FRANCHISE DISCLOSURE DOCUMENT

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TREAD CONNECTION INTERNATIONAL, LLC
a North Carolina Limited Liability Company

10924 Granite Street, Suite 700
Charlotte, North Carolina 28273
Telephone 888-359-7289
www.treadconnection.com
cbrown@treadconnection.com

The Franchise we offer is for the operation of a mobile tire service business under the name Tread Connection™, featuring services and products that we authorize or develop from time to time.

The total estimated investment necessary to begin operation of a single Tread Connection franchise ranges from $~~98,600~~164,200 to $~~162,200~~203,400. This includes ~~the Initial Franchise Fee of $37,500~~$106,300 that must be paid to us~~. (See Items 5 and 7 for additional information).~~ or our affiliate. At the time of signing, and with our approval, you may purchase an additional contiguous territory ~~containing a population of 100,000 people~~ for an additional fee of $~~20,000, and possible future additional contiguous territory as approved by franchisor for a further additional fee of $~~0.~~15~~75 per person.

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 payments, to the Franchisor or an affiliate, in connection with the proposed franchise sale. **Note, however, that no government 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 availability of disclosures in different formats, contact our ~~President and~~ Chief ~~Executive~~Business Development Officer, Paul Hosage, at 10924 Granite Street, Suite 700, Charlotte, North Carolina 28273, 888-359-7289.

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

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

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

Issuance Date: ~~April 22, 2019~~

~~**FOR USE IN CALIFORNIA**~~

~~STATE COVER PAGE~~March 16, 2020

How

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

~~Call the state administrator listed in Exhibit "F" for information about the franchisor, or about franchising in your state.~~

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

~~Please consider the following RISK FACTORS before you buy this franchise.~~

~~1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US FIRST BY MEDIATION IN NORTH CAROLINA, AND IF THE DISPUTE REMAINS UNRESOLVED AFTER MEDIATION THEN THE DISPUTE MUST BE RESOLVED WITH US BY ARBITRATION ONLY IN NORTH CAROLINA. OUT-OF-STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND ARBITRATE WITH US IN NORTH CAROLINA THAN IN YOUR OWN STATE.~~

~~2. THE FRANCHISE AGREEMENT STATES THAT NORTH CAROLINA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.~~

~~3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.~~

~~4. WE MAY USE THE SERVICES OF ONE OR MORE FRANCHISE BROKERS OR REFERRAL SOURCES TO ASSIST US IN SELLING OUR FRANCHISE. A FRANCHISE BROKER OR REFERRAL SOURCE REPRESENTS US, NOT YOU. WE PAY THIS PERSON A FEE FOR SELLING OUR FRANCHISE OR REFERRING YOU TO US. YOU SHOULD BE SURE TO DO YOUR OWN INVESTIGATION OF THE FRANCHISE.~~

~~5. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE COULD BE A HIGHER RISK INVESTMENT THAN A SYSTEM WITH A LONGER OPERATING HISTORY.~~

~~6. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $98,600 TO $162,200. THESE AMOUNTS EXCEED THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF SEPTEMBER 7,~~ **Use** ~~2018, WHICH IS $5,000.~~

~~7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.~~

~~A chart of State Effective Dates is located on the following page:~~

~~**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 Franchise Disclosure Document** ~~is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:~~

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

~~State~~**QUESTION**	~~Effective Date~~**WHERE TO FIND INFORMATION**
~~California~~**How much can I earn?**	~~Pending~~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 franchises. You can find their names and contact information in Item 20 or Exhibits B and C.
~~Hawaii~~**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 support to my business?~~Florida~~	~~September 10,~~ Item 21 or Exhibit A includes financial statements. Review these statements carefully.~~2018~~
~~Illinois~~**Is the franchise system stable, growing, or shrinking?**	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
~~Indiana~~**Will my business be the only Tread Connection business in my area?**	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
~~Kentucky~~**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.
~~Maryland~~**What's it like to be a Tread Connection franchisee?**	Item 20 or Exhibits B and C lists current and former franchisees. You can contact them to ask about their experiences.

~~Michigan~~**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.
~~Minnesota~~	
~~New York~~	~~Pending~~
~~Nebraska~~	
~~North Dakota~~	
~~Rhode Island~~	
~~South Dakota~~	
~~Texas~~	
~~Utah~~	
~~Virginia~~	
~~Washington~~	
~~Wisconsin~~	

~~In all~~ What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require 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 North Carolina. 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 North Carolina than in your own state.

2. The ~~Disclosure Document~~franchise agreement states that North Carolina law governs the agreement, and this law may not provide the same protections and benefits as local law, you may want to compare these laws.

3. Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's marital and personal assets, including your house, at risk if your franchise fails.

4. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

5. The franchisor is ~~April 22~~at an early stage of development and has limited operating history. This franchise could be a higher risk investment than a system with a longer operating history.

6. The franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.

7. The franchisee will be required to make an estimated initial investment ranging from $164,200 to $203,400. These amounts exceed the franchisor's stockholder's equity as of December 31, 2019, which is $50,000.

8. You must purchase all or nearly all inventory & supplies necessary to operate your business from franchisor, its affiliates, or from suppliers that franchisor designates at prices that may be higher than you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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.

TREAD CONNECTION INTERNATIONAL, LLC
FRANCHISE DISCLOSURE DOCUMENT
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EXHIBITS

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

To simplify the language, this disclosure document uses "Tread Connection," "we," "us" or "our" to mean Tread Connection International, LLC, the franchisor, and "you" or "your" means the individual, corporation or other entity that buys a Tread Connection franchise.

The Franchisor, Any Parents, Predecessors and Affiliates

We conduct business under the name Tread Connection International, LLC or as Tread Connection. Our principal business address is 10924 Granite Street, Suite 700, Charlotte, North Carolina 28273. We are a North Carolina LLC that was formed on July 6, 2018. We have not been involved in any other business of any type and do not operate any businesses of the type we are franchising. ~~However, our~~

Our affiliate, Tread Connection, LLC, has operated a mobile tire service business from the above referenced address since December 1, 2016, which ~~will serve as the business model for our franchise system.~~ serves as the business model for our franchise system. Tread Connection, LLC was formed in North Carolina on August 15, 2016 and is located at 10924 Granite Street, Suite 700, Charlotte, North Carolina 28273. Tread Connection, LLC provides services to our franchisees, including the buildout and vehicle wrap of each Tread Connection van. Three of our officers, Christian Brown, Alex Hosage and Paul Hosage, have ownership in Tread Connection, LLC.

~~Only Tread Connection International, LLC will participate in the franchising operation and no other company will provide management or operational services or financial guarantees of any kind except that we may use affiliated facilities and personnel for training purposes.~~Our affiliate, TC Vehicle Leasing LLC, is a North Carolina limited liability company and was formed on March 13, 2020 with a principal business address of 8521 Crown Crescent Court, Charlotte, NC 28227. TC Vehicle Leasing LLC offers our franchisees the option to lease their vans instead of purchasing them. TC Vehicle Leasing LLC is owned by Christian Brown, our Chief Executive Officer. We do not require our franchisees to lease their vans from TC Vehicle Leasing LLC as of the issuance date of this Disclosure Document. Except as indicated above, there are no other parent, affiliated or predecessor companies. Neither we nor our affiliate have previously sold franchises of any type at any time.

Agent for Service of Process

Our Agents for Service of Process are set forth in Exhibit "F" of the disclosure document.

The Franchise Offered

Our franchise is a mobile wheel and tire servicing business operating under the name Tread Connection and featuring services and products that we authorize or develop from time to time. Our franchisees operate from a mobile platform without the need for an office, secretary or land phone lines. Our vans are outfitted with the latest in tire and wheel servicing technology. With the best equipment from around the world, we have the capability to quickly and efficiently change all tires, from low profile high performance tires on a supercar, to the blown tire on your family van. We provide home, work or roadside service for tire mounting and balancing, nitrogen fills, rotations and flat repairs. No more waiting at a repair facility or for a tow truck! "We are on the go and on your schedule!"

The Franchise System and Proprietary Marks

Our franchises are characterized by, among other things, distinct standards and specifications for our mobile tire services using products, supplies, uniform standards, specifications and procedures (the "System"). The

System is identified by means of certain trade names, trademarks, services marks, logos, emblems and other indicia of origin, including the Mark "Tread Connection" which we designate and require you to use in connection with the System (collectively, the "Proprietary Marks").

Market and Competition

As a Tread Connection franchisee, you will be competing with other individually owned or franchised businesses offering similar services in your general vicinity and other Tread Connection franchises in their protected territories, possibly including affiliate operated outlets. Typically, tire service businesses operate year round, but sales are particularly seasonal in colder geographic regions, with higher sales in warmer months of the year.

Regulation of the Business

You should consider that certain aspects of any business may be subject to and regulated by federal, state and local laws, rules and ordinances generally, including the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act, the USA Patriot Act and Executive Order 13224, as well as state and local departments of health and other agencies and other laws and regulations.

Industry Specific Regulations

You must comply with all local, state and federal codes and regulations and all Environmental Protection Agency ("EPA") and other environmental regulations pertaining to the use, disposal and storage of tires, cleaning materials and products. You may be required by local and state authorities to obtain certain permits, registrations, certificates or licenses to operate your business, including "home office" use permits. There may also be taxes or fees that you must pay in states with tire sales and/or disposal legislation.

You should consult with local agencies and/or your attorney. You must obtain all required licenses and permits and ensure that your employees and others providing services to customers on behalf of your business have all required licenses and permits, relating to the operation of a mobile tire service business. The failure to obtain and maintain the proper licensing and permits is a material breach of the Franchise Agreement.

