised Business remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction); if Franchisee fails to commence operation of the Franchised Business as required by

			Article 8; if Franchisee makes, or has made, any materially false statement or report to Franchisor in connection with the FA or application therefore; if there is any violation of any transfer and assignment provision contained in the FA; if Franchisee receives from Franchisor three (3) or more notices to cure the same or similar defaults or violations of the FA during any twelve (12) month period; if Franchisee or its Operating Principal or Key Manager fails to complete to Franchisor's reasonable satisfaction any of the training required pursuant to the FA; if Franchisee violates any covenant of confidentiality or non-disclosure contained in the FA or otherwise discloses, uses, permits the use of, copies, duplicates, records, transmits or otherwise reproduces any manuals, materials, goods, or information created or used by Franchisor and designated for confidential use within the System without Franchisor's prior approval; if Franchisee or any person controlling, controlled by or under common control with Franchisee, or any principal officer or employee of Franchisee or any such person, owning an interest in the Franchised Business is convicted of a felony, or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to affect adversely the System, the Marks, or the goodwill associated therewith; if Franchisee or any guarantor(s) hereof default on any other agreement with Franchisor, or any affiliate or parent corporation of Franchisor, and such default is not cured in accordance with the terms of such other agreement; if Franchisee fails to perform or breaches any covenant, obligation, term, condition, warranty or certification in the FA related to the Marks, including misuse of the Marks..
i.	Franchisee's obligations on termination / nonrenewal	Article 15	You must pay all amounts due; discontinue using the Marks and the System; return all Proprietary Information to us; cease identification with Stem Guys Tire Supplies including by canceling all assumed name or equivalent registrations relating to your use of the Marks; cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, PO boxes, and classified and other directory listings relating to or used in connection with your Franchised Business or the Marks; and sell us the Operating Assets (as defined in the FA) at fair market value if we exercise our option to purchase the Assets.

j.	Assignment of contract by franchisor	§13.1	We may assign the FA and all of our rights, duties, and obligations under the FA to any person or Entity that we choose in our sole discretion. Upon any such assignment, we will be released from all of our duties and obligations hereunder, and you will look solely to our assignee for the performance of such duties and obligations.
k.	"Transfer" by franchisee – definition	§13.2	Includes transfer of the FA or of the franchise or its assets or any change in ownership of franchisee entity.
l.	Franchisor's approval of transfer by franchisee	§13.3	Neither you nor any of the Owners or any successors to any part of your interest in the FA or the License may make any Transfer or permit any Transfer to occur without obtaining our prior written consent, except as provided in the FA. If you or any of your Owners desire to make a Transfer, you must promptly provide us with written notice. Any purported Transfer without our prior written consent will be void and will constitute an Event of Default (as herein defined), for which we may terminate the FA without opportunity to cure. We have sole and absolute discretion to withhold our consent, except as otherwise provided in the FA.
m.	Conditions for franchisor approval of transfer	§13.4, §13.5, & §13.6	Transferee qualifies, all amounts due are paid in full, transferee completes training, transfer fee paid, then-current FA signed, franchisee signs general release and noncompetition covenant.
n.	Franchisor's right of first refusal to acquire franchisee's business	§13.9	We may match any offer.
o.	Franchisor's option to purchase franchisee's business	§15.6	Upon expiration or termination of the the FA, we may purchase your Franchised Business or some or all of the Franchised Business's assets.
p.	Death or disability of franchisee	§13.8	Franchise must be assigned to approved assignee within 120 days.
q.	Non-competition covenants during the term of the franchise	§12.1	No involvement in competitive business and no diversion.
r.	Non-competition covenants after the franchise is terminated or expires	§12.2	No competitive business for 2 years within 60 miles of your Franchised Business or any other Stem Guys Tire Supplies Business.
s.	Modification of the agreement	§17.2	The FA may be amended or modified only by a written document signed by each party except that the Manual, System Standards, and any other policy or procedure not

			expressly prohibited under the FA may be amended at any time by us.
t.	Integration/merger clause	§17.1	The FA and the documents referred to herein constitute the entire agreement between you and us with respect to the Franchised Business. Notwithstanding the foregoing, nothing in the FA shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document (the “FDD”) that we delivered to you or your representatives.
u.	Dispute resolution by arbitration or mediation	§16.1	Except as otherwise provided, prior to filing any proceeding to resolve any dispute based upon, arising out of, or in any way connected with the FA, a party must submit the dispute for mediation. The mediation will be held before one mediator selected by the parties, and if the parties cannot agree upon the mediator, then a mediator selected by the American Arbitration Association (“AAA”). All parties must attend and participate in the mediation. The mediation will not last more than one day and will be held in Austin, California unless we no longer have an office there, in which case it will be held in the metropolitan area of our then-current principal place of business. If we and you do not resolve our dispute, then thereafter any party may file for litigation, as applicable in accordance with the terms of the FA. The mediation will be governed by the rules of the AAA. It is the intent of the parties that mediation be held not later than fourteen (14) days after a written request for mediation is served on the other parties. The obligation to mediate will not be binding on either party with respect to claims relating to the Marks, the non-payment or underpayment of any monies due under the FA, the noncompetition covenants, or requests by either party for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief provided such equitable relief is deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute.
v.	Choice of forum	§16.2	Litigation in Contra Costa County, California (subject to state law).
w.	Choice of law	§16.3	California law applies (subject to state law).

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

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) the 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.

These financial performance representations are based upon the combined historic operating revenues of our Company-Owned Outlet, Clayton Tire Supply, LLC (the "Disclosed Outlet"). The Disclosed Outlet provided data to us regarding the operation of their outlet and was in operation for a period that covers the 2023, 2024, and 2025 fiscal years (the "Measurement Period"). The Disclosed Outlets operated in locations in and around the Brentwood, California statistical area for the entirety of the Measuring Period.

Table 1 of this Item 19 details the Gross Revenue generated by the Disclosed Outlet during the Measurement Period, along with (a) the costs and expenses associated with operating the location (collectively, the "Operating Expenses"); and (b) the estimated Royalty that the Disclosed Outlet would have incurred if operating as a Franchised Business governed by our current form of Franchise Agreement.

Some outlets have sold this much. Your individual results may differ. There is no assurance you'll sell as much.

Table 1 – Company-Owned Outlet Statement of Income and Certain Expenses

Company Owned Outlet			
	2023	**2024***	**2025***
Total Gross Revenue	**$451,276**	**$375,997**	**$308,301**
Total Cost of Goods Sold (COGS)	**$253,597**	**$215,090**	**$215,090**
Gross Profit	**$197,007**	**$160,907**	**$129,354**
Gross Profit Margin	**44%**	**43%**	**42%**
Operating Expenses			
Insurance	$1,167	$1,192	$1,348
Auto Expenses	$16,363	$16,050	$10,228
Other Expenses	$22,868	$20,360	$24,327
Franchisee Fees			
Royalty Fee (7%)	$31,589	$26,320	$21,581
Total Operating Expenses	$71,987	$63,922	$57,484
EBITDA (If Franchised)	**$125,020**	**$96,985**	**$71,870**
Net Profit Margin (If Franchised)	**27%**	**28%**	**26%**

Notes to Table One:

*During the 2024 and 2025 fiscal year the Disclosed Outlet operated on a part time basis for less than three days and thirty hours a week.

1. The figures in Table 1 above use the historical information the Disclosed Outlet has provided. The financial information provided represents the profit and loss figures of the Disclosed Outlet. You should be advised that no certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form, nor have we sought to independently verify their accuracy. Upon your reasonable request, we will provide written substantiation for this financial performance representation.

2. "Gross Revenue" means all revenue from the sale of products and services and all other income of every kind related to the business, whether for cash, credit, trade, barter, or other value and regardless of collection in the case of credit and even if you have contracted with third parties to provide certain of the services, less any bona fide refunds given to customers in the ordinary course of business. This figure represents the gross revenue earned by the Disclosed Outlet during the Measurement period.

3. "COGS" includes the costs to purchase inventory and supplies used in the performance of sales and services to customers.

4. "Gross Profit Margin" means Gross Profit divided by Gross Revenue.

5. "Total Operating Expenses" means expenses attributable to the operation of a Stem Guys Tire Supplies business, including labor cost, utilities, marketing expenses, insurance, IT and software, supplies, office supplies, merchant fees and banking charges, business licenses & permits and other miscellaneous expenses.

6. "Total Franchisee Expenses" includes fees that are attributable to a franchisee running a Franchised Business under our current Franchise Agreement. These Fees are listed in Item 6 of this document and include the Royalty Fees which are 7% of Gross Revenue. To calculate the estimated Royalty Fee the total Gross Revenue was multiplied by the applicable percentage.

6. “EBITDA (if franchised)” means Gross Revenue minus COGS, Total Operating Expenses, and Total Franchisee Expenses. EBITDA does not include interest paid on debt, taxes, depreciation, or amortization expenses.

7. “Net Profit Margin (if franchised)” means EBITDA divided by Gross Revenue.

Notes Regarding the Tables in Item 19 Generally:

1. This information may not reflect all operating expenses, or other costs or expenses that you may elect to incur, which must be deducted from the gross revenues figure in order to obtain your net income or profit. This will affect the net income and/or cash flow of any outlet and must be carefully considered and evaluated. You should conduct an independent investigation of the costs and expenses that you will incur in operating your Franchised Business.

2. This Item 19 does not reflect certain pre-opening costs and expenses over the Measuring Period that you are likely to incur in connection with the development of a new Franchised Business. See Item 7 for details about pre-opening costs for your Franchised Business.

3. The mobile tire supply delivery industry is highly competitive and affected by, among other things, changes in geographic area, changes in preferences, local, regional, and national economic conditions, population trends, and traffic patterns. The performance of your Franchised Business will be affected by the region in which you operate, your competitors, and the success you have in marketing and managing your operations.

4. The Disclosed Outlet operates in and around the Brentwood, California statistical area, where the Stem Guys Tire Supplies brand has likely obtained more of a reputation and positive goodwill among the relevant target market (as compared to another region of the United States where there are no Franchised Businesses in operation).

5. You should consult other sources for financial information including your financial, business, and legal advisors in connection with the information provided and our franchisees listed in Exhibit C to this Franchise Disclosure Document to obtain additional information necessary for you to develop estimates of the sales, costs, expenses, earnings, and profits

Some outlets have sold this much. Your individual results may differ. There is no assurance you’ll sell as much

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 the franchisor's management by contacting Rich Leland at 364 Fremont Peak Drive, Brentwood, CA 9451, (510) 301-2436, or email: rich@stemguystiresupplies.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2023 TO 2025

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	1	1
Company Owned	2023	1	1	0
	2024	1	1	0
	2025	1	1	0
Total Outlets	**2023**	**1**	**1**	**0**
	2024	**1**	**1**	**0**
	2025	**1**	**2**	**1**

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2023 TO 2025

STATE	YEAR	NUMBER OF TRANSFERS
CA	2023	0
	2024	0
	2025	0
Total Outlets	**2022**	**0**
	2023	**0**
	2024	**0**

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS 2023 TO 2025

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF YEAR
TX	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Total Outlets	**2023**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2025	**0**	**1**	**0**	**0**	**0**	**0**	**1**

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS FOR YEARS 2023 TO 2025

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
CA	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Total Outlets	**2023**	**1**	**0**	**0**	**0**	**0**	**1**
	2024	**1**	**0**	**0**	**0**	**0**	**1**
	2025	**1**	**0**	**0**	**0**	**0**	**1**

TABLE NO. 5
PROJECTED OPENINGS AS OF JANUARY 1, 2025

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN NEXT FISCAL YEAR	PROJECTED NEW COMPANY OWNED OUTLETS IN NEXT FISCAL YEAR
CA	2	0	0
TOTAL	**2**	**0**	**0**

Exhibit C lists the names of all current and former franchisees and the addresses and telephone numbers of their outlets as of January 1, 2025. Currently, there are none.

There are no franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within ten weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the franchise 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. There are currently no franchisees who have signed a confidentiality agreement during the last three years.

There are no independent franchisee organizations associated with the franchise System.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document are our audited financial statements for 2024 and 2025. As we were formed in August 2024 and will begin offering franchises at the publication of this Disclosure Document, we have not been in business for three years or more and cannot include all financial statements required by the FTC Rule for our last three fiscal years. Our fiscal year ends on December 31.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document or as Attachments to the Franchise Agreement.

Document/Contract	Location in FDD
Franchise Agreement (FA) & Exhibits	Exhibit E
Form of General Release	Exhibit G
Form of Confidentiality and Noncompetition Agreement	Exhibit H
State Required Franchise Agreement Riders	Exhibit I

ITEM 23
RECEIPTS

The last two pages of this Disclosure Document are duplicate Receipts for you to sign. Keep one for your records and return the other one to us.

EXHIBIT A

FINANCIAL STATEMENTS

Stem Guys Tire Supplies, LLC

(A California Limited Liability Company)

Financial Statements with Report of Independent Auditors
For the year ended December 31, 2025, and
Balance Sheet as of December 31, 2024

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DA ADVISORY GROUP
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors

To the Member of
Stem Guys Tire Supplies, LLC:

Opinion
We have audited the accompanying financial statement of Stem Guys Tire Supplies, LLC, (the Company), a California limited liability company, which comprise balance sheet as of December 31, 2025 and December 31, 2024, and the related statement of operations, changes in member's equity and cashflow for the year ended December 31, 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and 2024, and the results of its operations and its cash flows for the years ended December 31, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after April 21, 2026.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

DA Advisory Group PLLC

Troy, MI
April 21, 2026

Stem Guys Tire Supplies LLC
BALANCE SHEETS
As of December 31, 2025 and 2024

	December 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,705	$ 10,000
Accounts receivable	-	-
Total current assets	14,705	10,000
Total assets	$ 14,705	$ 10,000
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Credit cards	$ 4,077	$ -
Total current liabilities	4,077	-
Total liabilities	4,077	-
Members' equity	10,628	10,000
Total liabilities and members' equity	$ 14,705	$ 10,000

Stem Guys Tire Supplies LLC
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2025

		2025
REVENUE		
	Franchise fee income	$ 20,000
	Total revenue	20,000
OPERATING EXPENSES		
	Selling and administrative expenses	92,580
Operating loss		(72,580)
OTHER INCOME (EXPENSE)		
	Net other income (expense)	-
	Net loss	$ (72,580)

see accompanying notes

Stem Guys Tire Supplies LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Year Ended December 31, 2025

	Total Equity
BALANCE, JANUARY 1, 2025	$ 10,000
Contributions	78,572
Distributions	(5,364)
Net loss	(72,580)
BALANCE, DECEMBER 31, 2025	$ 10,628

Stem Guys Tire Supplies LLC
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

		2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	(72,580)
Change in:		
Accounts payable and other current liabilities		4,077
Net cash used by operating activities		(68,503)
CASH FLOWS FROM FINANCING ACTIVITIES		
Partner capital distributions		(5,364)
Partner capital contributions		78,572
Net cash provided by financing activities		73,208
Net change in cash and cash equivalents		4,705
Cash and cash equivalents at beginning of year		10,000
Cash and cash equivalents at end of year	$	14,705
Total cash and cash equivalents	$	14,705

Stem Guys Tire Supplies, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2025, and 2024

1. Organization

Stem Guys Tire Supplies, LLC ("The Company") was organized on August 5, 2024, in the State of California. The Company offers franchise opportunities in the tire supply industry. As a franchisor, the Company is subject to all the laws, rules, and regulations of each state. Some states have more stringent regulations than others.

For the period ended December 31, 2024, total capital contributions were $10,000 and member withdrawals were $0. For the period ended December 31, 2025, total capital contributions were $78,572 and member withdrawals were $5,364.

2. Summary of significant accounting policies and nature of operations

Basis of accounting
The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents
Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. As of December 31, 2025, the cash balance did not exceed the insured limit.

Revenue and expenses
For franchise revenues, the Company has obligations to provide franchisees with the franchise rights to open a business within the franchise system, provide training, and assist with territory selection. The Company's revenue recognition policies for franchise fees are in compliance with accounting standards ASC Topic 606, Revenue from Contracts with Customers. In 2020, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU), Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient. The expedient has allowed franchisors that are not public business entities to account for pre-opening activities as a single performance obligation. The Company has concluded that these preopening activities represent performance obligations to which the franchise fee is allocated. Therefore, initial franchise fees for each agreement are allocated to the Company's performance obligation and recognized as these preopening activities are performed, which typically aligns with the date a franchisee opens. For the year ended December 31, 2025, the Company has earned $20,000 in initial franchise fees.

Expenses are recognized in the month incurred and accrued as necessary per accrual basis reporting.

2. Summary of significant accounting policies and nature of operations (continued)

Fair value of financial instruments

The Fair Value Measurements and Disclosure Topic of the FASB Accounting Codification establishes a framework for measuring fair value that is based on the inputs market participants use to determine fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs.

The accounting guidance describes a hierarch of three levels of input that may be used to measure fair value:

Level 1	Inputs based on quote prices in active markets for identical assets and liabilities.
Level 2	Inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
Level 3	Unobservable inputs based on little market or no market activity and which are significant to the fair value of the assets and liabilities.

The Company's material financial instruments consist of primarily cash and cash equivalents, accounts and notes receivable, and accounts payable and accrued expenses. The fair values of cash, accounts and notes receivable, accounts payable and accrued expenses are equal to their carrying values based on their liquidity. The fair value measurement of these assets is categorized as Level 1. For the Company's financial instruments, which consist of cash and cash equivalents the carrying amounts approximate fair value due to their short maturities.

Advertising and marketing

Advertising and marketing costs are expensed as incurred. For the year ended December 31, 2025, the Company incurred $3,949 in advertising and marketing costs.

Income taxes

Income taxes on Company income are levied on the Member at the member level. Accordingly, all profits and losses of the Company are recognized on the Member's individual tax return.

3. Subsequent events

Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of Stem Guys Tire Supplies, LLC through April 21, 2026 (the date the financial statements were available to be issued) and concluded that no events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

EXHIBIT B

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

List of State Regulatory Administrators

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<table>
<tr><th colspan="2">LIST OF STATE ADMINISTRATORS</th></tr>
<tr><td><u>CALIFORNIA</u>
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
Toll Free (866) 275-2677</td><td><u>CONNECTICUT</u>
State of Connecticut
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103-1800
(860) 240-8230</td></tr>
<tr><td><u>HAWAII</u>
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division, Securities Compliance Br.
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722</td><td><u>ILLINOIS</u>
Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465</td></tr>
<tr><td><u>INDIANA</u>
Indiana Secretary of State
Franchise Section
302 Washington Street, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681</td><td><u>MARYLAND</u>
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360</td></tr>
<tr><td><u>MICHIGAN</u>
Michigan Attorney General's Office
Corporate Oversight Division, Franchise Section
525 W. Ottawa St., G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933
(517) 373-7117</td><td><u>MINNESOTA</u>
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600</td></tr>
<tr><td><u>NEW YORK</u>
New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222</td><td><u>NORTH DAKOTA</u>
North Dakota Ins. And Securities Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910</td></tr>
<tr><td><u>OREGON</u>
Department of Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street, NE Room 410
Salem, Oregon 97310
(503) 378-4387</td><td><u>RHODE ISLAND</u>
Department of Business Regulation Securities Division,
Building 69, First Floor
John O. Pastore Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9527</td></tr>
<tr><td><u>SOUTH DAKOTA</u>
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563</td><td><u>VIRGINIA</u>
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051</td></tr>
<tr><td><u>WASHINGTON</u>
Department of Financial Institutions
Securities Division, P.O. Box 41200
Olympia, WA 98504-1200
(360) 902-8760</td><td><u>WISCONSIN</u>
Division of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139</td></tr>
</table>

List of Agents for Service of Process

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

LIST OF STATE AGENT FOR SERVICE OF PROCESS	
CALIFORNIA Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free (866) 275-2677	**CONNECTICUT** Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**ILLINOIS** Illinois Attorney General Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA Indiana Secretary of State Franchise Section 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**MARYLAND** Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117	**MINNESOTA** Minnesota Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEW YORK Secretary of State 99 Washington Avenue, Albany, NY 12231 (518) 472-2492	**NORTH DAKOTA** North Dakota Ins. And Securities Department 600 East Boulevard Avenue, Dept. 401 Bismarck, North Dakota 58505 (701) 328-2910
OREGON Secretary of State Corporation Division - Process Service 255 Capitol Street NE, Suite 151 Salem, OR 97310-1327 (503) 986-2200	**RHODE ISLAND** Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
SOUTH DAKOTA Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON Director, Department of Financial Institutions Securities Division, 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760	**WISCONSIN** Administrator, Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT C

LIST OF CURRENT FRANCHISEES

CURRENT FRANCHISEES

State	City	Address	Contact	Owner Name(s)
CA	Modesto	2216 Cimarron Hills Drive	juanpadilla09771@outlook.com	Juan Manuel Padilla Jr
CA	Orangevale	8813 Canarsie Ave	steve@stemguystiresupplies.com	Steven Bogan
TX	Jacksboro	8500 FM 1156	brandoncarnell@live.com	Carnell Ventures LLC

FORMER FRANCHISEES

NONE.

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

The Operations Manual is still under development; therefore, these numbers are estimates based on what has currently been developed and are subject to change.

Chapter	Pages
Introduction	12
Start-Up	20
Accounting & Administration	16
Human Resources	32
Marketing & Social Media	18
Daily Business Operations	10
Safety & Security	25
Total	**133**

EXHIBIT E

<u>FRANCHISE AGREEMENT</u>
<u>WITH ATTACHMENTS</u>

FRANCHISE AGREEMENT

between

STEM GUYS TIRE SUPPLIES, LLC

and

____

FRANCHISEE

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ATTACHMENTS

A. Franchisee Specific Terms
B. Personal Guaranty of Owner
C. Franchisee Compliance Questionnaire

STEM GUYS TIRE SUPPLIES

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into as of the date set forth on Attachment A of this Agreement (the "Effective Date") (Attachment A and all other attachments to this Agreement are hereby incorporated by this reference) between Stem Guys Tire Supplies, LLC, a California limited liability company with its principal place of business at 364 Fremont Peak Drive, Brentwood, CA 94513 ("Stem Guys Tire Supplies"), and the person or entity identified on Attachment A as the franchisee (the "Franchisee"). In this Agreement, "we," "us," and "our" refers to Stem Guys Tire Supplies, LLC. "you" and "your" refers to Franchisee.

BACKGROUND

We and our affiliates have accumulated knowledge and experience in the mobile tire supply industry on the basis of which we have developed and will continue to develop a distinctive business format and set of specifications and operating procedures (collectively, the "System") for the operation of franchised outlets (each franchised unit shall be referred to herein as a "Business") that operate under the Stem Guys Tire Supplies mark and offer such services to the public.

The distinguishing characteristics of the System include, but are not limited to, our Business designs, layouts, and identification schemes (collectively, the "Trade Dress"), our specifications for equipment, inventory, and accessories; our website or series of websites for the Business (the "System Website"); our relationships with vendors; our software and computer programs; our billing system; the accumulated experience reflected in our operating procedures, customer service standards methods, and marketing techniques; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements ("System Standards") set out in our operations manual ("Manual") and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

We identify the Businesses operating under the System by means of the Stem Guys Tire Supplies mark and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos we may designate from time to time (collectively, the "Marks"). We may designate for your use other trade names, service marks, and trademarks as Marks from time to time. These marks which will also be included in the term the "Marks."

If you are a corporation, limited liability company, partnership, or other entity (collectively, an "Entity"), all of your owners of a legal and/or beneficial interest in the Entity (the "Owners") are listed on Attachment A. If you are an Entity, the individual owner who you must appoint to have authority over all business decisions related to your business and to have the power to bind you in all dealings with us will be referred to as your Operating Principal.

You desire to open and operate a Stem Guys Tire Supplies Business using the Marks and the System, and we are willing to grant to you a license to open and operate a Business on the terms and conditions of this Agreement.

In consideration of the foregoing promises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Article 1 Rights Granted

§1.1. Grant of Franchise. On the terms and conditions of this Agreement, we grant to you a non-exclusive license (the "License") to operate one Business using the Marks and the System. The Business will be located at a site to be mutually agreed upon subsequent to the execution of this Agreement (the "Approved Location"), within the area set forth on Attachment A (the "Designated Territory"). You have no right to (i) sublicense the Marks or the System to any other person or entity, (ii) use the Marks or the System at any location other than the Approved Location, or (iii) to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution besides the operation of the Business at the Approved Location.

§1.2. Acceptance of License. You hereby accept the License and agree to operate the Business according to the provisions of this Agreement for the entire Term, as defined in this Agreement.

§1.3. Limited Territorial Protection. A description of your Designated Territory's boundaries is set forth on Attachment A. Except as provided in this Section, we and our affiliates will not open, or license a third party to open, a Business within your Designated Territory. Except for the foregoing sentence, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Business. For example, without limitation, we have the right to:

(a) establish or license franchises or company-owned Businesses or enterprises offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks anywhere outside of the Designated Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Designated Territory;

(b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Designated Territory;

(c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Designated Territory; and

(d) acquire, be acquired by, or merge with other companies with existing staffing and employment service that places or other businesses anywhere (including inside or outside of the Designated Territory) and, even if such businesses are located in the Designated Territory, (i) convert the other businesses to the Stem Guys Tire Supplies name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Businesses to such other name.

§1.4. Operating Principal. If you are an Entity, you must designate one individual to have authority over all business decisions related to your Business and the power to bind you in all dealings with us ("Operating Principal"). Your Operating Principal must directly or indirectly own at least 20% of the total outstanding ownership interests in your Entity. Your Operating Principal must be listed on Attachment A. You may not change your Operating Principal without our prior written approval.

§1.5. Ownership and Guarantee.

(a) Owners of Equity. If you are an Entity, each of your Owners must execute our form of "Payment and Performance Guarantee" (the "Guarantee") attached as Attachment B of this Agreement. By executing the Guarantee, each Owner will be bound by the provisions contained in this Agreement, including without limitation the covenants against competition. A violation of any of the provisions of this Agreement by any Owner will also constitute a violation by you of your obligations under this Agreement. You represent that the individuals executing this Agreement under the Guarantee are your sole owners.

(b) Governing Documents. If you are (or Transfer this Agreement to) an Entity, upon our request, you agree to furnish us with a list of holders of direct or indirect equity interests and their percentage interests, as well as copies of your governing documents and any other corporate documents, books, or records, including certificates of good standing from your state. The Owners may not enter into any shareholders' agreement, management or operating agreement, voting trust, or other arrangement that gives a third party the power to direct and control your affairs without our prior written consent. During the Term, your governing documents must provide that no transfer of any ownership interest may be made, except in accordance with this Agreement. Any securities that you issue must bear a conspicuous printed legend to that effect.

Article 2 Initial Term and Successor Term

§2.1. Initial Term. The initial term (the "Initial Term") of the License begins on the Effective Date and ends on the tenth anniversary thereof.

§2.2. Successor Term. On expiration of the Initial Term, if you (i) are not in default under this Agreement, (ii) have substantially complied with this Agreement throughout the Term, (iii) have timely paid all monies due to us or our affiliates, and (iv) comply with this Section, you may, at your option, obtain two additional consecutive successor terms of five years each (each, a "Successor Term"). The Initial Term and Successor Terms are referred collectively in this Agreement as the "Term." You may only exercise this right to obtain a Successor Term by:

(a) giving us written notice of your desire to obtain a successor License at least six, but no more than twelve, months before the expiration of the then-current Initial Term or Successor Term;

(b) delivering to us a fully executed franchise agreement on our then-current form of franchise agreement, which you acknowledge may contain terms materially different than those contained in this Agreement, including, but not limited to, higher fees and charges, and a modified Designated Territory;

(c) executing a general release, in a form we prescribe, of any and all claims against us, our affiliates, and our and their past, present, and future officers, directors, shareholders, and employees arising out of, or relating to, your Business;

(d) completing, and having your Operating Principal complete, all of our then-current training requirements, including any additional training that we may require;

(e) substantially and timely complying with each provision of this Agreement or any other agreement with us, our affiliates, or your landlord throughout the Initial Term and having no Event of Default (as defined in in this Agreement), or event which with the giving of notice and/or passage of time would constitute an Event of Default, in existence as of the expiration of the Initial Term; and

(f) paying to us the Renewal Fee.

Article 3 Fees

§3.1. Franchise Fee. You must pay us an initial franchise fee as set forth on Attachment A (the "Franchise Fee"). The Franchise Fee is paid in consideration of the rights granted in Article 1 (Rights Granted), is due on execution of this Agreement, and will be deemed fully earned when due. You acknowledge that we have no obligation to refund the Franchise Fee, in whole or in part, for any reason.