You are solely responsible for complying with all applicable laws and regulations. You should research these requirements before you invest.

ITEM 2
BUSINESS EXPERIENCE

Christian Brown: Chief Executive Officer

Christian Brown has been our Chief Executive Officer since January 2020. He previously served with us as an Advisor and Manager from March 2017 to December 2019. Prior to that, he was self-employed as a private equity investor in Charlotte, North Carolina from September 2015 to February 2017. Additionally, he was the Chief Executive Officer of Integra Employer Health in Charlotte, North Carolina from May 2000 to August 2015.

Paul Hosage: ~~President~~Founder and Chief ~~Operating~~Business Development Officer

Paul Hosage has been ~~President and~~the Chief ~~Operating~~Business Development Officer for our Company since January 2020. He previously served as our President and Chief Executive Officer from our formation in July 2018 to December 2019. Paul has also served as President of our affiliate since December 2016 in Charlotte, North Carolina. From April 2013 to December 2016, Paul served as an Area Manager for Clark Tire in Charlotte, North Carolina.

Alex Hosage: ~~Business~~Chief Development Officer

Alex Hosage has acted as our ~~Business~~Chief Development Officer since ~~the company was formed~~January 2020. He has also served as our Business Development Officer from our formation in July 2018~~.~~ to December 2019. Alex also served as Chief Business Development Officer of our affiliate since December 2016 in Charlotte, North Carolina. From June 2014 to July 2016, Alex was Chief Operating Officer for Logic Labs, LLC in Charlotte, North Carolina~~ and from 2013 to 2014 he was Head Coach of Bloomsburg Hockey Club, Bloomsburg, Pennsylvania~~.

David Stoessel: Chief Financial Officer

David Stoessel has served as our Chief Financial Officer since October 2019. Prior to that, he served as a Controller for Integra Employer Health (which was acquired by Maestro Health in 2014) in Charlotte, North Carolina from October 2010 to September 2019.

Elizabeth M. "Lisa" Kendrick: Chief Operating Officer

Lisa Kendrick has served as our Chief operating Officer since January 2020. She previously was the President-Self Funded Solutions for Maestro Health in Charlotte, North Carolina from June 2015 to December 2019. She was also an Executive Vice President for Integra Employer Health in Charlotte, North Carolina from December 2010 to June 2015.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee is $37,500 for a contiguous protected territory consisting of a ~~35~~10-mile radius or a population of up to ~~250~~50,000 persons, whichever is the lesser physical area as determined by zip code populations and as assigned by franchisor based upon your registered franchise business address. The population of each territory will vary in accordance with geography, density and other factors and will be delineated on a map attached to the Franchise Agreement. If you are permitted by us to purchase additional contiguous population or area at the time of signing your franchise agreement, you must pay us $~~20,000~~0.75 per person for ~~an~~each additional zip code increment~~ of 100,000 persons.~~. We may also require you to operate ~~a second~~ one or more additional mobile tire service ~~van~~vans in the additional area~~.~~ based on the minimum territory size. With our approval, future additional contiguous territory may be granted for an additional fee of $0.~~15~~75 per person~~. Although the~~ for each additional zip code increment. The population count is calculated generally from posted zip code calculations~~, the actual final population in your Territory will be determined by exact street or geographical boundaries~~. We have reasonable discretion in altering the boundaries as assigned by us in accordance with topography, population, geography and other factors. Not all franchised territories will be exactly the same. The Initial Franchise Fee is payable in full upon your execution of the Franchise Agreement and is nonrefundable.

Mobile Workstation Van

You will pay between $115,000 and $135,000 to a dealership for the mobile workstation van. Of this amount, the dealership will pay our affiliate, Tread Connection, LLC, $68,800 for initial equipment and custom engineering, vinyl wrap, and flooring. The remainder of the total amount for the Mobile Workstation Van will fluctuate depending on whether you add options or warranty upgrades and the specific dealer that you work with.

Our affiliate, TC Vehicle Leasing LLC, offers qualifying franchisees the option to lease Tread Connection vehicles instead of purchasing them. More information on this leasing option can be found in Item 10 of this Disclosure Document.

There is no charge for Initial Training. You must pay all travel and living expenses for you and your trainees. In the event that a replacement Trainee must be trained, you must pay us a fee in the amount of $425 per day for each replacement Trainee trained by us, or our designee, or each person provided the Initial Training by us, or our designee, other than the initial trainee(s).

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Weekly Continuing License Fee	6% of the Gross Revenues	Monday of each week based on Gross Revenues from the previous Saturday through Friday time period.	"Gross Revenues" shall mean and include the actual gross revenues billed to your customers (including sub-contractors) in connection with the Services sold and performed for such customers, whether for cash or credit or barter, plus any other revenues derived from the operation of your Tread Connection Business, but excluding federal, state or municipal sales, use, service or excise taxes collected from customers and paid to

Type of Fee	Amount	Due Date	Remarks
			the appropriate taxing authorities, and customer refunds. This Fee will be debited by Electronic Funds Transfer ("EFT") from your bank account on Monday of each week. ~~A fee of $100 per occurrence will be charged for any instance of failure of EFT because of insufficiency of funds. The fee will be charged to this account.~~
Additional Territory Fee	$0.75 per person for each additional zip code increment	Prior to opening	If you are permitted by us to purchase additional contiguous population or area at the time of signing your franchise agreement, you must pay us $0.75 per person for each additional zip code increment. We may also require you to operate additional mobile tire service vans in the additional area. With our approval, future additional contiguous territory may be granted for an additional fee of $0.75 per person for each additional zip code increment.
Marketing Fund Fee	$50 per week for each authorized mobile tire service van, which may be increased annually by as much as 10% per year per van upon a thirty (30) day written notice to you.	Monday of each week.	The Marketing Fund Fee will be electronically debited weekly as described above. See note (1) below.
~~Marketing and~~ Technology ~~Fund~~ Fee	$~~75~~100 per week for each authorized mobile tire	Monday of each week.	The ~~Marketing and~~ Technology ~~Fund~~ Fee

Type of Fee	Amount	Due Date	Remarks
	service van, which may be increased annually by as much as 10% per year per van upon a thirty (30) day written notice to you.		will be electronically debited weekly as described above. See note (1) below. This fee covers your point of sale system, e-commerce platform, Point of Sale system, and Google G Suite.
Systems Fee	Costs	Within 60 days of notice to you	We may require you to obtain specified hardware or software and may modify specifications for and components of the Computer System from time to time.
Advertising Cooperative Contribution	A maximum of 3% of Gross Sales. Currently $0.	Determined by cooperative	The minimum contribution will be determined by us if we decide to establish an Advertising Cooperative. This fee will not exceed 3% of Gross Sales.
Insurance Reimbursement	Amount paid by us for insurance you fail to obtain, plus a 15% administrative fee (2)	Due upon billing. As Incurred if purchased by us on your behalf.	Required insurance coverage is described in paragraph 10.12 of your franchise agreement.
Trade Account Reimbursement Fee	Amount paid by us if franchisee fails to maintain trade accounts in current status	As incurred	Franchisees are required to maintain trade accounts in current status and seek to resolve any disputes with trade suppliers promptly. If you fail to maintain your trade accounts in current status or perform any non-monetary obligations to third parties, you will reimburse us for any amounts paid of your behalf to settle such disputes.
Tax Reimbursement Fee	Amount paid by us if you fail to pay taxes incurred	As incurred	We may, but are not required to, pay any

Type of Fee	Amount	Due Date	Remarks
	in connection with your Tread Connection franchise operations.		and all overdue taxes on your behalf. In this event, you will be responsible for reimbursing us for such amounts.
Customer Complaint Reimbursement Fee	Amount paid to compensate customers with complaints	As incurred	In the event your customers contact us to report a complaint about your Tread Connection franchise, you agree to reimburse us any costs we incur to compensate the customer in a manner that is appropriate
Intranet Usage Fee	Reasonable costs; currently $0	Due Monday of each week	If we create an intranet, we have the right to charge you for use.
Audit Reimbursement Fee	Costs	As incurred	If it is necessary for us to conduct an inspection or audit due to your failure to produce reports, supporting records or other information in a timely manner, information is not accurate or we find that Gross Revenue has been underestimated by 2% or more, you will be responsible for reimbursing us the costs incurred in conducting such inspections or audits, including, without limitation, the charges of attorneys and independent accountants and travel expenses.
Interim Management Fee	Due if we have to appoint a manager	As incurred	In the event the Tread Connection is not being managed properly any time after your death or disability

Type of Fee	Amount	Due Date	Remarks
			and we appoint a manager, we have the right to charge you a reasonable fee payable during the time the appointed manager manages the Tread Connection franchise.
Transfer Fee	$12,000 for each new employee to be trained. At your request we may provide training to other than new employees but you must pay us a fee not to exceed $3,000 per person trained by us.	Prior to consummation of transfer.	You pay this fee to us if you transfer your business. The Transfer Fee described in Section 14.3 of the franchise agreement is for training, supervision, marketing, selling, administrative, legal, accounting costs and other expenses for the transfer of the franchise. This fee is subject to state law.
Seminars and Training and Conferences	Currently a maximum of $275 per person, plus travel and living expenses of about $1,000 to $2,000. You will be required to attend at least one training conference per year.	Periodic Seminars and Conferences will be held at our headquarters in North Carolina or a different location of our choice. These events will not exceed 8 days in length.	Fee is payable prior to attendance at the event and expenses are paid as incurred.
Additional Training Requested by You	Currently $425 per day, plus travel and expenses.	Immediately after notice from us.	If, at your request, we send one of our staff members or designees to the franchised business to provide further assistance, we will charge you a daily rate for that assistance, plus the travel expenses for our ~~employee.~~staff member or designee.
Costs and Attorneys' Fees	Will vary under the circumstances.	Immediately upon notice from us.	You only pay if we succeed in any arbitration or litigation we bring against you, or in defending any claim you bring against us.
Indemnification	Will vary under the circumstances.	As incurred	You have to reimburse us if we are sued or