§3.2. Royalty Fee.

(a) Gross Revenue. "Gross Revenue" means all revenue that you receive or otherwise derive from operating the Business, whether from cash, check, insurance payments, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for the revenue. If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Business, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers and (ii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation.

(b) Amount of Royalty Fee. You must pay us a monthly royalty fee (the "Royalty Fee") equal to seven (7) percent of your monthly Gross Revenue for the previous month.

§3.3. Brand Fund Contribution. When established, you must contribute 1% of your monthly Gross Revenues to a fund we have established to promote the Stem Guys Tire Supplies brand as described in this Agreement ("Brand Fund Contribution"). We reserve the right to raise the amount of the Brand Fund Contribution to a maximum of 3% of monthly Gross Revenue on thirty days' advance written notice.

§3.4. Technology Fee. You agree to pay us a fee for the cost of your access to and usage of our system, intranet, mobile applications, websites and other products and services we designate for use in the Business ("Technology Fee"). The current fee is $100 per month. This fee is due by the 10th of the month beginning in the month you open your Business. We reserve the right to add, remove, and modify the services included with the Technology Fee and to increase or decrease the amount of the fee accordingly on written notice to you.

§3.5. Non-Compliance Fee. We may increase your Royalty by up to 1% of Gross Revenue if we find in our reasonable discretion that you are not in compliance with your obligations under this Agreement ("Non-Compliance Fee"). The Non-Compliance Fee may be charged until you maintain compliance with this Agreement for at least ninety consecutive days. We may include in the Non-Compliance Fee reasonable compensation and all costs and expenses we incur in performing follow-up inspections to evaluate your compliance.

§3.6. Management Fee. If we elect to operate your Business on your behalf in accordance with the terms of this Agreement, you agree to pay us a fee equal to 5% of Gross Revenue earned during our management of the Business ("Management Fee").

§3.7. Renewal Fee. Upon your execution of a renewal franchise agreement, you will pay to us a Renewal Fee equal to $10,000 (the "Renewal Fee").

§3.8. Transfer Fee. If you Transfer (as defined in this Agreement) your Business or this Agreement, you must pay us a Transfer Fee $10,000 ("Transfer Fee").

§3.9. Payments of Fees. Your Royalty Fees, Technology Fee, and Brand Fund Contributions, (the "Operating Fees") are due to us and must be reported to us at the times and in the manner that we specify from time to time in the Manual or otherwise. Currently, you must pay us your Operating Fees monthly on or before the last day of each month, based on your Gross Revenue for the preceding month. All other fees and payments due to us must be paid to us within ten days of the event that triggers the fee or your receipt of an invoice from us.

§3.10. Methods of Payment. You must make all payments to us by the method or methods that we specify from time to time in the Manual, which may include payment via wire transfer and electronic debit to your bank account. You must furnish us and your bank with all authorizations necessary to effect payment by the methods we specify. We currently require you to make payment by electronic debit from your specified checking or savings account, and you must complete and sign an Authorization Agreement for Preauthorized Payments for this purpose. You must deliver a copy of the Authorization to us within five business days of our request. You must maintain sufficient funds in your account to permit us to withdraw the Operating Fees due from time to time. You may not, under any circumstances, set off, deduct or otherwise withhold any Operating Fees, interest charges, or any other monies payable under this Agreement on grounds of our alleged non-performance of any obligations or for any other reason. We may require you to purchase merchant processing services from us, our affiliates, or a vendor that we have approved or designated, each of whom may charge a reasonable monthly fee and reasonable per transaction fee. The payment processor may process all credit card payments related to your Business, and remit payment to you of all monies owed, after withholding any Operating Fees payable to us and any payment processing fees payable to such processor. If you fail to timely report your Gross Revenue, or we are otherwise unable to access your Gross Revenue, we may estimate the amount of fees due and make a corresponding withdrawal from your bank account based on our estimate, plus 20% of our estimate. If we underestimate any fees due, you will remain obligated to pay the total amount of fees due, which, if we institute an automatic debit program, we may debit from your account automatically. If we overestimate any fees due, we will credit the fees paid (without interest) against fees due in the next payment period after we receive accurate records regarding your Gross Revenue.

§3.11. Interest; Late Fee. If any payment due to us is not received in full by the due date, you agree to pay us daily interest on the amount owed, calculated from the due date until paid, at the rate of 18% per annum (or the maximum rate permitted by law, if less. You also agree to pay us a late fee in the amount of $100 for each week that a payment is paid after the applicable due date. This late fee is subject to increase upon sixty days' prior written notice but will not be increased more than once in any 12-month period. You acknowledge that this paragraph is not our agreement to accept any payments after they are due and that any late payments are a default under this Agreement.

§3.12. Taxes. You are responsible for all taxes, assessments, and government charges levied or assessed on you in connection with your business activities under this Agreement. In addition, as part of the Royalty Fee, Brand Fund Contribution, Training Fee, Technology Fee, or any other fees that we charge, you will pay to us the amount of any taxes imposed on us or our affiliates (and any taxes imposed on us or our affiliates as a result of such imposition) by federal, state, or local taxing authorities as a result of our receipt of any such fees, not including any tax measured on our income.

Article 4 Site Selection, Development, and Opening of Business

§4.1. Site Selection. You may operate the Business from your primary residence or from an office space that we approve of in writing (the "Approved Location"). If you operate the Business from a location other than your primary residence, you must provide written notice to us and sign our standard "Lease Rider". Unless we have provided our acceptance of the proposed business premises in writing the request will be deemed denied after 30 days after receiving your written request.

§4.2. Definition of Designated Territory. The Approved Location must be located in your Designated Territory as defined in Attachment A. We define territories based on the factors that we deem relevant, in our sole discretion, which might include, the character and location of the Approved Location, and nearby businesses and residences.

§4.3. Opening Deadline. You must open your Business no later than ninety (90) days after signing this Agreement (the "Opening Deadline"), unless we grant you an extension in writing. We will provide you with any specifications that we develop for fixtures, furnishings, equipment, and signage, which may include the names of approved suppliers. We do not supply these items directly, nor do we assist with delivery or installation. You may not open the Business until you have received our written approval. You must open the Business within ten days of the date we give our written approval. Time is of the essence in opening the Business. Failure to open the Business and commence business in accordance with this section, is a material default of this Agreement. In the event the failure to open continues for more than ninety (90) days, we have the right, but not the obligation to terminate this Agreement and all of your rights thereunder and retain all monies paid to us by you, as well as any and all other rights and remedies, whether provided by this Agreement or by law.

Article 5 Training and Assistance

§5.1. Initial Training. Prior to opening the Business, you, your Operating Principal or your Key Manager (collectively, "Required Trainees") must personally attend and satisfactorily complete our initial training program ("Initial Training"). We will provide Initial Training as soon as practicable after the execution and delivery of this Agreement at our offices, online, or at any other location that we designate, including on-site at your location. We may waive a portion of Initial Training or alter the training schedule if we determine that your Required Trainees have sufficient prior experience or training or have previously been trained at one of our Business. Each subsequent Operating Principal must attend our Initial Training unless we otherwise agree in writing, but we may permit them to attend Initial Training remotely via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine.

(a) Cost. We will provide instructors, facilities, and materials for up to three Required Trainees at no cost, provided that all of your trainees are trained during the same training session. You are solely responsible for any costs of travel, expenses, and wages associated with attendance at Initial Training. If space is available, you may bring more than two representatives to Initial Training. We reserve the right to charge a training fee of $500 per trainee, which we may increase upon sixty days' written notice to you, for (i) each person in excess of three trainees, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent Operating Principal or employee who attends the course. As used in this Agreement, "Training Fee" means any fee imposed in accordance with this Article which is currently $500 per day per trainer plus our expenses which include but or are not limited to travel and lodging expenses. We may increase the amount to be charged for each trainer upon sixty days' prior written notice

(b) Completion of Initial Training. If your Required Trainees are unable to successfully complete, in our sole discretion, Initial Training for any reason, your Required Trainees must repeat Initial Training, or you must send replacement Required Trainees to complete Initial Training. Your Required Trainees must successfully complete Initial Training at least ten days before the Opening Deadline. If you and your personnel satisfactorily complete our Initial Training and you do not expressly inform us at the end of Initial Training that you feel that you or they have not been adequately trained, then you and they will be deemed to have been trained sufficiently to operate a Business.

§5.2. Opening Advice. Prior to opening your Business, we will work with you to create a pre-opening marketing plan for the Business. We may provide additional pre-opening assistance as we deem appropriate in our sole discretion.

§5.3. Additional Training. We may periodically offer additional training programs to you, your Key Manager, and designated representative covering such subjects as new procedures, marketing, bookkeeping, accounting and general operating procedures and the establishment, development, and improvement of computer systems. Attendance by you or your Key Manager or designated representative may be mandatory or optional, in our discretion. There is no tuition fee for mandatory or optional training courses. All expenses that you and your personnel incur while attending or obtaining all training will be borne entirely by you. We may require your Required Trainees to participate in refresher or advanced training in each year of the Term.

§5.4. Remedial Training. If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manual, we may, in addition to all of our other rights and remedies, assign trainers to the Business to retrain Business employees and restore service levels or require you or your employees to repeat Initial Training or attend additional training programs at a location that we designate. We may charge a Training Fee as defined in Section 5.1 above.

§5.5. Training by You. You or your Operating Principal are responsible for training all of your other employees in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your employees in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training at our headquarters or send one of our representatives to train them at your Business and pay us any related Training Fees.

§5.6. Travel and Living Expenses. You are responsible for any travel and living expenses (including meals, transportation, and accommodations), wages, and other expenses incurred by your trainees. You are responsible for reimbursing us for any travel and living expenses incurred by our employees or agents related to providing any additional training, remedial training, or consulting services at your Business.

Article 6 Business Operation and System Standards

§6.1. Manual.

(a) Compliance with the Manual. We will furnish you access to our Manual, in a medium of our choosing, on loan for as long as this Agreement or a renewal franchise agreement remains in effect. We reserve the right to furnish all or part of the Manual to you in electronic form and to establish terms of use for access to any restricted portion of our website. You must comply with and abide by each required System Standard contained in the Manual, as they may be amended, modified, or supplemented periodically and such other written or electronically transmitted System Standards that we may issue periodically. We will maintain the Manual and the System and Brand Standards. You acknowledge that we may amend, modify, or supplement the Manual at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System. You must comply with revised mandatory System Standards within 30 days after we transmit the updates, unless otherwise specified.

(b) Use of the Manual. You agree to keep your copy of the Manual current. If there is any dispute as to the current contents of the Manual, the terms of the master copy maintained at our headquarters will control. You acknowledge that we own the copyright in the Manual and that your copy of the Manual remains our property and will be returned to us immediately upon expiration or termination of this Agreement. You will treat the Manual, and the information contained therein, as confidential and will maintain the confidentiality of such information. You will not, without our prior written consent, copy, duplicate, record, use, or otherwise reproduce in any way the Manual, in whole or in part, or otherwise make their contents available to any unauthorized person.

§6.2. Management and Personnel.

(a) Business Management. Unless otherwise specified in the Manual, at all times that your Business is open for business, it must be under the personal, on-premises supervision of either you, your Operating Principal, or a trained manager (the "Key Manager"). You may not permit your Business to be operated, managed, directed, or controlled by any other person or entity without our prior written consent. If at any time during the Term no Owner, Operating Principal, or employee who has completed our Initial Training to our satisfaction is able to operate the Business, we may elect to do so on your behalf. You will pay us all costs and expenses we incur while operating your Business plus the Management Fee.

(b) Employment Decisions and Policies. You are solely responsible for all labor and employment-related matters and decisions related to your Business, including hiring, firing, promoting, demoting, and compensating (including through wages, bonuses, or benefits) your employees. You must ensure that your employees are qualified to perform their duties in accordance with our System Standards and successfully pass a background check. We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Manual or otherwise for your optional use. You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the Business.

§6.3. Operation of the Business. If we permit you to operate the Business at location other than your personal residence, you will not use the Approved Location for any purpose other than the operation of the Business in compliance with the System and the Manual. You will not lease, sublease, or assign the lease for all or any portion of the Approved Location, without our prior written consent.

(a) Operating Hours. You must keep the Business operating at least during the hours we prescribe from time to time in the Manual or otherwise approve, unless prohibited by applicable law or by the lease (if any) for the Business premises.

(b) Notice of Independent Contractor. During the Term, you agree to hold yourself out to the public as an independent contractor operating your Business under license from us, and you must display in a conspicuous location in or upon the Business, or in a manner that we specify, a sign containing the following notice or an alternative notice that we specify: "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the Stem Guys Tire Supplies trademark, which is owned by "Stem Guys Tire Supplies, LLC." You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials we designate.

§6.4. Minimum Performance Requirements. During the Term, you must meet the following minimum performance levels beginning in your second year of operation (the "Minimum Performance Levels"):

(a) during years two through three of operating the Business, you must achieve minimum annual Gross Revenue of $180,000;

(b) in years four through five of operating the Business, you must have minimum annual Gross Revenues of $250,000;

(c) in years six through eight of operating the Business, you must have minimum annual Gross Revenues of $400,000;

(d) in years nine plus of operating the Business, you must have minimum annual Gross Revenues of $450,000; and

If you fail to meet the Minimum Performance Levels in any calendar year, you must create a business plan that we must approve in writing, and you must diligently implement the business plan during the next calendar year. If you fail to meet the Minimum Performance Levels for two consecutive years, such failure shall be an Event of Default.

§6.5. Pricing. We may provide you with recommended or mandatory prices for products and services. Otherwise, you are solely responsible for determining the prices that you will charge your customers. You must provide us with your current price list upon our request.

§6.6. Products, Supplies, Operating Assets, and Services.

(a) Purchases. We have the right to require that products, supplies, equipment, goods, and services that you purchase for resale or purchase or lease for use in your Business ("Operating Assets"): (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates). To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manual.

(b) Products and Services You May Offer. You may offer in the Business only the products, services, and classes that we have approved in writing. In addition, you must offer the specific products, services, and classes that we require in the Manual or otherwise in writing. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all products, services, or classes that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manual (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

(c) Revenue from Purchases. You acknowledge and agree that we and our affiliates may derive revenue based on your purchases and leases, including from charging you for products and services we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers and distributors that we designate or approve for some or all of our franchisees. We and our affiliates may use all amounts received from suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate. If you derive any revenue based on payments or promotional allowances received from suppliers or distributors, you must report to us the details of the arrangement and such revenue shall be included as part of your Gross Revenue.

(d) Approval Process. If you would like to offer products, services, or use any Operating Assets or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. We may require the proposed supplier or service provider to visit our the current headquarters, to evaluate the proposed supplier or service provider in person. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within ninety days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Business may differ from those that we permit or require to be offered in other Businesses.

(e) Revocation of Approval. We reserve the right to reinspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing or leasing the item or service or any items or services from the formerly approved supplier or service provider and you must dispose of your remaining inventory of the formerly approved items and services as we direct. If we revoke approval of a previously approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to thirty days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the thirty-day period, or such shorter period that we may designate, you must dispose of your remaining such inventory as we direct.

§6.7. Distribution. You may not make any sales of products or services outside of the Business, provide services outside of the Business, or use vendor relationships that you establish through your association with us or the Stem Guys Tire Supplies brand for any other purpose besides the operation of the Business, unless we consent in writing. You agree to purchase products solely for resale to customers, and not for resale or redistribution to any other party, including other System franchisees. You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing.

§6.8. Participation in System-wide Programs, Conferences, and Councils.

(a) Promotional Programs. You must participate in all in-Business promotional programs that we offer to franchisees. You will follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manual or otherwise in writing. You will not allow use of gift certificates, gift cards, or coupons unless approved or offered by us or our affiliates.

(b) Franchisee Advisory Council. We may establish an advisory council of franchisees ("Franchisee Advisory Council") using a form and process set forth in the Manual to advise us on various issues and strategies. The Franchisee Advisory Council will have an advisory role, but no operational or decision-making power. We may change the structure and process of the Franchisee Advisory Council or dissolve the Franchisee Advisory Council at any time. If we establish a Franchisee Advisory Council, you must participate in all council-related activities and meetings and must pay any dues related to the administration of the Franchisee Advisory Council.

§6.9. Business Management and Technology System.

(a) Acquisition and Updates. You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manual necessary to operate our point-of-sale system, our billing system, and other technology systems that we designate (collectively, the "Business Management and Technology System"). You must use the Business Management and Technology System to (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage your customers' contact information, (iv) generate sales reports and analysis relating to the Business, and (iv) provide other services relating to the operation of the Business. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require. You must replace, upgrade, or update at your expense the Business Management and Technology System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Business Management and Technology System requirements.

(b) Use of the Business Management and Technology System. You agree: (i) that your Business Management and Technology System will be dedicated to uses relating to the operation of the Business; (ii) to use the Business Management and Technology System in accordance with our policies and operational procedures; (iii) to transmit financial and operating data to us as required by the Manual; (iv) to do all things necessary to give us unrestricted access to the Business Management and Technology System at all times (including users IDs and passwords, if necessary) so that we may independently download and transfer data via a modem or other connection that we specify; (v) to maintain the Business Management and Technology System in good working order at your own expense; (vi) to ensure that your employees are adequately trained in the use of the Business Management and Technology System and our related policies and procedures; and (vii) not to load or permit any unauthorized programs or games on any hardware included in the Business Management and Technology System. You also must comply with all laws and payment card provider standards relating to the security of the Business Management and Technology System, including, without limitation, the Payment Card Industry Data Security Standards. You are responsible for any and all consequences that may arise if the system is not properly operated, maintained and upgraded or if the Business Management and Technology System (or any of its components) fails to operate on a continuous basis or as we or you expect.

§6.10. Compliance with Laws and Good Business Practices. You must comply with all applicable laws. You will obtain and maintain in good standing any and all licenses, permits, and consents necessary for you to lawfully operate the Business. You have sole responsibility for such compliance despite any information or advice that we may provide. In all dealings with customers, prospective customers, suppliers, us, and the public, you must adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other System franchisees.

§6.11. Notice of Proceedings. You will notify us in writing within five days after the commencement of any action, suit, or proceeding, or of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality in connection with the operation or financial condition of the Business, including without limitation any criminal action or proceeding brought by you against any employee, customer, or other person, but excluding civil proceedings against customers to collect monies owed.

§6.12. Insurance. During the Term, you must maintain in force at your sole expense insurance coverage for the Business in the amounts, covering the risks, and containing only the exceptions and exclusions that we periodically specify in the Manual for all similarly situated Businesses. All of your insurance carriers must be rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). These insurance policies must be in effect on or before the deadlines we specify. All coverage must be on an "occurrence" basis, except for the employment practices liability insurance coverage, which is on a "claims made" basis. All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that we or our affiliates maintain. All professional liability, general liability and workers' compensation coverage must provide for waiver of subrogation in favor of us and our affiliates. We may, upon at least sixty days' notice to you, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies must name us and any affiliates we designate as an additional insured and provide for thirty days' prior written notice to us of a policy's material modification or cancellation. You agree periodically to send us a valid certificate of insurance or duplicate insurance policy evidencing that you have maintained the required coverage and paid the applicable premiums. If you fail to obtain or maintain (or to prove that you have obtained or maintained) the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance and pay us a reasonable fee for such service.

§6.13. Taxes. You will pay when due all taxes, assessments, and governmental charges upon or against you or your real or personal properties, income, and revenue; provided that no such tax, assessment, or governmental charge need be paid so long as the validity, applicability, or amount thereof is being contested in good faith by appropriate proceedings and appropriate reserves are maintained to pay the disputed amount, if necessary.

Article 7 Marketing

§7.1. Our Advertising Materials. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available for purchase approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared. We or our affiliates will retain all copyrights relating to such advertising materials.

§7.2. Brand Fund. We reserve the right and intend to establish a brand development fund (the "Brand Fund") for the common benefit of System franchisees. Once established all franchisees will be required to contribute an equal amount to the Brand Fund (the "Brand Fund Contribution"). When we establish, you must contribute 1% of your Gross Revenue to the Brand Fund in the manner we prescribe and participate in Brand Fund programs. We reserve the right to increase your Brand Fund Contribution to up to 3% of Gross Revenue upon 30 days' notice to you. We have the right to use Brand Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising and public relations materials which promote, in our sole judgment, the products offered by System franchisees. We may use the Brand Fund Contributions to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising. We are not obligated to expend monies from the Brand Fund Contributions in any particular franchisee's market in proportion to the payments to the Marketing and Brand Fund made by the franchisee in that market. We do not represent that we will spend any particular amount of Brand Fund Contributions s locally, regionally, or nationally.

§7.3. Handling of Contributions. All payments to the Program may be deposited in our general operating account; may be segregated on a solely administrative basis while being commingled with our funds; and may be deemed our asset, subject to our obligation to use the funds in the Program and in accordance with the terms of this Agreement. We will furnish you with Program financial statements certified to be correct by one of our officers annually on request within 120 days of the end of the fiscal year. We may, in our sole discretion, elect to accumulate monies in the Program for such periods of time as we deem necessary or appropriate, with no obligation to expend monies received in any fiscal year during such fiscal year. We intend and you acknowledge that the Program is not a trust.
§7.4. Grand Opening Marketing. We suggest you spend a minimum of $4,000 to conduct a grand opening advertising campaign which may include but is not limited to pre-launch digital ads, social media posts, PR announcements, and an e-mail campaign. No amount paid by you for your grand opening will be credited toward Brand Fund Contributions or Local Advertising Expenditure. We are not required, under this Agreement, to spend any amount on advertising in your area or Designated Territory outside of the grand opening advertising campaign.

§7.5. Local Marketing.

(a) Monthly Expenditure. You are not currently required to spend any amount on local advertising and promotional activities, but we recommend spending a minimum of $250 per month ("Local Advertising Expenditure") consistent with the advertising policies set forth in the System Standards. We may, in our sole discretion, require you to pay the Local Advertising Expenditure to us or otherwise direct its use. We reserve the right to change this amount on 30 days' written notice to you.

(b) Approval of Advertising Materials. You must obtain our advance written approval prior to using or producing any advertising or marketing materials using any of the Marks, in whole or in part. You agree to conduct all advertising in a dignified manner and to conform to the standards and requirements we specify in the Manual. We will have the final decision on all creative development of advertising and promotional messages. If our written approval is not received within fourteen days of the date we received the material, the material is deemed disapproved. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

§7.6. Advertising Cooperatives. You agree to join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or approve for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Businesses ("Advertising Cooperatives") and to abide by the bylaws, rules, and regulations duly required by the Advertising Cooperative, which we have the right to mandate or approve. If you join an Advertising Cooperative, the Advertising Cooperative may require you to spend additional funds on marketing programs conducted by the Advertising Cooperative, which may be in addition to your Brand Fund Contribution. Amounts you contribute to any Advertising Cooperative will be credited against your Local Advertising Expenditure. We shall have the right to approve any marketing materials or marketing programs developed by any Advertising Cooperative in the manner specified in this Agreement or the System Standards.

§7.7. Digital Marketing.

(a) Restrictions. We or our affiliates may, in our sole discretion, may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, YouTube, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "Digital Marketing") that are intended to promote the Marks, your Business, and the entire network of Businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Business. Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Business or the network. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If we permit you or your employees to conduct any Digital Marketing, we will have the right to retain full control over all websites, social media accounts, mobile applications or other means of digital advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.

(b) System Website. As part of our Digital Marketing, we or one of our designees will operate and maintain a System Website, which may include basic information related to each Business and the ability for customers to purchase services from your Business. You must promptly provide us with any information that we request regarding your Business for inclusion on the System Website.

Article 8 Records, Reports, Audits, and Inspections

§8.1. Bookkeeping and Records. You agree to keep complete and accurate books, records, and accounts of all business conducted under this Agreement in accordance with generally accepted accounting principles. You must preserve all of your books and records in hard copy or in a format from which hard copies can be readily generated for at least five years from the date of preparation or such longer period as may be required by law. You must maintain such information and records on the Business Management and Technology System as we may require from time to time in the Manual and you acknowledge and agree that we will have access to that data remotely via a network connection that we will specify. At our request, you must retain and use, at your expense, the services of an accountant or accounting firm that we approve.

§8.2. Reports and Financial Statements. You agree to submit financial and operational reports and records to us at the times and in the manner specified in the Manual. Upon our written request, by April 15 of each year, you must submit your balance sheet and income statement for the previous calendar year. With respect to your year-end income statement and balance sheet, you or the Operating Principal must certify that the income statement and balance sheet are correct and complete and that they have been prepared in accordance with generally accepted accounting principles. We have the right to demand audited financial statements if an Event of Default has occurred within the last calendar year. In addition, you must provide us within 15 days after our request, exact copies of federal and state income and other tax returns and any other forms, records, books, reports, and other information that we periodically require relating to the Business or you.

§8.3. Additional Information. You shall respond promptly to requests from us for clarification and/or additional information regarding any matter entrusted to you under this Agreement. We may from time to time require information about your financial condition, earnings, sales, profits, costs, expenses, and performance to provide a basis for providing our prospective franchisees with information concerning actual or potential earnings or to comply with applicable law. You will provide such information promptly on our request and will certify that such information is true and complete in all material respects.

§8.4. Inspection. We have the right, through our employees and any agents we designate, at any time during business hours and with prior notice to you to: (i) inspect all operational and financial accounts for the Business, for compliance with the Manual, (ii) videotape, photograph or otherwise record the operation of the Business, (iii) interview your employees, landlord, and customers, (iv) examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other supporting records and documents of the Business, and (v) examine your income tax records and any other information, records or properties relating to the ownership, management, or operation of the Business. We may require you to install and maintain, at your expense, a video surveillance system that we designate which we may access remotely through a connection that we specify to ensure compliance with our standards and the Manual. Our right to inspect your business records includes records maintained electronically or off-site. You must cooperate with such inspections by giving our representatives unrestricted access and rendering such assistance as our representatives may reasonably request. If we notify you of any deficiencies after the inspection, you must promptly take steps to correct them. If you fail to correct any deficiencies within a reasonable time, not to exceed thirty days, we have the right to correct such deficiencies and charge you a reasonable fee plus our costs and expenses incurred in such inspection. Any inspections will be made at our expense, unless the inspection is necessitated by your repeated or continuing failure to comply with any provision of this Agreement, in which case we may charge you the costs of making such inspection, including without limitation the wages and cost of travel and living expenses for our representatives.

§8.5. Auditing. Without limiting the foregoing, we may audit or cause to be audited any statement you are required to submit to us and we may review, or cause to be reviewed, the records maintained by any bank or other financial institution used by you in connection with the Business. If any such audit or review discloses an understatement of the Gross Revenue for any period or periods, you will pay to us, within ten days after demand for payment is made, all additional Royalty Fees, Brand Fund Contributions, or other amounts required to be paid based upon the results of such audit or review. In addition, if such understatement for any period or periods is two percent or more of the Gross Revenue for such period or periods, you will reimburse us for the cost of such audit or review, including without limitation the charges of any independent accountant and any related attorneys' fees and the cost of travel and living expenses and wages for such accountants, employees, or other agents. You will pay to us, on demand, interest at the rate of 18% per annum or the maximum rate allowed by law, whichever is less, interest calculated from the date when the fees should have been paid to the date of actual payment. These remedies are in addition to and cumulative with our other remedies and rights under this Agreement and at law or equity.

Article 9 Intellectual Property

§9.1. Marks and Trade Dress.

(a) Acknowledgements. You acknowledge that we or our affiliates are the owner of the Marks and the Trade Dress, that you have no interest in the Marks and the Trade Dress beyond the nonexclusive License granted herein, and that, as between we and you, we have the exclusive right and interest in and to the Marks and the Trade Dress and the goodwill associated with and symbolized by them. Upon the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement.

(b) Rights. Your right to use the Marks and the Trade Dress applies only to the Business operated at the Approved Location as expressly provided in this Agreement, including advertising related to the Business. You may only use in your Business the Marks and the Trade Dress we designate, and only in compliance with written rules that we prescribe from time to time. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. You may not use any material bearing the Marks or the Trade Dress without our prior written approval, which may be revoked at any time on reasonable notice to you. You must display the Marks in a manner that we specify on signage at the Business and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationary, and other materials we designate.