Type of Fee	Amount	Due Date	Remarks
			held liable for claims arising out of your activities
Interest on Late ~~Payment Charges~~Payments	Maximum amount permitted by law, not to exceed 1.5% per month.	Immediately upon notice from us.	You only pay this fee if you are late in paying any other fees you owe us.
Late Payment Penalty Fee	$100 per occurrence	Immediately upon notice from us.	You pay this fee if you are late in paying any other fees you owe us.
Insufficient Funds Fee	$100 per occurrence	Immediately upon notice from us.	A fee of $100 per occurrence will be charged for any instance of failure of EFT because of insufficiency of funds.
Review and Approval of Supplier	$250	On submission by you of supplier for review.	Payable only if you submit a proposed supplier.
Manual Replacement Fee	$250	At time of Replacement	If our copy of the manual is lost, destroyed or significantly damaged.
Computer Usage Costs	Costs of any computer usage incurred by franchisee	Varies	Due if any costs are incurred as a result of franchisee's use of the Computer System.
~~First Tread Connection Van – Monthly Financing Payment (including state, county, sales/use tax) (5)~~Insurance Cost	~~$1,100 - $1,700 per month, depending upon interest rate and down payment.~~Will vary under the circumstances	~~As per financing agreement.~~Annually, Monthly or Quarterly – as arranged with supplier	~~Franchisees are encouraged to finance the van. The reason for financing the vehicle is that it reduces the start-up costs, thereby protecting working capital.~~These insurance costs may vary depending on the particular state you will operate within.

All fees that are imposed by and payable to us are uniform, subject to change, and nonrefundable. Notes to Above Chart:

(1) Marketing ~~and Technology~~ Fund Fee. The purpose of this fee is to support the creative development and production by us (or agents selected by us) of all print, electronic, digital and other marketing and advertising templates we may execute from time to time; and also perform research, develop and provide updates and modifications in accordance with these efforts. We reserve the right to decide the amount and nature of these expenditures and how, when and where all expenditures are made (See Item 11). Proceeds from the marketing fund will not be utilized for the direct personal benefit of any specific, individual Franchisee or on any pro rata basis whatsoever, but will be utilized generally for local, regional

or national marketing and advertising templates to support the Tread Connection system as a whole. Any specific business or benefits that may accrue to you from the general operations of the fund, such as business that may be generated for your franchise and other benefits derived from the web based Media Manager/Consumer website, will be suspended immediately upon your failure to pay the required monthly fee in a timely manner and will be reinstated only when payments and penalties are brought current.

(2) If you do not purchase and maintain the insurance required by the franchise agreement or required by specific states to issue a license, and name us and our affiliate as additional named insureds, we may (but are not obligated to) purchase the required insurance on your behalf and charge you the premiums we paid for such insurance plus an administrative fee of 15% of that cost. (See Items 7, 8 and 11).

ITEM 7
ESTIMATED INITIAL INVESTMENT

Set forth below is an estimated break-down of various items for which you will incur expenses during the start-up and initial operation of your Tread Connection franchise.

The estimate assumes that you will operate the business from your residence. If not, you will have certain expenses for leasing a facility for the location of your Tread Connection franchise. The cost of any real estate is not estimated.

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee (1)	$37,500	Lump Sum	Upon Execution of Franchise Agreement	Us
~~Ford Transit Van (2)~~	~~$2,000 - $45,000~~	~~As Arranged~~	~~As Incurred~~	~~Supplier~~
Ford Transit Van and Initial Equipment Package ~~(~~, Custom Van Construction, Vinyl Wrap and Flooring (2, 3)	$~~39~~115,000 - $135,000	As Arranged	As Incurred	~~Us~~Supplier and Our Affiliate
~~Custom Van Construction, Vinyl Wrap and Flooring (4)~~	~~$7,500 - $10,500~~	~~As Arranged~~	~~As Incurred~~	~~Us~~
Computer Hardware & Software (~~5~~4)	$1,500 - $3,000	As Arranged	As Incurred	Vendors
Licenses, Accounting & Legal (~~6~~5)	$2,000 - $3,000	Lump Sum	As Incurred	Service Providers
Grand Opening Advertising and Sponsor Events (~~7~~6)	$~~2~~1,000 - $5,000	As Arranged	As Incurred	Vendors
Insurance (~~8~~7)	$~~400 – $800~~500 – $1,500	Lump Sum	Upon Signing	Vendor

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Training Expenses (Travel, Lodging and Meals) (~~9~~8)	$1,500 – $3,000	Lump Sum	As Incurred	Transportation/ Hotels/Food
POS Software-All Data Manage (~~10~~9)	$200 - $400	As Arranged	As Incurred	Supplier- no update cost
Additional Funds -3 months working capital (~~11~~10)	$5,000 - $15,000	As Arranged	As Incurred	Employees / Suppliers
Total Estimated Initial Investment	$~~98,600 - $162~~164,200 - $203,400			

All fees paid to us are nonrefundable and fully earned when paid. The above estimates are based on our experience in the industry~~ and~~. These estimates exclude real estate purchases and/or real estate lease payments because this franchise is a mobile-only business.

Notes to Above Chart:

(1) Initial Franchise Fee. The nonrefundable initial franchise fee for a single location is $37,500 for a population of approximately ~~250~~50,000. The franchise fee is payable in full on signing the Franchise Agreement and is nonrefundable. Neither we, nor any affiliate, offer any financing programs for the Initial Franchise Fee.

(2) Ford Transit Van~~ HR250. $5~~, Initial Equipment, Custom Engineering, Vinyl Wrap, and Flooring. $15,000 is the estimated initial down payment which would include the state/county sales/use tax. The Ford Transit has a high roof, ~~double doors with~~extended wheelbase, and no side or rear windows. There is no upfitting from the standard production model (no partitions or any add-ons) except for the vinyl wrap and flooring described in ~~item (4~~Note (3) below. The van, depending upon the creditworthiness of the applicant, can be financed, or fully purchased, and with final total cost being depending upon specific options selected, at the estimated total price of ~~$45~~up to $135,000.

~~(3)~~ Initial Equipment. ~~This~~Initial Equipment includes tire machinery (for mounting, dismounting and balancing), custom power generators, custom air compression system, state-of-the-art tools and equipment, impact guns and all necessary tools.

~~(4)~~(3) ~~Custom Engineering, Vinyl Wrap and Flooring. This involves a~~ This also includes full custom vinyl wrap and flooring for a durable work surface to protect the assets of the franchisee as well as the image and brand of the franchise. _The ~~object~~goal is to create the most usable floor space possible for technicians. Our affiliate, Tread Connection, LLC, is the sole approved supplier for this work.

~~(5)~~(4) Computer Hardware & Software. We require you to have a laptop (less than 1 year old) with Wi-Fi capabilities (SSD recommended) to be able to work in a cloud environment and to access industry-specific hardware and software.

~~(6)~~(5) Licenses, Accounting and Legal. This is the expected range of costs for legal formation fees, licenses, documentation, accounting services or other required fees as determined by your local city, County or state. Franchisee is required to be TIA certified (Tire Industry Association Certification) prior to attending our Initial Franchisee Certification Training. This figure also includes $100 to $400 for required courses. The required courses are online and can be completed in a day or less.

~~(7)~~(6) Grand Opening and Sponsor Events. Grand Opening expenses are designed to generate calls and attention to your new business in the community. Local sponsor events will help drive local community involvement and support.

~~(8)~~(7) Insurance. Initial down payment for ~~professional liability~~ insurance package. After this, your insurance provider will arrange either an annual, quarterly, or monthly premium payment.

~~(9)~~(8) Training Expenses. Estimated expenses for travel, lodging and meals for franchisee during initial training period.

~~(10)~~(9) POS Software. ~~ALLDATA~~TireGuru Management Software program customized for our franchisees, or an alternate and comparable system as later elected by us.

~~(11)~~(10) Additional Funds – 3 Months. You will need additional funds as working capital to cover expenses during your startup phase (approximately three months). However, the actual amount you will need will depend on a number of factors, including whether you have employees, how well you control your initial expenses and your level of sales and marketing during the initial period.

The estimate of additional funds for the initial phase of your business is based on recurring expenses and operating expenses for the first three (3) months of operation. The estimate of Additional Funds does not include an owner's salary or draw or staff salaries. The Additional Funds required will vary by your management skill, experience, and business acumen; the relative effectiveness of staff you may employ; local economic conditions; the local market for your services; the prevailing wage rate; competition; and the sales level that you reach in your Territory. You may incur other or higher costs or fees: You may also need operating capital when running the business that is in addition to what is estimated here. These figures are estimates based upon information provided to us from our affiliate.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

One of our prime objectives is to ensure quality control and to protect the image and integrity of the Tread Connection franchise system. It is mandatory that you comply with the standards and specifications contained in our Operations Manual loaned to you, which may be modified from time to time, together with bulletins and/or other written information we may provide to you.

Computer System

We do not require but recommend a desktop or laptop computer system with color printer able to run the latest Microsoft office software. We currently require Cable, DSL or Fiber Optic Internet connection that is always on and is covered through your service provider. Monthly iPad and cellular phone connection fees are covered by you and made by you with your wireless network or service provider. We may impose additional requirements on new or replacement computer hardware or iPad to stay current with the latest operating systems.