§9.2. Copyrights. You acknowledge that as between you and us, any and all present or future copyrights relating to the System or the Stem Guys Tire Supplies concept, including, but not limited to, the Manual and marketing materials, (collectively, the "Copyrights") belong solely and exclusively to us. You have no interest in the Copyrights beyond the non-exclusive License granted in this Agreement.

§9.3. No Contesting Our Rights. During and after the Term, you agree not to directly or indirectly contest our ownership, title, right or interest in or to, or our license to use, or the validity of, (i) the Marks, (ii) the Trade Dress, (iii) the Copyrights, or (iv) any trade secrets, methods, or procedures that are part of the System (collectively, the "Intellectual Property"), or contest our sole right to register, use, or license others to use the Intellectual Property.

§9.4. Changes to the Intellectual Property. We have the right, on reasonable notice, to change, discontinue, or substitute for any of the Intellectual Property and to adopt entirely different or new Intellectual Property for use with the System without any liability to you, in our sole discretion. You agree to implement any such change at your own expense within the time we reasonably specify.

§9.5. Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also agree to inform us promptly of any challenge by any person or Entity to the validity of our ownership of or our right to license others to use any of the Intellectual Property. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property.

§9.6. Post-Termination or Expiration. Your right to use the Marks will terminate and any right you have to use the Intellectual Property will revert to us without cost and without the execution or delivery of any document on expiration or termination of this Agreement. You will execute all documents that we require to confirm such reversion on our request.

§9.7. Innovations. All ideas, concepts, techniques, or materials relating to a Business or the System (collectively, "Innovations"), whether or not protectable intellectual property and whether created by or for you or your Owners, employees, or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and the Intellectual Property, and works made-for-hire for us. To the extent any Innovation does not qualify as a work made-for-hire for us, by this Section you assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Business or otherwise without our prior approval.

Article 10 Proprietary Information

§10.1. Receipt of Proprietary Information. You acknowledge that prior to and during the Term, we may disclose to you, orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our classes, or the construction, management, operation, or promotion of the Business (collectively, "Proprietary Information"), including (i) site selection criteria and methodologies; (ii) methods, formats, systems, System Standards, sales and marketing techniques, knowledge and experience used in developing and operating Businesses, including information in the Manual; (iii) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for Businesses; (iv) knowledge of specifications for and suppliers of, and methods of ordering, certain items that Businesses use and/or sell; (v) knowledge of the operating results and financial performance of other Businesses; (vi) customer communication and retention programs, along with data used or generated in connection with those programs; and (vii) any other information we reasonably designate from time to time as confidential or proprietary. "Proprietary Information" does not include (i) information that is part of the public domain or becomes part of the public domain other than by the wrongful conduct of you or a third party, (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (iii) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when the parties began discussing the sale of the franchise.

§10.2. Nondisclosure of Proprietary Information. We and our affiliates own all right, title, and interest in and to the Proprietary Information. You will not, nor will you permit any person to, use or disclose any Proprietary Information (including without limitation all or any portion of the Manual) to any other person, except to the extent necessary for your professional advisors and your employees to perform their functions in the operation of the Business. You acknowledge that your use of the Proprietary Information in any other business would constitute an unfair method of competition with us and our franchisees. You will be liable to us for any unauthorized use or disclosure of Proprietary Information by any employee or other person to whom you disclose Propriety Information. You will take reasonable precautions to protect the Proprietary Information from unauthorized use or disclosure and will implement any systems, procedures, or training programs that we require. At our request, you will require anyone who may have access to the Proprietary Information to execute non-disclosure agreements in a form satisfactory to us that identifies us as a third-party beneficiary of such covenants with the independent right to enforce the agreement.

§10.3. Customer Information.

(a) Protection of Customer Information. You must comply with our System Standards, other directions from us, and all applicable laws regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Customer Information on your Business Management and Technology System or otherwise in your possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Information. "Customer Information" means names, contact information, financial information and other personal information of or relating to the Business's customers and prospective customers. If there is a suspected or actual breach of security or unauthorized access involving your Customer Information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Information was compromised or disclosed. You are responsible for any financial losses you incur or remedial actions that you must take as a result of a breach of security or unauthorized access to Customer Information in your control or possession.

(b) Use of Customer Information. You have the right to use Customer Information while this Agreement or a renewal franchise agreement is in effect, but only to market Stem Guys Tire Supplies products and services to customers in accordance with the policies that we establish periodically and applicable law. You may not sell, transfer, or use Customer Information for any purpose other than marketing Stem Guys Tire Supplies products and services.

Article 11 Indemnification

§11.1. Indemnification By You. You agree to indemnify, defend (at our election), and hold us and our affiliates, and our and their respective owners, directors, officers, employees, agents, representatives, successors, and assignees (the "Indemnified Parties") harmless from and against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to: (i) the Business's operation; (ii) the business you conduct under this Agreement; (iii) your performance or breach of this Agreement; or (iv) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Business's construction, design or operation, and including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. "Losses" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable costs or expenses that an Indemnified Party incurs, including accountants', arbitrators', mediators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

§11.2. Indemnification Procedure. You agree to defend the Indemnified Parties against any and all claims asserted, or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described above (collectively, "Proceedings"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct or wrongful omissions. Each Indemnified Party may at your expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section (instead of having you defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you, and you agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section. Your obligations in this Section will survive the expiration or termination of this Agreement.

§11.3. Willful Misconduct or Gross Negligence. Notwithstanding anything herein to the contrary, you have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses (including costs of defending any Proceeding hereunder) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or employment) or our failure to compel you to comply with this Agreement. However, nothing in this Section limits your obligation to defend us and the other Indemnified Parties.

Article 12 Covenant Not to Compete

§12.1. During Term. You acknowledge that you will receive valuable, specialized training and confidential information regarding the operational, sales, promotional, and marketing methods of the Stem Guys Tire Supplies concept. During the Term, you and your Owners will not, without our prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or Entity:

(a) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any business that offers staffing and employment services, or other services of the kind offered by the Business or the Stem Guys Tire Supplies system, or (ii) any entity that grants franchises or licenses for any of these types of businesses (collectively, each, a "Competitive Business") at any location in the United States;

(b) divert or attempt to divert any business or customer or potential business or customer of the Business to any Competitive Business, by direct or indirect inducement or otherwise;

(c) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

(d) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Business; or

(e) directly or indirectly solicit for employment any person who at any time within the immediate past twelve months has been employed by us, or our affiliates, or by any of our franchisees.

§12.2. After Termination, Expiration, or Transfer. For two years after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, you and your Owners may not, without our prior written consent, (i) directly or indirectly own, manage, engage in, be employed in a managerial position by, advise, make loans to, or have any other interest in any Competitive Business that is (or is intended to be) located within a 60-mile radius of your former Business or any other Business that is operating or under development at the time of such expiration, termination, or Transfer, or (ii) solicit for employment any person who at any time within the immediate past twelve months has been employed by us, or our affiliates, or by any of our franchisees. With respect to the Owners, the time period in this Section will run from the expiration, termination, or Transfer of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first.

§12.3. Publicly Traded Corporations. Ownership of less than five percent of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Article.

§12.4. Covenants of Owners and Employees. The Owners personally bind themselves to this Section by signing this Agreement or the attached Guarantee. We may, in our sole discretion, require you to obtain from your officers, directors, managers, Owners' spouses, and other individuals that we may designate executed agreements containing nondisclosure and noncompete covenants similar in substance to those contained in this Section as we prescribe in the Manual and otherwise. The agreements must be in a form acceptable to us and grant us an independent right to enforce their terms.

§12.5. Enforcement of Covenants. You acknowledge and agree that (i) the time, Designated Territory, and scope of the covenants provided in this Section are reasonable and necessary for the protection of our legitimate business interests; (ii) you have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of the same would not impose undue hardship; and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section is determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible provided such determination is made by a court of competent jurisdiction in a final, unappealable ruling. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section. You acknowledge that any breach or threatened breach of this Section will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section. Such injunctive relief will be in addition to and cumulative with any other remedies that we may have.

Article 13 Transfer and Assignment

§13.1. Transfer by Us. We may assign this Agreement and all of our rights, duties, and obligations under this Agreement to any person or Entity that we choose in our sole discretion. Upon any such assignment, we will be released from all of our duties and obligations hereunder, and you will look solely to our assignee for the performance of such duties and obligations.

§13.2. Definition of Transfer. For purposes of this Agreement, “Transfer” as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the Business, substantially all the assets of the Business, or in the ownership of the franchisee (if you are an Entity). “Transfer” as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance. A “Control Transfer” means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Business or all or substantially all of the Business’s assets; or (iii) any Controlling Ownership Interest (defined below) in you (if you are an Entity), whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an Entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. References to a “Controlling Ownership Interest” in you mean either (i) 20% or more of your direct or indirect legal or beneficial ownership interests in your Entity or (ii) an interest the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and polices of you or the Business to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition.

§13.3. <u>No Transfer Without Our Consent</u>. This Agreement and the License are personal to you, and we have granted the License in reliance on your (and, if you are an Entity, your Owners') business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners or any successors to any part of your interest in this Agreement or the License may make any Transfer or permit any Transfer to occur without obtaining our prior written consent, except as provided in this Agreement. If you or any of your Owners desire to make a Transfer, you must promptly provide us with written notice. Any purported Transfer without our prior written consent will be void and will constitute an Event of Default (as herein defined), for which we may terminate this Agreement without opportunity to cure. We have sole and absolute discretion to withhold our consent, except as otherwise provided in this Agreement. We have the right to communicate with both you, your counsel, and the proposed transferee on any aspect of a proposed Transfer. You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require. No Transfer that requires our consent may be completed until at least sixty days after we receive written notice of the proposed Transfer. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement. If your Business is not open and operating, we will not consent to your Transfer of this Agreement, and we are under no obligation to do so.

§13.4. <u>Control Transfer</u>. The conditions of this Section will apply to any proposed Control Transfer.

(a) You or your transferee must pay to us the Transfer Fee. You must make such payment by wire transfer from the proceeds of the sale at the closing if we so request.

(b) You must satisfy all of your accrued monetary obligations to us and must be in compliance with all obligations to us under this Agreement and any other agreement that you have with us and our affiliates as of the date of the request for our approval of the Transfer or you must make arrangements satisfactorily to us to come into compliance by the date of the Transfer.

(c) You and your Owners must execute a general release, in a form that we prescribe, in favor of us, our affiliates, and our and their affiliates' past, present, and future officers, directors, mangers, members, equity holders, agents, and employees, releasing them from all claims, including claims arising under federal, state, and local laws, rules, and regulations.

(d) You and your Owners must agree to remain liable for all of the obligations to us in connection with the Business arising before the effective date of the Transfer and execute any and all instruments that we reasonably request to evidence such liability.

(e) You and your Owners must continue to be bound by the provisions of those Sections of this Agreement which, by their terms or nature, would survive the expiration or termination of this Agreement if either occurred on the date of the Transfer.

(f) You must provide us with written notice from your landlord indicating that your landlord has agreed to transfer the lease to your transferee.

(g) Your proposed transferee (or, if the transferee is not an individual, all owners of any legal or beneficial interest in the transferee) must demonstrate to our satisfaction that he or she meets all of our then-current qualifications to become a System franchisee, including not having any involvement with a Competitive Business, or if he or she is already a System franchisee, he or she must not be in default under any of their agreements with us and must have a good record of customer service and compliance with our System Standards.

(h) Your proposed transferee and their representatives must successfully complete our then-current training requirements at their expense.

(i) Your proposed transferee (and any owner of a beneficial or legal interest therein) must (i) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge and guarantee all of your obligations under this Agreement and (ii) must execute our then-current form of personal guarantee.

(j) Your proposed transferee (and any owner of a beneficial or legal interest therein) must execute, for a term ending on the last day of the Term and with such Successor Term as is provided by this Agreement, our then-current franchise agreement for new franchisees and such other agreements as we may require, which agreements will supersede this Agreement in all respects. The terms of the new franchise agreement may differ significantly from the terms of this Agreement. The prospective transferee will not be required to pay any initial Franchise Fee.

(k) Your proposed transferee must make arrangements to modernize, renovate, or upgrade the Business to conform to our then-current System Standards for new Stem Guys Tire Supplies Businesses at transferee's own expense.

(l) Your proposed transferee must covenant that it will continue to operate the Business under the Marks and using the System.

(m) We must determine, in our sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Business, and if you or your Owners finance any part of the purchase price, you and they must agree that all obligations under promissory notes, agreements, or security interests reserved in the Business are subordinate to the transferee's obligation to pay all amounts due to us and our affiliates and otherwise to comply with this Agreement.

§13.5. Non-Control Transfers. For any Transfer that does not result in a Control Transfer, you must give us advance notice and submit a copy of all proposed contracts and other information concerning the Transfer and transferee that we may request. We will have the right to require you to pay a Transfer Fee as defined in Section 3.8 above. We will have a reasonable time (not less than thirty days) after we have received all requested information to evaluate the proposed Transfer. You and your transferee must satisfy the conditions we specify in this Agreement or elsewhere. You and your Owners must sign the form of agreement and related documents that we specify to reflect your new ownership structure. We may withhold our consent on any reasonable grounds or make our consent subject to your satisfaction of reasonable conditions.

§13.6. Transfer To an Entity. We will consent to the assignment of this Agreement to an Entity that you form for the convenience of ownership, provided that: (i) the Entity has and will have no other business besides operating Stem Guys Tire Supplies Businesses; (ii) you satisfy the conditions in this Section we specify; (iii) the Owners hold equity interests in the new Entity in the same proportion shown on Attachment A; and (iv) you pay a Transfer Fee that is equal to $1,000 plus our administrative costs in processing such Transfer, including any attorneys' fees and other third party costs that we incur.

§13.7. Permitted Transfers. The other provisions in this Section do not apply, including our right of first refusal and right of approval, to the following Transfers:

(a) Security Interests. You may grant a security interest in the Approved Location (if you own the Approved Location), the Business, any Operating Assets, this Agreement, or any direct or indirect legal or beneficial interest in you to a financial institution or other party that provided or provides any financing for your acquisition, development, or operation of the Business, but only if that party signs our then current form of lender consent to protect our rights under this Agreement. Any foreclosures or other exercise of the rights granted under that security interest are subject to all applicable terms and conditions of this Section.

(b) Transfer to a Trust. Any Owner who is an individual may Transfer his or her ownership interest in you (or any of your Owners that is an Entity) to a trust that he or she establishes for estate planning purposes, as long as he or she is a trustee of the trust and otherwise controls the exercise of the rights in you (or your Owner) held by the trust and you notify us in writing of the Transfer at least ten days before its anticipated effective date. Dissolution of or transfers from any trust described in this paragraph are subject to all applicable terms and conditions of this Section.

§13.8. Death or Incapacity. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing for consent to Transfer the person's interest no more than three months after the event (death, declaration of incapacity, or filing of a bankruptcy petition). The Transfer will be subject to the provisions of this Section, as applicable, except there shall be no Transfer Fee due. In addition, if the deceased or incapacitated person is you or the Operating Principal, we will have the right (but not the obligation) to take over operation of the Business until the Transfer is completed and to charge a reasonable management fee for our services. For purposes of this Section, "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 thirty or more consecutive days or (ii) for sixty 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 this Section, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this paragraph within 120 days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement.

§13.9. Right of First Refusal.

(a) Our Right. We have the right, exercisable within thirty days of receiving notice of your intent to Transfer and such documentation and information that we require, to send written notice to you that we intend to purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third party or, at our option, the cash equivalent thereof. If you and we cannot agree on the reasonable equivalent in cash or if the Transfer is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser or may elect at that time to not exercise our rights. We must receive, and you and your Owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Business or your business prior to the closing of our purchase. Closing on our purchase must occur within ninety days of the date of our notice to the seller electing to purchase the interest. We may assign our right of first refusal to another Entity or person either before or after we exercise it. However, our right of first refusal will not apply to Permitted Transfers, transfers on death or incapacity, or transfers to your spouse or child.

(b) Declining Our Right. If we elect not to exercise our rights under this Section, the transferor may complete the Transfer after complying with the applicable provisions in this Agreement. The Transfer must close within ninety days of our election (or such longer period as applicable law requires); otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal. Any material change in the terms of the offer from a third party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the party's initial offer. The Transfer is conditional on our determination that the Transfer was on terms substantially the same as those offered to us.

§13.10. Commissions and Fees. You agree to pay us all brokerage commissions, finder's fees, and similar charges we incur in connection with the transfer of this Agreement.

Article 14 Termination and Default

§14.1. Events of Default. The occurrence of any of the events in this Section will constitute an "Event of Default" under this Agreement.

(a) Curable Defaults:

(i) You fail to pay any financial obligation pursuant to this Agreement (a) within five days of the date on which we give notice of such delinquency, (b) immediately on written notice if a payment has not been made within sixty days after the date on which it is required to be paid, or (c) immediately on written notice if you are determined to have under-reported your Gross Revenue during any month by two percent or more of the actual Gross Revenue during such month on two or more occasions during the Term of this Agreement, whether or not you subsequently rectify the deficiency.

(ii) You fail, for a period of fifteen days after notification of non-compliance by an appropriate authority, to comply with any law or regulation applicable to the operation of the Business.

(iii) You fail to perform or breach any covenant, obligation, term, condition, warranty, or certification herein or fail to operate the Business as specified in the Manual, fail to pay promptly any undisputed invoices from us, our affiliates, or your suppliers, and fail to cure such non-compliance or deficiency within thirty days (or such longer term as granted by us) after your receipt of written notice.

(iv) You fail to achieve the Minimum Performance Requirements set forth in this Agreement or as amended by the Manual or another writing in accordance with this Agreement.

(v) You abandon or cease to operate all or any part of the Business conducted under this Agreement for seventy-two hours or longer or default under any mortgage, deed of trust or lease with us or any third party covering the Business or the Approved Location, fail to cure such abandonment or default and we or such third party treat such act or omission as a default, and you fail to cure the default to the satisfaction of us or such third party within any applicable cure period granted you by us or such third party.

(b) Non-Curable Defaults

(i) You become insolvent or make a general assignment for the benefit of creditors, or, unless otherwise prohibited by law, if you file a petition in bankruptcy or one is filed against and consented to by you or not dismissed within thirty days, or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed.

(ii) A final judgment in excess of five thousand dollars against you relating to the Business remains unsatisfied or of record for sixty days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction).

(iii) You fail to commence operation of the Business as required by this Agreement.

(iv) You make, or have made, any materially false statement or report in connection with this Agreement or application therefore.

(v) Any transfer and assignment provision contained in Article 13 of this Agreement is violated.

(vi) You receive from three or more notices to cure the same or similar defaults or violations of this Agreement during any twelve-month period.

(vii) You or your Operating Principal fail to complete to Franchisor's reasonable satisfaction any of our required Initial Training.

(viii) You or any of your Owners violate any covenant of confidentiality or non-disclosure contained in this Agreement or otherwise disclose, use, permit the use of, copy, duplicate, record, transmit or otherwise reproduce any manual, material, good, or information created or used by us and designated for confidential use in the System.

(ix) You or any person controlling, controlled by or under common control with you, or any principal officer or employee of you or any such person, owning an interest in the Business is convicted of a felony, or any other crime or offense that is reasonably likely, in our sole subjective opinion, to affect adversely the System, the Marks, or the goodwill associated therewith.

(x) You or any guarantor(s) default on any other agreement with us or any of our affiliates, and such default is not cured in accordance with the terms of such other agreement.

(xi) You fail to perform or breach any covenant, obligation, term, condition, warranty, or certification in this Agreement related to the Marks, including misuse of the Marks.

§14.2. Our Remedies on Default.

(a) Right to Terminate. If an Event of Default occurs, we may, at our sole election and without notice or demand of any kind, terminate this Agreement and any and all other rights granted under it with immediate effect. You will not be relieved of any of your obligations, debts, or liabilities under this Agreement by such termination.

(b) Other Remedies. If an Event of Default occurs, we may, at our sole election and on delivery of written notice to you, take any or all of the following actions without terminating this Agreement:

(i) temporarily or permanently reduce the size of the Designated Territory, in which event any restrictions on us and our affiliates will not apply in the geographic area that was removed from the Designated Territory;

(ii) temporarily remove information concerning the Business from the System Website or stop your or the Business's participation in any other programs or benefits offered on or through the System Website;

(iii) suspend your right to participate in one or more programs or benefits that the Brand Fund provides;

(iv) suspend any other services that we or our affiliate provides to you under this Agreement or any other agreement, including any services relating to the Business Management and Technology System;

(v) suspend or terminate any temporary or permanent fee reductions to which we might have agreed whether as a policy, in an amendment to this Agreement, or otherwise;

(vi) suspend our performance of, or compliance with, any of our obligations to you under this Agreement or other agreements;

(vii) undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement. You will reimburse us on demand for all costs and expenses that we reasonably incur in performing any such obligation or duty; or

(viii) enter the Business's premises (if operated from a location other than your personal residence) and assume the management of the Business ourselves or appoint a third party (who may be our affiliate) to manage the Business. All funds from the operation of the Business while we or our appointee assumes its management will be kept in a separate account, and all of the expenses of the Business will be charged to that account. We or our appointee may charge you (in addition to the amounts due under this Agreement) a management fee equal to five percent of the Business's Gross Revenue during the period of management ("Management Fee"), plus any direct out-of-pocket costs and expenses. We or our appointee has a duty to utilize only reasonable efforts and will not be liable to you for any debts, losses, or obligations the Business incurs, or to any of your creditors for any products or services the Business purchases, while managing it. You shall not take or fail to take any action the commission or non-commission of which would interfere with our or our appointee's exclusive right to manage the Business and may, in our sole discretion, be prohibited from visiting the Business so as to not interfere with its operations. Our (or our appointee's) management of the Business will continue for intervals lasting up to ninety days each (and, in any event, for no more than a total of one year), and we will during each interval periodically evaluate whether you are capable of resuming operation of the Business and periodically discuss the Business's status with you.

(c) Exercise of Other Remedies. Our exercise of our rights to assume management of your Business or appoint an agent to do the same will not (i) be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement, (ii) constitute an actual or constructive termination of this Agreement, or (iii) be our sole or exclusive remedy for your default. You must continue to pay all fees and otherwise comply with all of your obligations under this Agreement following our exercise of any of these rights. If we exercise any such right, we may thereafter terminate this Agreement without providing you any additional corrective or cure period.

§14.3. Termination By You. You may terminate this Agreement only if: (i) we commit a material breach of this Agreement; (ii) you give us written notice of the breach; (iii) we fail to cure the breach, or to take reasonable steps to begin curing the breach, within sixty days after receipt of your notice; and (iv) you are in full compliance with your obligations under this Agreement. If we cannot reasonably correct the breach within this sixty day period but provide you with reasonable evidence of our effort to correct the breach within a reasonable time period, then the cure period shall be the amount of time reasonably required to effect a cure. Termination will be effective no less than ten days after you deliver to us written notice of termination for failure to cure within the allowed period. Any attempt to terminate this Agreement without complying with this paragraph (including by taking steps to de-identify the Business or otherwise cease operations under this Agreement) will constitute an Event of Default by you.

Article 15 Your Obligations Upon Expiration or Termination

§15.1. Covenant.In addition to any other provision of this Agreement which by its terms or nature is intended to survive the expiration or termination of this Agreement, you agree to comply with the terms of this Article on expiration or termination of the Agreement for any reason.

§15.2. Payment of Costs and Amounts Due. You will pay all sums owed to us and our affiliates. If this Agreement is terminated due to an Event of Default, you will promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of your default. These payment obligations will give rise to and remain, until paid in full, a lien in favor of us against the Business premises and any and all of the personal property, fixtures, equipment, and inventory that you own at the time of the occurrence of the Event of Default separate and additional to any other lien or interest we may have under this Agreement. We are hereby authorized at any time after the Effective Date to make any filings and to execute such documents on your behalf reasonably related to perfecting the lien created hereby. You also will pay to us all damages, costs, and expenses, including reasonable attorneys' fees, that we incur after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Agreement.

§15.3. Discontinue Use of the System and the Intellectual Property. You must immediately cease using, in advertising or in any other manner, (i) the Intellectual Property (including, without limitation, the Marks and the Trade Dress), (ii) the System and all other elements associated with the System, and (iii) any colorable imitation of any of the Intellectual Property or any trademark, service mark, trade dress, or commercial symbol that is confusingly similar to any of the Marks or the Trade Dress.

§15.4. Return of Proprietary Information. You must immediately return to us, at your expense, all copies of the Manual, all of your Customer Information that you are permitted by law to transfer to us, and all other Proprietary Information (and all copies thereof). You may not use any Proprietary Information or sell, trade, or otherwise profit in any way from any Proprietary Information at any time following the expiration or termination of this Agreement.

§15.5. Cease Identification with Us. You must immediately take all action required (i) to cancel all assumed name or equivalent registrations relating to your use of the Marks and (ii) to cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Business or the Marks (collectively, "Identifiers"). You acknowledge that as between you and us, we have the sole rights to and interest in all Identifiers. If you fail to comply with this paragraph, you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Identifiers to us. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer.

§15.6. Our Right to Purchase Business Assets.

(a) Exercise of Option. Upon termination of this Agreement for any reason or expiration of this Agreement without a fully executed renewal franchise agreement, we may, by written notice within fifteen days of the date of termination or expiration (the "Exercise Notice"), purchase the Operating Assets, and other assets used in the operation of the Business that we designate (the "Purchased Assets"). We have the unrestricted right to exclude any assets we specify relating to the Business from the Purchased Assets and not acquire them. You agree to provide us the financial statements and other information we reasonably require, and to allow us to inspect the Business and its assets, to determine whether to exercise our option under this paragraph. If you or one of your affiliates owns the Approved Location, we may elect to include a fee simple interest in the Approved Location as part of the Purchased Assets or, at our option, lease the Approved Location from you or that affiliate for an initial five-year term with one renewal term of five years (at our option) on commercially reasonable terms. You (and your Owners) agree to cause your affiliate to comply with these requirements. If you lease the Approved Location from an unaffiliated lessor, you agree (at our option) to assign the Lease to us or to enter into a sublease for the remainder of the Lease term on the same terms (including renewal options) as the Lease.

(b) Operations Pending Purchase. While we are deciding whether to exercise our option under this Section, and, if we do exercise that option, during the period beginning with our delivery of the Exercise Notice and continuing through the closing of our purchase or our decision not to complete the purchase, you must continue to operate the Business in accordance with or on the same terms as this Agreement. However, we may, at any time during that period, assume the management of the Business ourselves or appoint a third party (who may be our affiliate) to manage the Business.

(c) Purchase Price. The purchase price for the Purchased Assets will be their fair market value for use in the operation of a Competitive Business (but not a Stem Guys Tire Supplies business). However, the purchase price will not include any value for any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, any Proprietary Information or our other intellectual property rights, or participation in the network of Businesses. For purposes of determining the fair market value of all equipment (including the Business Management and Technology System) used in operating the Business, the equipment's useful life shall be determined to be no more than three years. If we and you cannot agree on fair market value for the Purchased Assets, we will select an independent appraiser after consultation with you, and his or her determination of fair market value will be the final and binding purchase price.

(d) Closing. We will pay the purchase price at the closing, which will take place no more than sixty days after the purchase price is determined, although we may decide after the purchase price is determined not to complete the purchase. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates. We are entitled to all customary representations, warranties and indemnities in our asset purchase, including representations and warranties as to ownership and condition of and title to, assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise; and indemnities for all actions, events and conditions that existed or occurred in connection with the Business or your business prior to the closing of our purchase. At the closing, you agree to deliver instruments transferring to us: (a) good and merchantable title to the Purchased Assets, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (b) all of the Business's licenses and permits which may be assigned or transferred. If you cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your Owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us, and our affiliates and our and their respective owners, officers, directors, employees, agents, representatives, successors and assigns.

§15.7. De-identification of the Approved Location. If we do not exercise our option to acquire the Approved Location Lease or the Approved Location, you will make such modifications or alterations to the Approved Location immediately upon termination or expiration of this Agreement that we deem necessary to distinguish the appearance of the Approved Location from a Stem Guys Tire Supplies business, including, but not limited to, removing the signs, the Marks, and any Trade Dress that could indicate to the public an association with the Stem Guys Tire Supplies brand. If you do not comply with the requirements of this Section, we may enter the Business without being guilty of trespass or any other tort, for the purpose of making or causing to be made any required changes. You agree to reimburse us on demand for our expenses in making such changes.