We may develop and require you to use a specific or proprietary business operating system. There may be an annual maintenance cost or required software update fees. The software will assist you in gathering, analyzing and reporting data and service results. We may negotiate purchase arrangements with suppliers for your benefit in the future. Except as described in this item, we do not currently provide any material benefits to you based upon your use of designated or approved sources.

Approved Suppliers/Supplies

You must purchase all equipment, products, merchandise and supplies from authorized and our approved suppliers. We will give you a list of approved suppliers authorized for the franchise (“Approved Suppliers List”).

We will provide you with a list of approved inventory, products, fixtures, furnishings, equipment, signs, stationery, supplies and other items or services necessary to operate the franchise (“Approved Supplies List”). We reserve the right to designate a required source of supply for certain products and supplies that we may determine to be required and we or an affiliate may be such a required source and we may do so from time to time.

Approved Supplier and Approved Supplies Lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. For example, as noted below, you must obtain insurance that meets our standards and requirements. We may revise the Approved Suppliers List and Approved Supplies List from time to time as we deem advisable. We will determine and give you the contact information for the distributors and/or manufacturers of all products offered by you. We do not provide you with material benefits (for example, successor franchises or granting additional territory) based upon your purchases of particular products or services or use of particular suppliers.

If you propose to use in the operation of your franchise any service, product, supply, material, furnishing or equipment which has not yet been approved by us as conforming to our specifications and quality standards and/or from a supplier not yet approved in writing by us, you must first notify us in writing and must submit to us sufficient information, specifications, and samples so that we can determine whether the item or service complies with System standards or the supplier meets our supplier criteria. Additionally, we charge you a fee of $250 for our review of each new supplier submitted for our approval (See Item 6). We will provide you with written approval or disapproval within a reasonable time period (typically 30 days) after you have supplied all the information we request from you. You may not use any supplier, service, product, supply, material, furnishing or equipment that we have not approved.

Supplier approval will depend on service or product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier’s willingness to pay us or our affiliate for the right to do business with our System. We may inspect or re-inspect the facilities and products of any approved supplier and revoke our approval if, in our sole judgment, the supplier fails to continue to meet our criteria and specifications.

Nothing contained in this Disclosure Document or in the Franchise Agreement requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

We are the only approved supplier for proprietary or trademarked products. ~~Other than these products, no officer owns any interest in a supplier, however we do retain the right to do so in the future. There are no items which our affiliate is the only approved supplier~~Our affiliate, Tread Connection, LLC, is the only approved supplier for the initial equipment package, custom van construction, vinyl wrap and flooring for our franchisees’ Tread Connection vans. During 2019, Tread Connection, LLC received $1,408,447.70 in revenue from Randy Marion Ford Lincoln LLC, which was associated with the cost of the equipment, construction, labor, vehicle wrap and flooring. Christian Brown, Alex Hosage and Paul Hosage own interests in Tread Connection, LLC.

Our affiliate, TC Vehicle Leasing LLC, is owned by Christian Brown and offers our franchisees the option to lease their Tread Connection vehicle(s) instead of purchasing them. TC Vehicle Leasing LLC did not exist in 2019 and therefore did not derive any revenue from franchisee purchases or leases in 2019.

You must engage ECM Solutions, an insurance brokerage in Charlotte, North Carolina, for all of the insurance coverage we require under the Franchise Agreement and as disclosed in this Item.

Electronic Funds Transfer System (EFT)

You must participate in an electronic system of automatic bank draft payment of all fees required to be paid to us under your franchise agreement. You do not have to buy or use an electronic cash register.

~~Franchise Location and Lease~~

~~Pursuant to the Franchise Agreement, in the event you choose to locate your business in an office space you must obtain our approval for the site of your Tread Connection franchise. It is also your responsibility to ensure that your selection of an existing building and the building plans comply with all federal (including the American with Disabilities Act), state and local laws.~~

Sponsorships

Our franchise system will depend on a growing list of handpicked and highly qualified approved vendors. These vendors will be important to our franchise system with training and support programs we put in place. Each year, we will survey the customer service and pricing programs offered to our franchisees. Each preferred vendor may be required to commit annually to our corporate training budget (currently $2,000). In exchange, each approved vendor will receive:

(1) A listing on our company newsletter
(2) Priority access to our franchisee directory
(3) A tabletop banner at franchise training events
(4) A 30-minute presentation at all local or regional training events

The use of sponsorship proceeds will be described and disclosed each year, but we have the absolute right to utilize all sponsorship fees as we may determine.

Insurance

Each franchisee will consult with us regarding the available types of required insurance for your area. This consultation will include General Automotive policies (for the Van) as well as Automotive (Garage Keeper Liability Insurance). Insurance must cover up to $1 million.

You must procure, at your expense, and maintain an insurance policy or policies protecting you, us and the respective officers, directors and employees against any loss, liability, personal injury, death or property damage or expense arising or occurring upon or connected to the Franchised Business as we may reasonably require for its own and your protection. We must be named as an additional insured in each policy or policies. If you acquire an interest in the real property from which you will operate the Franchised Business, you must furnish us with a Certificate of Insurance showing compliance with our insurance requirements. The certificate must state that the policy or policies will not be cancelled or materially altered without at least 30 days written notice to us. The certificate must reflect proof of payment of premiums. Maintenance of the insurance and your performance of the obligations under the insurance provisions of the Franchise Agreement will not relieve you of liability under the Franchise Agreement's indemnity provisions. We may modify the minimum insurance requirements and notify you of the change in writing.

If required by the state where your business is located, you are required to obtain worker's compensation insurance in such amount as required by your state. Further, we may require you to carry worker's compensation if not required by your state. You must obtain and maintain employer's liability insurance with One Million Dollars ($1,000,000) combined single limit coverage, as well as such other insurance as may be required by statute or rule of the state in which the Tread Connection franchise is located or operated.

Additionally, you must obtain and maintain comprehensive general liability insurance and product liability (if product liability insurance is available) insurance with limits of One Million Dollars ($1,000,000) combined single limit coverage including the following: broad form contractual liability and personal injury coverage (employee and contractual inclusion deleted) insuring us and you against all claims, suits, obligations, liabilities and damages, including attorneys' fees, for actual or alleged personal injuries or property damage relating to the franchised business, provided that the required amounts herein may be modified from time to time by us to reflect inflation or future experience with claims; automobile and commercial liability insurance on company vehicles, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least Million Dollars ($1,000,000); and loss of income insurance (in an amount sufficient to cover the continuing license fee and other fees due under the Franchise Agreement, for a period of at least 12 months); rental value insurance (in an amount sufficient to cover the rents and other fees due the landlord and/or Merchants' Association under the lease, if any, during any period of business interruption or inability to operate the franchised business) or such greater amounts of insurance as required by the lease for the franchised business; additional insurance and types of coverage is required by the terms of any lease for the franchised business, including an umbrella policy with limits of One Million Dollars ($1,000,000) to Three Million Dollars ($3,000,000). You are also required to have Garage Keepers Liability Insurance, if not otherwise covered, for the minimum amount of One Million Dollars ($1,000,000) per incident.

All insurance policies must be issued by carriers rated AA or better by Alfred M. Best and Company, Inc. who are authorized to do business in the state where the franchise is located, must contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time, must name us as an additional insured, must provide for 30 days prior written notice to us of any material modification, cancellation or expiration of such policy and must include all other provisions we may require from time to time.

Insurance policies shall indemnify both the Franchisee and Franchisor as named insured's, and shall indemnify Franchisor's affiliate and any other party having an insurable interest in either your operations or our operations as an Additional Insured from an actual or alleged claim by a third party caused by or occurring in conjunction with the operation of the franchised business or otherwise in conjunction with the conduct of business by you pursuant to the Franchise Agreement. We reserve the right to adjust the limits of indemnification (up or down) or to require you to procure and maintain other additional coverage prescribed from time to time by us. We may increase the minimum liability protection requirements annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability or higher damage awards in public, product or motor vehicle liability litigation, or other relevant change in circumstances. You shall submit to us annually a copy of the certificate of, or other evidence of, the renewal (succession) or extension of such insurance policy or policies. We reserve the right to reject any policy with exclusions or sub limits that are not satisfactory to us.

If your business is located in a place other than your home, you shall procure and maintain at your sole cost and expense a policy of Commercial Fire Insurance on a Special Form Basis providing for One Hundred Percent (100%) replacement cost of franchisee's Business Personal Property, Leasehold Improvements and Betterments and Real Property (including signs and plate glass) if you lease, rent or own a building for the franchised business. You shall also provide Business Interruption and Extra Expense on a One Hundred Percent (100%) co-insurance basis. We shall be named as loss Payee on the Business Interruption coverage on a primary basis so as to enable you to provide us with an uninterrupted stream of payments (as if you were still in operation) for a period of a minimum of 12 months. Any insurance policy must provide 30 days prior written notice to us of any material modification, cancellation or expiration of such policy along with a copy of the notification sent to you, and must include other provisions we may require from time to time.

You shall further carry any additional insurance covering such additional risks or providing higher limits as we may reasonably request. If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence thereof, we at our option and in addition to our other rights and remedies hereunder, may, but shall not be required to, obtain such insurance coverage on behalf of you, and you shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us, on demand, any costs and premiums incurred by us plus an administrative fee of 15% of that cost. (See Items 7 and 11).

Advertising by Franchisee

You may not engage in any advertising program or use any other advertising, including local advertising placed on television, print or any other media, or prepare or use any marketing materials, unless you provide us advertising samples and obtain written approval from us.

Franchisor reserves the right to provide a national toll free routing telephone service for quality assurance purposes. In this event all telephone inquiries from customers will be routed through this centralized service. Franchisee will not advertise or use any local telephone number without providing to Franchisor samples of the types of layouts utilizing such advertising and local telephone numbers to obtain the written consent of the franchisor. All such samples must be received by Franchisor at least 10 business days prior to any printing or advertising deadline.

Rebates

We and our affiliate reserve the right to earn a profit or receive rebates or other consideration from suppliers in connection with your purchase merchandise, goods, products and services as described in this Item 8 as well as in connection with any future purchase of any goods, products, or services in connection with the operation of your franchise.

Franchisor will provide administrative services which may or may not include the sourcing of products, quality and safety inspections, insurance requirements, price negotiations, delivery standards and services to protect the quality and consistency of all products and services. Franchisor rebates will be as low as 0% payment to as high as 15% from distributors for the administration of these services. Most of these payments are calculated on an amount based on products sold. We will retain and use such payments as we deem appropriate or as required by the vendor. ~~Franchisor was formed July 6,~~ We did~~2018 and as of the Issuance Date, has~~ not ~~received~~receive any rebates ~~in~~ during our fiscal year ending December 31, 2019. ~~2018.~~

Proportion of Required Purchases/Leases to All Purchases/Leases

We have only recently commenced franchising. Therefore, during our last fiscal year, we derived no revenue from franchisee purchases from us. You can expect items purchased or leased in accordance with our specifications will represent approximately 75% to 90% of total purchases you will make to begin operations of the business and 75% to 90 % of the ongoing costs to operate the business.

Negotiated Prices

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System which we will pass through to our franchisees. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers.

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	§§ 2 and 4	Items 6 and 11
b. Pre-Opening purchases/leases	§§ 4, 5 and 6	Items 7, 8 and 11
c. Site development and other pre-opening requirements	§§ 2, 4, 5 and 6	Items 6, 7 and 11
d. Initial and ongoing training	§§ 3, 5 and 6	Items 6, 7 and 11
e. Opening	§§ 2, 4, 5, 6 and 11	Item 11
f. Fees	§§ 3, 5, 6 and 11	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	§§ 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13	Items 11and 17
h. Trademarks and proprietary information	§§ 3, 7, 8, 9, 10, 11 and 12	Items 13, 14 and 17
i. Restrictions on products/ services offered	§§ 4, 5, 7, 8 ,10 and 11	Items 16 and 17
j. Warranty and customer service requirements	None	None
k. Territorial development and sales quotas	None	Item 12
l. Ongoing product/service purchases	§§ 5, 10 and 11	Item 8
m. Maintenance, appearance and remodeling requirements	§§ 5, 10 and 11	Items 11 and 17
n. Insurance	§§ 10 and 12	Items 6 and 8
o. Advertising	§§ 5, 7, 8, 11 and 12	Items 6 and 11
p. Indemnification	§ 17	Item 6

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
q. Owner's participation/ management/staffing	§§ 2, 4 and 6	Items 11 and 15
r. Records/reports	§§ 5, 6, 10, 11, 12 and 13	Items 6, 11 and 17
s. Inspections/Audits	§§ 6 and 13	Items 6, 11 and 17
t. Transfer	§ 14	Item 17
u. Renewal (Successor Agreement)	§ 3	Item 17
v. Post termination obligations	§§ 15 and 16	Item 17
w. Non-competition covenants	§§ 9, 16 and 18	Item 17
x. Dispute Resolution	§ 18	Item 17

ITEM 10
FINANCING

~~We do not~~ Our affiliate, TC Vehicle Leasing LLC, may offer ~~direct or indirect~~ qualifying franchisees a lease option whereby they can lease their Tread Connection vehicle(s) instead of purchasing them. The terms of this lease arrangement are disclosed below.

Summary of Financing Offered										
Item Financed	Source of Financing	Down Payment	Amount Financed	Term (Years)	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Fully Equipped Mobile Workstation	TC Vehicle Leasing LLC	$15,000	$115,000	5 Years	8.99%	$1,894.33[1]	None	Personal Guarantee	Equip. removed; past due payment; costs of collection; loss of franchise; franchise rights	None

1. The estimated monthly payment does not include local or state taxes.

If you wish to lease your Tread Connection vehicle(s), we have arranged a lease (Exhibit O) with our affiliate, TC Vehicle Leasing LLC of Charlotte, North Carolina. If you choose this option, you will pay $1,894.33 per month for 60 months (5 years) at an interest rate (rate of interest, plus finance charges, expressed on an annual basis) of 8.99% based on a cash price of $130,000, with $15,000 down. TC Vehicle Leasing LLC requires a personal guarantee from you, or from all the interest holders of your entity, and retains a security interest in the vehicle. The vehicle lease can be prepaid at any time. If you do not make a payment on time, TC Vehicle Leasing LLC can demand payment of all past due payments, retake possession of the vehicle, and accelerate the balance due. TC Vehicle Leasing LLC can also cover its costs of collection, including court costs and attorney's fees.

Except as disclosed above, we do not offer any other financing~~. We~~, and we do not guarantee your note, lease or ~~obligation~~obligations to third parties. We do not receive any direct or indirect payments from placing financing.

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

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

Pre-opening Assistance

Before you begin operating your business:

(i) ~~In the event your business location is other than your home, we~~We will approve the location of your business and provide a territory surrounding the site of your business where we will not place another Tread Connection franchise (Franchise Agreement, Section 4).

(ii) ~~If you do~~Tread Connection is a mobile only business. You are not ~~use your home as~~required to obtain office space from which to operate your franchised ~~location, you~~business. You must ~~select a site~~outfit your Van for ~~your~~ business and ~~submit the location for our approval and~~ be ~~conducting business at the approved location~~operational within 90 days of signing the franchise agreement or your franchise will be terminated without any refund of fees or expenses. We do not select a site for your business. We do not own any real estate locations ~~that~~ we would lease to you and will not be responsible for locating your business~~ site.~~. (Franchise Agreement, Section 4)

(iii) In determining whether or not to approve a territory for the franchised business, we will consider such factors as population and income level in the area, the number of comparable contiguous businesses, competition, zoning, general location and neighborhood, traffic patterns, parking, size, layout and other physical characteristics, and available square footage. (Franchise Agreement, Section 4)

~~(iii)~~(iv) We will provide to you lists of approved suppliers for the equipment, goods and materials you will need to operate the Franchised Business (Franchise Agreement Section 10~~).~~.)

~~(iv)~~(v) We will loan you copies of the Operating Manual and other documents containing reasonable, mandatory and suggested specifications, standards, operation rules established from time to time by us and information relative to your obligations and the operation of your franchise business. There are currently 82 total pages in the Operating Manual. (Franchise Agreement Section 10~~).~~.)

~~(v)~~(vi) We will provide a five (5) day initial franchisee certification training program to assist and guide you in operating your franchise. We will help you establish suggested pricing for your Tread Connection franchise. You must obtain our approval of all pricing prior to opening your franchised business. (Franchise Agreement, Section 6.1)

~~(vi)~~(vii) We will provide pre-opening telephone support and assistance prior to opening your Tread Connection franchise such advice in the necessary tasks, steps and actions to open your franchise. (Franchise Agreement, Section 6.2)

~~(vii)~~(viii) We will assist you in ordering your initial equipment and supplies and will advise you on the expenditure of your opening marketing and advertising efforts. You are required to spend a minimum of $~~2~~1,000 and a maximum of $5,000 in local "Grand Opening" marketing and advertising. (Franchise Agreement, Section 6.4)

~~(viii)~~(ix) We will provide between one (1) and three (3) days, in our sole discretion, of on-site Grand Opening training, assistance and guidance in the opening and operation of your Franchised Business. This will include real-time training and support assistance. (Franchise Agreement, Section 11.4)

Marketing ~~and Technology~~ Fund

We will maintain a Marketing ~~and Technology~~ Fund (the "Fund") into which all franchisees will contribute $~~75~~50 per week which fee may be increased by up to 10% per year upon a thirty (30) day written notice in response to rising costs. Monthly payments to the Fund will be made through our electronic funds transfer (EFT) system described in Item 6.

If we have company owned units in the future they will not contribute to the Fund. Any franchises owned jointly or separately by any of our officers or directors will not contribute to the Fund. The Fund will be administered by us and there will be annual unaudited financial statements accounting for the placement of all Fund fees. Surplus funds at the end of any year will be carried over into the following year. Some advertising media will be generated by us and other items may be produced by agencies selected by us. We will not receive any payment or fee for providing services to the Fund but the Fund will be used to pay all costs of the National Consumer Website described below, providing marketing and advertising templates for franchisees and for the administration of the Fund including, but not limited to, all personnel salaries related to the Fund and all costs relating to design, directing, writing, preparing, producing and placing all electronic and print marketing and advertising templates of any nature to promote and/or enhance the identity and image of the Tread Connection franchise system, its franchisees, services, products or for any other purpose related to Tread Connection or its locations, whether franchised or owned by us or by affiliated persons or entities.

We have the absolute right to determine how and where the Fund money will be spent. Marketing will not be designated for the benefit of any specific franchisee, but for the benefit of the System as a whole as we may determine from time to time. The Fund supports our National Consumer Website. The National Consumer Website is the primary marketing "tool chest" for the entire franchise system. Its major purpose is to establish and promote the Tread Connection brand that will attract retail business for our franchisees and to provide an internet presence for each franchisee. We will benefit from contacts by new franchisee candidates through this website, and our franchise opportunity information and application pages will be present within the site. As with all other advertising materials, stationery and business cards, the site will also contain references to the fact that "Franchises Are Available" and that "Each Tread Connection™ Franchise Is Independently Owned and Operated." Upon your written request, we will provide you a copy of expenditures during the most recently ended fiscal year on a confidential basis. The Fund may also be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or local advertising, including (without limitation): television, radio, magazine, newspaper and worldwide web/internet advertising campaigns; other advertising, marketing and public relations materials; point-of-purchase materials; consumer research, interviews and related activities.