§15.8. Promote Separate Identity. You will not, directly or indirectly, in any manner, identify yourself, or any individual connected with you, as a former Stem Guys Tire Supplies franchisee or as otherwise having been associated with us, or use in any manner or for any purpose any of the Marks.

§15.9. Surviving Provisions. You and your Owners must comply with the provisions of this Agreement which by their nature or by their terms survive the expiration or termination of this Agreement.

§15.10. Injunctive and Other Relief. You acknowledge that your failure to abide by the provisions of this Section will result in irreparable harm to us, and that our remedy at law for damages will be inadequate. Accordingly, you agree that if you breach any provisions of this Section, we are entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

Article 16 Dispute Resolution and Governing Law

§16.1. Mandatory Pre-Litigation Mediation. Except as otherwise provided in this Section, prior to filing any proceeding to resolve any dispute based upon, arising out of, or in any way connected with this Agreement, a party must submit the dispute for mediation. The mediation will be held before one mediator selected by the parties, and if the parties cannot agree upon the mediator, then a mediator selected by the American Arbitration Association ("AAA"). All parties must attend and participate in the mediation. The mediation shall not last more than one day and shall be held in Brentwood, California, unless we no longer have an office there, in which case it will be held in the metropolitan area of our then-current principal place of business. If we and you do not resolve our dispute, then thereafter any party may file for litigation, as applicable in accordance with the terms of this Agreement. The mediation shall be governed by the rules of the AAA. It is the intent of the parties that mediation shall be held not later than fourteen days after a written request for mediation shall have been served on the other parties. The obligation to mediate shall not be binding upon either party with respect to claims relating to the Marks, the non-payment or underpayment of any monies due under this Agreement, the noncompetition covenants, or requests by either party for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief provided such equitable relief is deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute.

§16.2. Forum for Litigation. You and the Owners must file any suit against us, and we may file any suit against you, in any federal court located in Brentwood, California or a state court located in Brentwood, California unless we no longer have an office there, in which case, you must file any suit against us, and we may file against you, in federal or state courts located in the metropolitan area of our then-current principal place of business. The parties waive all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

§16.3. Governing Law. This Agreement will be governed by, construed, and enforced in accordance with the laws of the State of California without regard to any principles of conflict of laws.

§16.4. Mutual Waiver of Jury Trial. You and we each irrevocably waive trial by jury in any litigation.

§16.5. Mutual Waiver of Punitive Damages. Each of us waives any right to or claim of punitive, exemplary, multiple, or consequential damages against the other in litigation and agrees to be limited to the recovery of actual damages sustained.

§16.6. Remedies Not Exclusive. Except as provided in the previous paragraph, no right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under Applicable Laws. Each and every such remedy will be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

§16.7. Limitations of Claims. Except for:

(a) claims against you by us concerning the underreporting of Gross Revenue and corresponding underpayment of any fees;

(b) claims against you by us relating to third-party claims or suits brought against us as a result of your operation of the Business;

(c) claims against you by us for injunctive relief to enforce the provisions of this Agreement relating to your use of the Marks;

(d) claims against you by us relating to your financial obligations upon the termination or expiration of the Agreement;

(e) claims against you by us or concerning your obligations with respect to Proprietary Information and your covenant not to compete; and

(f) claims against you by us regarding an assignment of this Agreement or any ownership interest therein,

any and all claims arising out of or relating to this agreement or our relationship with you will be barred unless a judicial proceeding is commenced in the proper forum within one year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim.

§16.8. Our Right to Injunctive Relief. Nothing in this Agreement bars our right to obtain injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage. You agree that we will not be required to prove actual damages or post a bond in excess of $1,000 or other security in seeking or obtaining injunctive relief whether preliminary or permanent and including specific performance with respect to this Agreement.

§16.9. Attorneys' Fees and Costs. You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees and other costs of litigation): (i) to enforce the terms of this Agreement or any obligation owed to us by you or the Owners (whether or not we initiate a legal proceeding, unless we initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim you or the Owners assert against us on which we substantially prevail in court or other formal legal proceedings. We agree to reimburse you for all expenses you reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to you by us (whether or not you initiate a legal proceeding, unless you initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings.

Article 17 Miscellaneous

§17.1. Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement between you and us with respect to the Business and supersede all prior discussions, understandings, representations, and agreements concerning the same subject matter. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document (the "FDD") that we delivered to you or your representatives. This Agreement includes the terms and conditions on Attachment A, which are incorporated into this Agreement by this reference.

§17.2. Amendments and Modifications. This Agreement may be amended or modified only by a written document signed by each party to this Agreement except that the Manual and any policies that we adopt and implement may be changed by us from time to time at our sole discretion.

§17.3. Waiver. Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit of the term or condition, but such waiver must be in writing. No course of dealing or performance by any party, and no failure, omission, delay, or forbearance by any party, in whole or in part, in exercising any right, power, benefit, or remedy, will constitute a waiver of such right, power, benefit, or remedy. Our waiver of any particular default does not affect or impair our rights with respect to any subsequent default you may commit. Our waiver of a default by another franchisee does not affect or impair our right to demand your strict compliance with the terms of this Agreement. We have no obligation to deal with similarly situated franchisees in the same manner. Our acceptance of any payments due from you does not waive any prior defaults.

§17.4. Importance of Timely Performance. Time is of the essence with respect to all of your obligations under this Agreement.

§17.5. Construction. The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words "include," "including," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

§17.6. Severability. Each provision of this Agreement is severable from the others. If any provision of this Agreement or any of the documents executed in conjunction with this Agreement is for any reason determined by a court to be invalid, illegal, or unenforceable, the invalidity, illegality, or unenforceability will not affect any other remaining provisions of this Agreement or any other document. The remaining provisions will continue to be given full force and effect and bind us and you.

§17.7. Applicable State Law Controlling. If the termination, renewal, or other provisions set forth in this Agreement are inconsistent with any applicable state statute, in effect as of the Effective Date, governing the relationship of us and franchisees, the provisions of such statute will apply to this Agreement, but only to the extent of such inconsistency.

§17.8. Survival. Each provision of this Agreement that expressly or by reasonable implication is to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive such expiration, termination, or Transfer.

§17.9. Consent. Whenever our prior written approval or consent is required under this Agreement, you agree to make a timely written request to us for such consent. Our approval or consent must be in writing and signed by an authorized officer to be effective.

§17.10. Independent Contractor Relationship. This Agreement does not create, nor does any conduct by us create, a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, partner, employee or servant of each other for any purpose. You are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to create any obligation, express or implied, on our behalf. You are, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Business and its business, including any personal property, Operating Assets, or real property and for all claims or demands based on damage or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Business. Further, we and you are not and do not intend to be partners, associates, or joint employers in any way, and we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances. We have no relationship with your employees and you have no relationship with our employees.

§17.11. Notices. All notices and other communications required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery: (i) personally; (ii) by certified or registered mail, postage prepaid; (iii) by overnight delivery service; or (iv) by facsimile (if the sender receives machine confirmation of successful transmission). Notices to you will be sent to the address set forth on Attachment A. Notices to us must be sent to:

Stem Guys Tire Supplies, LLC
364 Fremont Peak Drive
Brentwood, CA 94513

Either party may change its mailing address or facsimile number by giving notice to the other party. Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or the next business day when sent by facsimile.

§17.12. Execution. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and all of which will constitute one and the same instrument.

§17.13. Successors and Assigns. Except as expressly otherwise provided herein, this Agreement is binding upon and will inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.

§17.14. No Third-Party Beneficiaries. Except as expressly otherwise provided herein, no third party shall have the right to claim any of the benefits conferred under this Agreement.

§17.15. Additional Terms; Inconsistent Terms. The parties may provide additional terms by including the terms in an amendment signed by both parties. To the extent that any provisions of the amendment are in direct conflict with the provisions of this Agreement, the provisions of the amendment shall control.

Article 18 Your Representations and Acknowledgments

§18.1. Covenant. You (on behalf of yourself and your Owners) hereby make the representations, warranties, and acknowledgments contained in this Article.

§18.2. Truth of Information. The information (including without limitation all personal and financial information) that you and your Owners have furnished or will furnish to us relating to the subject of this Agreement is true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

§18.3. Due Authority. This Agreement has been duly authorized and executed by you or on your behalf and constitutes your valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally.

§18.4. Terrorist Acts. You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Order"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: (i) do not, and hereafter will not, engage in any terrorist activity; (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

§18.5. Independent Investigation. You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that your results will be largely dependent upon your own efforts and ability. You have been accorded ample time to consult with your own legal counsel and other advisors about the potential risks and benefits of entering into this Agreement, and we have advised you to do so.

§18.6. Timely Receipt and Review of Agreement and Disclosure Document. You have received an execution ready copy of this Agreement at least seven calendar days before you executed this Agreement or any related agreements or paid any consideration to us. You have also received a FDD required by applicable state and federal law, including a form of this Agreement, at least fourteen calendar days (or such longer time period as required by applicable state law) before you executed this Agreement or any related agreements or paid any consideration to us. You have reviewed this Agreement and the FDD and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents. You have read this Agreement and our FDD and understand and accept that the terms and covenants in this Agreement are reasonable and necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Business, and to protect and preserve the goodwill of the Marks.

§18.7. Financial Performance Representations. Except as may be stated in the FDD, neither we, nor any of our affiliates, nor any of our or our affiliates' officers, agents, employees, or representatives have made any representation to you, express or implied, as to the historical revenues, earnings, or profitability of any Stem Guys Tire Supplies Business or the anticipated revenues, earnings, or profitability of the business subject to the License or any other business operated by us, our licensees, our franchisees, or our affiliates. In entering into this Agreement, you are not relying upon any information furnished by us or our representatives other than the information contained in this Agreement and the FDD. Any information you have acquired from other Stem Guys Tire Supplies franchisees regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, upon signing below, each of the undersigned has executed this Agreement under seal as of the Effective Date.

<u>FRANCHISOR</u>

Stem Guys Tire Supplies, LLC

By:________________________________

Name:______________________________

Title:_______________________________

Date:_______________________________

<u>FRANCHISEE</u>

(IF ENTITY):

____
[Name]

By:________________________________

Name:______________________________

Title:_______________________________

Date:_______________________________

(IF INDIVIDUAL):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:_______________________________

ATTACHMENT A
FRANCHISEE-SPECIFIC TERMS

Effective Date:

Franchise Model:

Franchisee's Name(s):

Ownership of Franchise:
If the franchisee is a business entity (as defined in the Agreement), the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

Name	Percentage Ownership
[FRANCHISEE MEMBER 1]	%
[FRANCHISEE MEMBER 2]	%
[FRANCHISEE MEMBER 3]	%

Operating Principal:

Key Manager:

Franchise Fee:

Franchisee's Address, Phone, and Email:

Designated Territory:
[Attach map or list of distinguishing territory features such as list of zip codes]

Signature Page for Attachment A (Franchisee-Specific Terms)

FRANCHISOR

Stem Guys Tire Supplies, LLC

By:________________________________

Name:______________________________

Title:_______________________________

Date:_______________________________

FRANCHISEE

(IF ENTITY):

____
[Name]

By:________________________________

Name:______________________________

Title:_______________________________

Date:_______________________________

(IF INDIVIDUALS):

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

Date:_______________________________

Schedule 1 to Attachment A of the Franchise Agreement
Franchisee-Specific Terms
(to be completed after site selection and acceptance)

1. Site: ____
____
____

Stem Guys Tire Supplies, LLC agrees that effective on the date specified below, (i) the address listed above is hereby accepted by us as the Site pursuant to the Franchise Agreement.

Stem Guys Tire Supplies, LLC

By:_________________________________

Name:_______________________________

Title:________________________________

Date:________________________________

Acknowledged and Agreed:
[Franchisee]

By:_________________________________

Name:_______________________________

Title:________________________________

Date:________________________________

ATTACHMENT B
PERSONAL GUARANTEE OF OWNER/SHAREHOLDER

This Personal Guarantee and Assumption of Obligations (this "Guarantee") is given this [DD MONTH YYYY], by [INDIVIDUAL OWNER NAME].

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Franchise Agreement") by Stem Guys Tire Supplies, LLC ("Franchisor"), a California limited liability company, and [FRANCHISEE ENTITY], a[STATE AND FRANCHISEE ENTITY TYPE] ("Franchisee"), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Franchise Agreement and, including any renewal thereof, as provided in the Franchise Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Franchise Agreement (collectively, the "Franchise Documents"); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

- acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- protest and notice of default to any party with respect to the indebtedness of non-performance of any obligations hereby guaranteed;
- any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- the undersigned's direct and immediate liability under this Guarantee shall be joint and several with all signatories to this and similar guaranties of Franchisee's obligations;
- the undersigned shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;
- this Guarantee shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
- such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- 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 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 in any way modify or amend this Guarantee, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Franchise Agreement.

This Guarantee shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

GUARANTOR

____

[GUARANTOR NAME]

DATE:

ATTACHMENT C
FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE).

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Stem Guys Tire Supplies, LLC ("we", "us"), and you are preparing to enter into a franchise agreement for the right to operate a Stem Guys Tire Supplies franchise (each, a "Business"). The purpose of this questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **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 us the appropriate franchisee fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes/No ____ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?

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 Disclosure Document indicating the date you received it?

Yes/No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Yes/No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Business(es) with these professional advisor(s)?

Yes/No ____ 6. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?

Yes/No ____ 7. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the System mark or any other mark at any location outside your Territory under the Franchise Agreement, without regard to the proximity of these activities to the premises of your Business(es)?

Yes/No ____ 8. Do you understand all disputes or claims you may have, arising from, or relating to the Franchise Agreement must be mediated and/or arbitrated, at our option, at our then-current headquarters?

Yes/No ____ 9. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential, or other special damages?

Yes/No ____ 10. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?

Yes/No ____ 11. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Principal Executive(s) (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Business to open or consent to a transfer of that Business?

Yes/No ____ 12. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes/No ____ 13. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Area Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?

Yes/No ____ 14. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Business or home address until you designate a different address by sending written notice to us?

Yes/No ____ 15. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes/No ____ 16. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No ____ 17. Is it true that no broker, 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 a Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No ____ 18. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No ____ 19. Is it true that no broker, employee, or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property, or services from you in connection with a Business purchase with exception of those payments or loans provided in the Disclosure Document?