~~As of the Date of Issuance, no advertising funds have been received.~~

During the previous fiscal year ending December 31, 2019, we collected $20,112 in marketing fund contributions from franchisees. Of this amount, 100% of it was used on media production.

Tread Connection National Consumer Website

You will benefit from the Tread Connection National Consumer Website which contains all of the comprehensive information about the franchise system and the high quality products and services offered by our franchises. Each franchisee receives the direct benefits from the website in return for the monthly payment of the Marketing ~~and Technology~~ Fund Fee.

Website Design and Hosting

You will be provided a design template and hosting services for your individual location Micro-Site which will provide your franchise with an internet presence, including your business address and local telephone information, customer testimonials, photographs showing your personnel and franchise and other information about your local franchise. You do not have any responsibility or expense for designing or hosting the Micro-Site, but you will have access as described below in order to modify and manage this website presence and to maximize its benefits to you.

Location Micro-Site Access

Although presently not available we intend to provide password access to conduct all business-related E-mail Operations through your private portion of the internet Location Micro-Site. We plan in the future to provide you with access to all Location Micro-Site content. You may only utilize the website and Internet presence provided or authorized in writing by us. You may not use any other form of website or Internet advertising.

Franchisee Location Finder

Web visitors will encounter the Franchisee Location Finder, which will encourage them to select a city, state or zip code of their preference. Upon selection of the search criteria the visitor will be presented with a list of Tread Connection franchisees and they will be able to find the nearest Tread Connection to them, where they will see your individual, personalized location Micro-Site.

Media Manager

In the future, we intend to provide Subscription and Password access (included in your weekly fee payment described in Item 6) to downloadable print and digital marketing materials and programs administered and managed by us for all downloadable newspaper, magazine and direct mail advertising template materials and the ability to download television and radio advertising templates, as may be made available by us from time to time. There is no cost for downloadable materials, but you must pay the cost of all printing, mailing, or all other costs related in producing your advertising materials including radio and video duplication and for the tagging, printing and shipping of all products ordered by you.

Access to Graphic Designer

Through the Media Manager you will have access to our approved Advertising and Graphic Design Provider that has prepared the downloadable and digital material templates you may order. In addition to the material templates approved by us and made available to you through the Media Manager operations, you may request the Provider to create advertising materials on your behalf for your Tread Connection location. If you do, you must pay the Provider directly for the total cost of any such materials, and all sample materials be sent to us for our written approval by us prior to being ordered by you. We will retain exclusive rights to any and all such materials requested to be produced by franchisees and we have the right, without attribution or payment of any kind, to make these materials available for use by us and all other franchisees. You will have no rights in such materials other than our permission for use by you.

If any automatic electronic funds withdrawal of your Fund Fee payment is denied, and remains unpaid for a period of seven days, your subscription password account will be deactivated until payments and penalties are brought current and for that period of time you will be denied access to, and the benefits of, all of the above services.

We may develop proprietary software or alternate sources to provide your Location Website hosting and/or other services. If so, we or our designee shall license the software to you and we may need to make a reasonable increase in the Marketing ~~and Technology~~ Fund Fee as a result. You agree to pay the increased fee required by us and you will comply with all specifications and standards prescribed by us from time to time in the Operations Manual.

We will decide the amount and nature of all expenditures of the Marketing ~~and Technology~~ Fund and how and where all expenditures are made. As noted above and in accordance with Section 5 and 15 of the Franchise Agreement services provided pursuant to this Fund may be deactivated upon a franchisee's failure to pay the monthly Fund Fee in a timely manner and will be reinstated only when payments and penalties are brought current.

Advertising Cooperatives

As of the date of this disclosure document, we have not established any local or regional advertising cooperatives ("Co-op Advertising Region"). If we do so in the future, you must participate in the Co-op Advertising Region for the region in which your franchise is located. We have the absolute right to exempt certain franchisees from participation. We will notify you in writing if you must join a Co-op Advertising Regional and the initial amount of the contributions to the Co-op Advertising Region. We will determine the area of each Co-op Advertising Region.

Each Co-op Advertising Region must comply with the then current governing cooperative agreement. A copy of the governing documents (if one is established) will be available upon request. At all meetings of the Co-op Advertising Regions, each participating franchisee is entitled to one vote per franchise that franchisee operates in the Co-op Advertising Region and we and our affiliate are entitled to one vote for each company-owned or affiliate-owned franchise in the Co-op Advertising Region or such other vote as may reasonably be determined by us.

We will determine your minimum contribution to the Co-op Advertising Region. However, each Co-op Advertising Region may increase the contribution by majority vote. We or our affiliate, as applicable, will contribute to the Co-op Advertising Region for each of our company or affiliate-owned franchises located in the Co-op Advertising Region on the same basis as franchisees.

Each Co-op Advertising Region will decide the use of funds available to it for advertising or marketing, subject to our written approval. Any disputes (other than pricing) arising among or between you, other franchisees, and/or the Co-Op Advertising Region may be resolved by us. Our decisions will be final and binding on all parties. No Co-op Advertising Region may appoint, or pay from the funds collected by the Co-op Advertising Region fees or costs of, any advertising agency or buying group without prior written consent. Co-op fees will be credited to required local advertising expenditures.

Advertising Council

We currently have no advertising council composed of franchisees. We have no obligation to create an advertising council. Business Facility Computer System, Programs and Printer

Franchisee should maintain a computer system capable of running Microsoft 2016 Office and other software as we may designate from time to time, including an online accounting program and an all-in-one color printer, fax, copier. All such computer equipment should be Internet compatible and compatible with your mobile iPad and iPhone running the most recent IOS system. Franchisor will also provide a list of required iPhone and iPad applications to be procured by franchisee. The cost of purchasing this computer system will range from $1,500 to $3,000. We estimate repair and maintenance to the computer system should not exceed $500 to $1000 per year.

Conditional on compliance with the Franchise Agreement and with our Terms of Use and Professional Code of Conduct, we may permit you to access our Tread Connection Franchise Online System (FOS). Access to the FOS is a privilege and not a right. The FOS includes a communications forum, chat rooms and may also provide franchisees with a mail system, news and library of Tread Connection materials, including manuals and advertisements, reporting and other functions that may be accessed by other franchisees, our affiliate and approved third parties. The FOS exists at our pleasure, and is our proprietary property and may contain confidential information. We have no contractual obligation to provide the FOS or its ongoing maintenance, repairs, upgrades or updates. We may at our discretion pay for the costs of the FOS from the Marketing Fund. Access to the FOS may be restricted or denied at any time at our sole discretion.

Business Software

We may in the future require you to use specific software to assist you with work scheduling, reporting data, service results and other work related activities. We currently do not use any specific software for these business functions and do not currently know cost of maintenance or updates.

Our Access to Your Systems

In order to maintain high quality standards, we will reserve the right to audit and monitor each of our franchisee's office locations and vehicles at any time through physical inspection. We have no plans to do so but may in the future require you to purchase different or other software or hardware. In that event you will receive written notification and be given a reasonable time (not to exceed 60 days) in which to purchase the required software or hardware. (Franchise Agreement, Section 10).

During the term of your Franchise Agreement, we and you will jointly own all information generated by or stored that you use to operate the Franchise Business. We have the right to access your records and review all information related to the Franchised Business at any time during the term of you Franchise Agreement and periodically may establish further policies respecting the use of access to such information. Sole ownership of that information will revert to us if your Franchise Agreement is terminated, and you must immediately transfer such information to us upon termination.

Point of Sales Systems and Technology Fee

The weekly $100 Technology Fee covers expenses related to the e-commerce platform, Point of Sale System, Google G Suite, and other technology services we are implementing across the franchise system that assist our franchisees with providing services to customers.

The currently required POS system, which may change from time to time, is ~~ALLDATA Management~~TireGuru and has been programmed to the Tread Connection franchise operations. ~~There is a monthly service fee between $150 to $250 per month (per unit) which you will pay to the supplier of our approved software. Depending upon technology development and upgrade requirements, there may be an initial cost required. We require you to pay the monthly fee in order to partially defer future updating costs or services. We estimate repair and maintenance to~~Service of the ~~system should not exceed $500 to $1000 per year~~POS System is covered by the $100 weekly Technology Fee. Although we are very satisfied with the current POS system, we do reserve the right to alter or eliminate this system and/or to substitute another system if we determine to do so and you must at that time change to whatever program or system we prescribe at your sole cost and expense.

Confidential Operating Manual

We will loan you one copy of our confidential operations manual ("Manual") which contains mandatory and suggested specifications, standards and operation procedures as we prescribe and may also include information relative to your Franchise Agreement. The Manual may be amended or modified from time to time to reflect changes in our System. You must keep the Manual confidential and current and agree not to share its content with third parties without our permission, and you may not copy any part of the Manual. The table of contents for the Manual is listed in Exhibit "D".

Time to Open

You must be fully available to the public within 90 days from the signing of the Franchise Agreement, subject to unavoidable delay or failure to perform [Force Majeure]. You may not open the Tread Connection franchise for business until: (1) we approve the Tread Connection franchise as being developed and fully completed according to our specification and standards; (2) pre-opening training of you and your personnel has been completed to our satisfaction; (3) you have completed all pre-opening marketing requirements; (4) the Initial Franchise Fee and all other amounts then due to us have been paid; we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (6) we have received signed counterparts of your lease, if applicable, and all other required documents pertaining to your site (if you have selected to operate from a fixed, leased location). The typical length of time between signing a franchise agreement and opening for business is sixty (60) days. The factors that may affect this are your availability to attend training, your financing of the initial purchases, site selection, and other economic factors.

Initial Franchisee Certification Training

We provide a mandatory initial training course before you begin to operate the franchise. Training consists of classroom on-the-job training for a period of five (5) days. Training may be held at our headquarters in North Carolina or affiliate or designated franchisee location in North Carolina. It is mandatory that the majority owner and/or operating partner complete the initial franchisee training described in the chart below. We do not have a set training schedule for new franchisees~~.~~, but may develop one in the future. Training is scheduled at various times during the year depending upon the number of new franchisees entering our franchise system and the date Franchise Agreements are signed and the required opening dates. All initial training for new franchisees must occur within 90 days of signing the Franchise Agreement.

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New Franchisee Training

Subject	Hours Classroom Training	Hours On-The-Job Training	Location
Welcome/Culture & Values	2		Charlotte, NC
Brand Story & Image	1		Charlotte, NC
Products & Services	2		Charlotte, NC
POS Training	2		Charlotte, NC
Inventory (Purchasing/Receiving	1		Charlotte, NC
Scheduling	2		Charlotte, NC
Website Training	1		Charlotte, NC
Equipment Operation/Safety	2		Charlotte, NC
Operations/Procedures	4	4	Charlotte, NC
Equipment Maintenance	1		Charlotte, NC
Leadership/Management	1		Charlotte, NC
Administrative (Payroll, Finance, Taxes)	1		Charlotte, NC
Forms/Documentation	1		Charlotte, NC
Human Resources	1		Charlotte, NC
State/Federal Tire Tax/Disposal Compliance	1		Charlotte, NC
Employee Training	4	4	Charlotte, NC
Opening/Closing Procedures	1	1	Charlotte, NC
Marketing/Sales/Revenue Generation	1	2	Charlotte, NC
TOTALS	**29**	**11**	

Notes:

(1) We will provide this initial training at no additional charge to you. You must pay all travel and living expenses for you and your trainees. We may modify the above training program as we deem necessary for our Franchisees. Paul Hosage is the primary trainer with over 7 years of relevant experience~~, and he is assisted by Alex Hosage depending~~. Depending on his availability~~.~~, he may be assisted by others within our organization. Manuals will be used as our primary instructional material. However, training is enhanced with PowerPoint presentations, videos, supplier representative presentations, and hands-on training.

Grand Opening ~~Training~~Advertising

You agree to spend between $1,000 and $5,000 on a grand opening advertising campaign to promote the opening of your Tread Connection franchise as directed by us. This amount must be spent in the sixty (60) day period comprising thirty (30) days before and thirty (30) days after your business commences. You Grand Opening Advertising campaign must be approved by us before you may begin it.

If you are signing the Franchise Agreement for your first Tread Connection franchise, we will furnish you with one person to assist you for one (1) to three (3) days, in our sole discretion, during your Grand Opening at ~~franchisor's~~our expense. Each person who signs the Franchise Agreement must be in attendance at our on-location Grand Opening training and certification session, as described below:

Subject	Hours Classroom Training	Hours On-The-Job Training	Location
Team Orientation (Culture, Values, Expectation)	1		Franchise Location
Brand Story & Image	1		Franchise Location
Product and Service Review	1		Franchise Location
Ambassador Sales		2	Franchise Location
POS Training Review	1		Franchise Location
Equipment Operation/Safety	1		Franchise Location
Operations/Procedures		1	Franchise Location
Employee Training	1	**1**	Franchise Location
Safety		**1**	Franchise Location
Inventory (Purchasing/Receiving	1		Franchise Location
Opening/Closing Procedures	1	1	Franchise Location
Soft Opening		1	Franchise Location
Regroup/Review	1		Franchise Location
Marketing/Sales/Revenue Generation	1		Franchise Location
Grand Opening		4	Franchise Location
Day After/Reflection and Goal Setting		2	Franchise Location
Scheduling and Website Training	1		Franchise Location
TOTALS	**11**	**13**	

Other Conferences/Training/Educational Events

Each person who signs the Franchise Agreement must attend Conferences that may be scheduled from time to time as we may determine to be necessary, at our company headquarters in North Carolina, or at a different location of our choosing. Conferences will not exceed eight days in length. If you purchase more than one franchise territory, then the manager from each location must also attend the above sessions. During the operation of your business, we will, upon your request and at your expense, and to the extent we have personnel available, send one or more members of our staff to the franchised business to provide additional follow-up assistance and training (Franchise Agreement – Paragraph 6.3).

Ongoing Training

~~Franchisor will~~We may, in our sole discretion, host ~~an annual~~a regional conference. Franchisees are required to attend this~~ regional~~ conference at their own cost for travel, lodging, food, entertainment and any other expense. There is a training fee of $250 which will include training tools and materials provided to franchisees at the conferences.

Other Services

We may provide other services as we deem beneficial for Franchisees. At your request and for an additional fee we may visit your franchise business for the purpose of consulting, assistance, and guidance in all aspects of the operation and management of the franchise business.

ITEM 12
TERRITORY

We will approve and designate a location from which you will operate your Tread Connection franchise (the "Approved Location"). Your ~~territory~~Territory will be described by zip ~~code~~ codes constituting the lesser of a 50,000 population~~(s) up to 250,000 persons as assigned by us~~ or a 10-mile radius from your Approved Location. However, the exact population will vary in accordance with geography, density and other factors. We will designate the exact territory by attaching a map to each Franchise Agreement. If you are permitted by us, you may purchase additional contiguous territory, consisting of additional zip codes, for an additional initial franchise fee of $~~20,000 for 100,000 persons~~0.75 per person (based on the U.S. Census Bureau report or zip code data). We may also require you to operate ~~a second~~additional mobile tire service ~~van~~vans in the additional area if the additional population is in excess of the minimum initial territory size. Franchisees who purchase additional area at the time of signing the initial franchise agreement may also qualify for a later right to purchase additional contiguous area for an additional fee of $0.~~15~~75 per person, provided they are then currently in compliance with all terms and conditions of the franchise agreement and the territory has not been franchised or promised to another person.

When determining the original size and boundaries of your Territory, we will consider demographic and other factors that we deem appropriate, including the number of people living within the logical market area, the number and size of competitors, traffic patterns, the competitive situation, natural determinants, and economic data. Your Territory therefore will not be identical to that of any other franchisees and you must make your decision whether to purchase the franchise based upon your knowledge of your proposed Territory. The Franchise Agreement permits us to modify the boundaries and size of your protected territory if the population of your Territory increases by fifty percent or more from the estimated population at the time you sign the Agreement.

You cannot advertise for or attempt to solicit customers outside your territory without our prior written consent. Upon our demand you must discontinue using all advertising and telephone numbers which are active in the area outside your territory and direct the telephone company servicing you to transfer to us or a person or company we designate all of the telephone numbers registered to you there.

You cannot provide services outside your territory unless there is not another Tread Connection franchisee in that territory. If you receive a request for services or products from outside your territory, you must refer that request to the Tread Connection franchisee in that territory. If there is no Tread Connection franchisee in that territory, we may grant you authorization to perform the requested work provided you will assign or transfer the customer to any later Tread Connection franchisee who may be established in that other territory where the customer is located. However, you may retain the customer until the other Tread Connection franchise is established and operating.

You may relocate your Territory, with our prior written consent, upon giving us written notice. We have the right to approve or disapprove a proposed location based on such factors as we deem appropriate, including, without limitation, the condition of the premises, demographics of the surrounding area, proximity to other Franchisees, lease requirements and overall suitability. We will not unreasonably withhold our consent.

Rights We Reserve in Your Franchise Agreement

Your territory rights are non-exclusive. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competition brands that we control. We retain the absolute right to:

1. Establish, and grant to other franchisees the right to establish Tread Connection franchises anywhere outside the Protected Territory, on such terms and conditions as we deem appropriate (even immediately outside the border of the Protected Territory), but not within the Protected Territory of your Tread Connection franchise you open under the Franchise Agreement and continue to operate under it;

2. Operate, and grant franchises to others to operate businesses, whether inside or outside the Protected Territory, specializing in the sale of services, other than a Competitive Business of a Tread Connection franchise, using some of the Marks and/or all of the Marks pursuant to such terms and conditions as we deem appropriate;

3. Operate, and grant franchises to others to operate businesses or provide other services, whether inside or outside the Protected Territory, that do not use any of the Marks;

4. Market and sell, inside and outside of the Protected Territory, through channels of distribution other than full-service Tread Connection franchises (like mail order, Internet or Intranet, Website or other forms of e-commerce. There is no minimum sales quota for maintaining your Protected Territory. We are not required to pay you for soliciting or accepting such orders inside your Protected Territory.

5. You cannot advertise for or attempt to solicit customers outside your territory without our prior written consent. Upon our demand you must discontinue using all advertising and telephone numbers which are active in the area outside your territory and direct the telephone company servicing you to transfer to us or a person or company we designate all of the telephone numbers registered to you there.

The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises within the Territory granted or any contiguous territories.

National Accounts Program

You have an option to refuse to participate in National Accounts programs, but if you do, you agree that we can service the national accounts in your territory or authorize others, including other franchisees, to perform work for the national accounts.