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)

[Signature page follows]

FOR MARYLAND FRANCHISEES: 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 UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

FRANCHISEE APPLICANT(S):
(add signature lines as necessary)

Signature:

Name:

Title:

Date:

EXHIBIT F

<u>RESERVED</u>

EXHIBIT G

FORM OF GENERAL RELEASE

GENERAL RELEASE OF CLAIMS

[*This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.*]

This General Release of Claims ("Release") is made as of the date signed below, by the individual or entity listed below as franchisee ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Stem Guys Tire Supplies, LLC ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Stem Guys Tire Supplies business;

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] OR [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such; and

WHEREAS, as a condition to Franchisor's consent, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the state where the Franchised Business is located.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

[Signature Page follows]

Signature Page to General Release Form

IN WITNESS WHEREOF, Releasor has executed this Release as of the date signed below.

FRANCHISEE:

[FRANCHISEE]

By:

Name:

Title:

Date:

FRANCHISEE'S OWNERS:
(add more lines signature lines as necessary)

Signature:

Name:

Date:

Signature:

Name:

Date:

EXHIBIT H

FORM OF NONDISCLOSURE AND NONCOMPETE AGREEMENT

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE.]

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT
[Sample ONLY]

This Agreement (the "Agreement") is entered into by the undersigned ("you") in favor of:

[On the Line Below, Insert Name of Franchisee that Owns and Operates the Stem Guys Tire Supplies Franchised Business] ____________________________ (hereinafter referred to as "us", "our" or "we").

Recitals and Representations

WHEREAS, we are the owners of a licensed Stem Guys Tire Supplies Business (hereinafter referred to as the "Stem Guys Tire Supplies Business") that we independently own and operate as a franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a Stem Guys Tire Supplies Business that is independently owned and operated by us;

WHEREAS, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our franchisor, Stem Guys Tire Supplies, LLC is not a party to this agreement and does not own or manage the Stem Guys Tire Supplies Business but is an intended third-party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the Stem Guys Tire Supplies Business.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Business Management System" refers to and means the software and/or internet or cloud-based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the Stem Guys Tire Supplies Business.

"Business Management System Data" refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the Stem Guys Tire Supplies Business.

"Confidential Information" refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Stem Guys Tire Supplies; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the Stem Guys Tire Supplies; (c) customer lists and information related to the Stem Guys Tire Supplies Business; (d) Business Management System Data; I current and future information contained in the Stem Guys Tire Supplies Operations Manual made available to the Stem Guys Tire Supplies Business by Stem Guy Tires Supplies, LLC; and (e) production and service procedures that are not disclosed to the public but used by the Stem Guys Tire Supplies Business.

"*Digital Media*" refers to and means any interactive or static electronic document, application or media including, but not limited to, www.stemguystiresupplies.com, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snapchat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the Stem Guys Tire Supplies or other Stem Guys Tire Supplies Businesses.

"Licensed Marks" refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a Stem Guys Tire Supplies, including, but not limited to, the "Stem Guys Tire Supplies" word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a Stem Guys Tire Supplies Business.

"Operations Manual" refers to and means the confidential operations manual made available to the Stem Guys Tire Supplies Business by our franchisor or as otherwise designated by us. The Operations Manual may consist of one of more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet-based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced, or supplemented.

"Trade Dress" refers to and means the Stem Guys Tire Supplies designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the Stem Guys Tire Supplies Business.

3. Your Access to Confidential Information. In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the Stem Guys Tire Supplies that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

4. Protection of the Confidential Information. You agree that: (i) you will not use the Confidential Information in any business or capacity other than the Stem Guys Tire Supplies Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

5. Reasonableness of Covenants and Restrictions. You agree that: (i) the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.**

6. **Breach**. You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor, Stem Guys Tire Supplies, LLC, and other Stem Guys Tire Supplies franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our franchisor, Stem Guys Tire Supplies, LLC, to injunctive relief. You agree that we and/or our franchisor, Stem Guys Tire Supplies, LLC, may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed one thousand dollars ($1,000.00). None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages.

7. **Miscellaneous**.

(a) If we hire an attorney or files suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.

YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, STEM GUYS TIRE SUPPLIES, LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD-PARTY BENEFICIARY OF THIS AGREEMENT.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

RESTRICTED PARTY

Signature:

Name:

Date:

EXHIBIT I

<u>STATE SPECIFIC ADDENDA</u>

The following modifications are made to this Disclosure Document given to you and may supersede, to the extent then-required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated as of the Effective Date set forth in your Franchise Agreement. When the term "Franchisor's Choice of Law State" is used, it means the laws of the state of California, subject to any modifications as set forth in the addenda below.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. These State Specific Addenda ("<u>Addenda</u>") modify the agreements to comply with the state's laws. The terms of these Addenda will only apply if you meet the requirements of the applicable state, independent of your signing the appropriate Addenda. The terms of the Addenda will override any inconsistent provision in the FDD, Franchise Agreement, or any Supplemental Documents. These Addenda are only applicable to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

<u>If your state requires these modifications, you will sign the signature page to the Addenda along with the Franchise Agreement and any Supplemental Agreements.</u>

CALIFORNIA

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT dfpi.ca.gov.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

ITEM 3 – LITIGATION

Neither the Franchisor, nor any person identified in Item 2 of the Disclosure Document 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange

ITEM 17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. The Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

2. The Franchise Agreement provides for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq).

3. The Franchise Agreement and the Development Agreement contain provisions requiring application of the laws of California. This provision may not be enforceable under California law.

4. The Franchise Agreement and the Development Agreement require venue to be limited to California. This provision may not be enforceable under California law.

5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination or non-renewal of the franchise. This provision may not be enforceable under California law.

6. THE FRANCHISE AGREEMENT MAY REQUIRE THE FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON EXECUTION OF THE FRANCHISE AGREEMENT. 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 PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement or the Development Agreement.

8. 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.

9. The Franchise Agreement require binding arbitration. The arbitration will occur in California. If we are the substantially prevailing party, we will be entitled to recover reasonable attorneys' fees and litigations costs and expenses in connection with the arbitration. 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.

10. 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.

HAWAII

The following paragraphs are added in the state cover pages:

THESE FRANCHISES WILL HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, AND THIS ADDENDUM, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS ADDENDUM AND THE DISCLOSURE DOCUMENT CONTAIN A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Franchise Disclosure Document for Stem Guys Tire Supplies, LLC in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

> This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this Addendum to the disclosure document.

ILLINOIS

Illinois law governs the Disclosure Document and Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois 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 acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

INDIANA

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Franchise Agreement will be governed by Indiana law. Venue for litigation will not be limited to a venue outside of the State of Indiana, as specified in the Franchise Agreement.

2. The prohibition by Indiana Code 23-2-2.7-1 (7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede any conflicting provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. No release language set forth in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. The post-termination non-competition covenants set forth in the Franchise Agreement shall be limited in time to a maximum of three (3) years and in geographic scope to the designated territory granted by the Agreement.

5. Nothing in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, and the laws of the State of Indiana supersede any conflicting choice of law provisions set forth herein if such provision is in conflict with Indiana law.

6. You will not be required to indemnify us and the other Indemnities for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.

7. If we receive any payments related to purchases from you that we do not pass on in full to the supplier, we will promptly account for the amount of the payment that we retained and we will transmit the retained amount to you.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

____________________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Stem Guys Tire Supplies at 364 Fremont Peak Drive Brentwood, CA 94513 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

MARYLAND

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document or Franchise Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

Item 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. No release language in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Maryland. Any general release required as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the franchise.

3. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW

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:

(a) A prohibition on 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 this act. 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 provisions 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 franchised 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, marketing, 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.[1]

(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 franchisee 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; and

[1]NOTE: Notwithstanding paragraph (f) above, we intend to fully enforce the provisions of the arbitration section of our agreements. We believe that paragraph (f) is preempted by the Federal Arbitration Act and that paragraph (f) is therefore unconstitutional.

(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.

*****

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor must, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

*****

The name and address of the franchisor's agent in this state authorized to receive service of process is: Michigan Department of Commerce, Corporation and Securities Bureau, 6546 Mercantile Way, P.O. Box 30222, Lansing, MI 48910.

Any questions regarding this notice should be directed to:

Department of the Attorney General's Office
Corporate Oversight Division
Attn: Franchise
670 G. Mennen Williams Building
Lansing, MI 48913

MINNESOTA

Notwithstanding anything to the contrary set forth in the Disclosure Document or the Franchise Agreement, the following provisions will supersede and apply:

1. We will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the same.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of 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.

3. No release language set forth in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

5. Under the terms of the Franchise Agreement, as modified by the Minnesota Addendum to the Franchise Agreement, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.

NEW YORK

NOTICE TO PROSPECTIVE FRANCHISEES IN 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 SOURCES OF 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 THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005, 212-416-8236. 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 added at the end of Item 3:

Except as provided above, with regard to 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 ten-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 injunction 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 Section 33 of the General Business law of the State ofNew 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**," andItem 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 Section 33 of the General Business Lawof the State of New York.

6. Franchise Questionnaires and Acknowledgements - 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.

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

Item 5 “Initial Fees,” is supplemented by the addition of the following:

> Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

Item 6 “Other Fees,” is supplemented by the addition of the following:

> No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

Item 17 “Renewal, Termination, Transfer and Dispute Resolution,” is supplemented by the addition of the following:

> Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
>
> Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
>
> Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.
>
> Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee’s business has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee’s place of business.
>
> Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.
>
> Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.
>
> Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust, or

inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials: ____________________ Date: _______________

NOTICE OF CANCELLATION

____________________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to 364 Fremont Peak Drive Brentwood, CA 94513 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island.

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

§19-28.1.-14 of the Rhode Island Franchise Investment Act provides that "A provision in a Franchise Agreement restricting jurisdiction or venue 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 this Act."

Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Stem Guys Tire Supplies, LLC, for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17:

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 grounds for default or termination stated in the Franchise Agreement do 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.

WASHINGTON

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.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

SIGNATURE PAGE FOR APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and any Supplemental Agreements entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, or Supplemental Agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐ California
☐ Hawaii
☐ Illinois
☐ Iowa
☐ Indiana
☐ Maryland
☐ Michigan
☐ Minnesota
☐ New York
☐ North Dakota
☐ Ohio
☐ Rhode Island
☐ South Dakota
☐ Virginia
☐ Washington
☐ Wisconsin

Date:___________________

FRANCHISOR:

Stem Guys Tire Supplies, LLC

Name:

Title:

FRANCHISEE:

FRANCHISEE

Name:

Title:

EXHIBIT J

LEASE RIDER

THIS LEASE RIDER is entered into between the undersigned parties.

WHEREAS, Company and Franchisee are parties to a Franchise Agreement dated ____________________, (the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement provides that Franchisee will operate a Stem Guys Tire Supplies ("Business") at a location that Franchisee selects and Company accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the "Lease"), pursuant to which Franchisee will occupy premises located at the address listed on the signature page below (the "Premises") for the purpose of constructing and operating the Business in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Business and for no other purpose.

2. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the Stem Guys Tire Supplies system as Company may from time to time prescribe for the Business.

3. Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be sent to Company by the method(s) as stated in the lease to:

Stem Guys Tire Supplies, LLC
364 Fremont Peak Drive Brentwood, CA 94513
rich@stemguystiresupplies.com

4. Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the Stem Guys Tire Supplies system and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the Stem Guys Tire Supplies trade dress upon the Franchise Agreement's expiration or termination. Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises.

5. Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar change, or to increase or accelerate rent under the Lease, in connection with such an assignment.

6. If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

7. Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.

8. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.

9. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

10. Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

IN WITNESS WHEREOF, the parties have executed this Lease Rider on the date signed below:

COMPANY:
Stem Guys Tire Supplies, LLC

By:

Name:

Title:

FRANCHISEE:
[FRANCHISEE]

By:

Name:

Title:

LANDLORD:
[LANDLORD]

By:

Name:

Title:

Effective Date of this Lease Rider:

Premises Address:

EXHIBIT K

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

Bank Name:

ABA Number:

Account Number:

Account Name:

Effective as of the date of the signature below, [FRANCHISEE NAME] (the "Franchisee") hereby authorizes Stem Guys Tire Supplies, LLC (the "Franchisor") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the franchise agreement dated [EFFECTIVE DATE OF FA] (the "Franchise Agreement") for the business operating at the location identified on Attachment A of the Franchise Agreement (the "Franchised Business"): (i) all Royalty Fees; (ii) Brand Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. **PLEASE ATTACH A VOIDED BLANK CHECK, FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS.**

AGREED ON [DATE]:

FRANCHISEE:

[FRANCHISEE]

By:

Name:

Title:

FRANCHISOR:

Stem Guys Tire Supplies, LLC

By:

Name:

Title:

EXHIBIT L

STATE EFFECTIVE DATES

The following States 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 or registered as of the Effective Date stated below:

State	Effective Date
California	Application Pending
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

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 Stem Guys Tire Supplies, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Stem Guys Tire Supplies, LLC 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and any applicable state agency.

This franchise is being offered by the following seller(s) at the principal business address and phone number listed below (check all that have been involved in the sales process):

Rich Leland at 364 Fremont Peak Drive, Brentwood, CA 94513, (510) 301-2436

Franchise Brokers, Consultants, or Franchise Development Company Representatives (if any):
Name:
Address:
Phone:

Issuance Date: April 22, 2026

I received a Disclosure Document that included the following Exhibits:

A. Financial Statements
B. List of State Administrators and Agents for Service of Process
C. List of Current and Former Franchisees
D. Operations Manual Table of Contents
E. Franchise Agreement with Attachments
F. Reserved
G. Form of General Release
H. Form of Confidentiality and Noncompete Agreement
I. State Specific Addenda
J. Lease Rider
K. Electronic Funds Transfer Form
L. State Effective Dates
Receipts

Signature:

Print Name:

Date Received:

PLEASE SIGN AND KEEP THIS COPY FOR YOUR RECORDS.

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 Stem Guys Tire Supplies, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

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G. Form of General Release
H. Form of Confidentiality and Noncompete Agreement
I. State Specific Addenda
J. Lease Rider
K. Electronic Funds Transfer Form
L. State Effective Dates
Receipts

Signature:

Print Name:

Date Received:

RETURN THIS COPY TO US: Stem Guys Tire Supplies, LLC
c/o Rich Leland
364 Fremont Peak Drive, Brentwood, CA 9451
rich@stemguystiresupplies.com