In some cases, for certain National Account customers, we or our designee may set the maximum price which you may charge for defined services and/or products. You have the option not to participate in any National Accounts Program administered by us. If you elect not to participate, we or our designee may authorize another party, including but not limited to another franchisee, to perform any work within your territory requested by a National Account customer. We or our designee are not obligated to pay you for servicing National Account customers that you have elected not to service under the National Account Program.

Minimum Monthly Gross Revenue Requirement

For the first three months of operation (“operation” beginning when you open for business and begin offering services), there are no minimum revenue requirements. Beginning in your fourth month of operation, you much achieve Gross Revenue of no less than $5,000 each month. Beginning in your seventh month of operation, you must achieve Gross Revenue of no less than $10,000 each month. Beginning in your thirteenth month of operation, you must achieve Gross Revenue of no less than $15,000 each month. Beginning in your twenty-fifth month of operation, and continuing for the remainder of your Term, you must achieve Gross Revenue of $20,000 each month. These minimum revenue requirements apply for a territory with a population of 50,000 and will be pro-rated in greater amounts for territories with greater populations. An example of this is shown below, comparing a territory with 50,000 population against a territory with 100,000 population.

Minimum Monthly Gross Revenue		
	50,000 Population	100,000 Population
Months 1-3	-	-
Months 4-6	$5,000	$10,000
Months 7-12	$10,000	$20,000
Months 13-24	$15,000	$30,000
Months 25+	$20,000	$40,000

If you fail to achieve the Minimum Monthly Gross Revenue, you will have sixty days to cure and achieve the required gross revenue amount. If you do not cure and achieve the Minimum Monthly Gross Revenue during those sixty days, we have the right, in our sole and absolute discretion, to terminate your Franchise Agreement or to modify your Territory.

ITEM 13
TRADEMARKS

~~There is no federal registration for our principal trademark. Therefore, the trademark does not have the same legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternate trademark, which may increase your expenses.~~The ~~Under the~~ Franchise Agreement~~, we grant~~ grants you the non-exclusive right ~~to use the proprietary Mark “~~and license to use the Marks. Your use of the Marks is limited solely to the operation of your Tread

Connection~~" in connection with your ~~ franchise ~~for~~within your ~~use~~Territory and only in ~~the manner authorized and permitted by us. You may not directly or indirectly contest our rights in the Mark.~~

~~The Mark "~~accordance with the system standards of the Tread Connection~~™" was filed on the principal register and is pending registration with the United States Patent and Trademark Office ("USPTO"). It was filed by~~ franchise system.

Our affiliate, Tread Connection, LLC~~ as follows:~~

~~™~~

~~Filing Date: March 6, 2017~~

~~Serial No.: 87359846~~

, owns the following Marks, which

~~The Word Mark "Tread Connection" was filed on the principal register and is pending registration with the United States Patent Trademark Office. It was filed by Tread Connection, LLC as follows:~~

~~Word Mark: TREAD CONNECTION~~

~~Filing Date: July 25, 2018~~

~~Serial No.: 88052166~~

~~There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeals Board, the Trademark Administrator of any state or any court relating to either Mark. There is no pending infringement, opposition or cancellation involving the Marks; no known superior rights or infringing uses actually known to us that could materially affect your use of the Marks; and no pending material litigation involving the Marks. All affidavits and renewals required to be filed~~ have been ~~filed.~~

~~There are no currently effective agreements that significantly limit our rights to use or license the use~~exclusively licensed to us for the purpose of ~~the Marks listed in this section in a manner material to the franchise to be sold.~~

~~Effective September 1,~~ franchising ~~2018, Tread Connection licensed the Marks to us with the exclusive right to franchise the marks and system~~ for fifty (50) years. ~~We are obligated to assure that all sub licensees comply with quality standards set by Tread Connection, LLC.~~ The trademark license agreement can only be terminated by Tread Connection, LLC~~ only~~ if we breach the agreement and fail to cure the breach within thirty (30) days after receiving written notice of ~~the~~said breach, or if we become insolvent or are unable to pay our debts as they become due, or we commence a case for relief or reorganization~~, or are the subject of~~

~~an involuntary case for relief or reorganization under the Federal Bankruptcy Code or under any other state or federal bankruptcy or insolvency laws. At termination of the trademark license agreement, we are obligated to assign to Tread Connection, LLC all license, or franchise agreements which we have entered into for the use of the Mark and the system, which shall continue in full force and effect until the expiration of the terms in effect. If an assignment occurs, Tread Connection, LLC will not assume any liabilities that pre-date the assignment, for which we will remain liable.~~. If the trademark license agreement is terminated, your franchise rights will remain unaffected.

The ~~franchise~~following Marks are registered on the Principal Register of the United State Patent and Trademark Office.

Mark	Serial No.	Registration No.	Status
Tread Connection	88052166	5713238	Registered April 2, 2019
TREAD CONNECTION	88169530	5715592	Registered April 2, 2019

All required affidavits have been filed. No renewals have yet been required. There are currently no effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, no pending infringements, oppositions or cancellations, and no pending material litigation involving any of the Marks. There is no pending material federal or state court litigation involving the use or ownership rights in the Marks.

No agreement ~~grants you the non-exclusive~~ significantly limits our right to use or license the Marks in any manner material to the Tread Connection franchised business. We know of no superior rights or infringing uses that could materially affect your use of the Marks. However, we cannot guarantee that a store or other user operating under the name "Tread Connection" or another confusingly similar name does not have priority over our marks.

You must follow our rules when using the Marks. ~~the Marks to identify the products and services offered~~You cannot use our name or the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Tread Connection name relating to the sale of any product or service that is not previously authorized by us~~. We have the~~ in writing. You must comply with the rules and guidelines we issue for using the Marks. In our discretion, you may be required to indicate to the public in any contract, advertisement and with a conspicuous sign in your franchised business that you are an independently owned and operated licensed Tread Connection franchisee.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to the Marks. We have no affirmative duty to protect your right to ~~require~~ use the Marks or to pursue any infringing users of the Marks. If we learn of an infringing user, we may take the appropriate action, but we are not required to take any action if we do not feel it is warranted. We shall control all actions but are not obligated to take any action. You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional proprietary marks not listed here, and may make those proprietary marks available for your use and for use by other Tread Connection franchisees.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue ~~your use of any Marks. If we exercise this right, we will provide advance notice to all franchisees. We will have no liability or obligation for your modification or discontinuance of any Mark or promotion of a~~ using any Mark and/or use one (1) or more additional or substitute ~~trademark, service mark or trade dress~~trademarks or service marks, we reserve the right to substitute different proprietary marks for use in your Tread Connection franchise. You must comply with our directions within a reasonable time after receiving notice. We have no obligation to compensate you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark(s), or for your expenses of promoting a modified or substituted trademark or service mark.

~~You must follow our rules when using the Marks. You must receive our approval when choosing your corporate name and you cannot use the Marks as part of the corporate or other legal entity name or with modifying words, designs or symbols without our consent. All of your usage of the Marks and any goodwill you establish is to our exclusive benefit and you retain no right in the Marks on termination or expiration of the franchise agreement. You must also obtain fictitious or assumed name registrations as we require, or under applicable law.~~

~~Neither the franchise agreement nor area development agreement contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Marks. You must immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights to any Mark. We will have the sole discretion to take any action we deem appropriate and will have the right to control exclusively, any litigation or USPTO or other administrative proceedings arising out of any infringement, challenge or claim or otherwise relating to any Mark. You must execute any and all instruments and documents, provide assistance and do such things as, in the opinion our counsel, may be necessary or advisable to protect our interest or our licensor's interest in any litigation or USPTO or other proceeding or otherwise to protect our interest in the Marks. We have no obligation under the franchise agreement or area development agreement to protect you against or reimburse you for any damages for which you are held liable.~~

~~We may not be able to prevent anyone who began using the name Tread Connection or any variation thereof before our use of it from continuing their use of that name in the area of prior use. The name Tread Connection may be in use by other businesses in the United States who are not our franchisees or in any way affiliated with us. You will be responsible for finding out whether the name Tread Connection is already being used in your granted Territory. Under the Franchise Agreement you release us from any liability to you caused by any prior use of the name Tread Connection or any variation thereof by anyone else.~~

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise.

We claim copyright protection of our Manuals and related materials, certain proprietary information, knowledge and know-how concerning the methods of operation of the Tread Connection franchise and promotional materials, although these materials have not been registered with the United States Registrar of Copyrights. These items are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement.

Except for our trademark license agreement disclosed in Item 13 above, there are no agreements in effect which significantly limit our right to use or license the copyrighted materials.

Confidential Operating Manual

During the term of the Franchise Agreement, we will loan to you at no charge a Confidential Operating Manual in which we assert a copyright interest. The Confidential Operating Manual, its supplements, and any other materials or information designated by us is confidential. You will not provide your employees with access to the Confidential Operating Manual unless necessary to operate your Tread Connection franchise.

You must use your best efforts to keep confidential all provisions in the Confidential Operating Manual, including any supplements or amendments that we provide. You are responsible for keeping your copy of the Confidential Operating Manual up-to-date. The provisions in our master copy will control any disputes that arise. You agree to comply with every provision in the Confidential Operations Manual and every revision to the Confidential Operating Manual that we may make from time to time, provided such revisions do not implement new or different requirements which alter the fundamental terms and conditions of the Franchise Agreement.

We will loan you a replacement copy if you lose or misplace your copy or supplements but we may require a reasonable replacement charge. You must not photocopy or duplicate by any means any part of the Confidential Operating Manual without our written consent.

In the course of the operation of your franchise, you or your employees may develop ideas, concepts, methods, techniques or improvements ("Improvements") relating to your franchise or the System, which you hereby agree to disclose to us. We will be deemed to own the Improvements, and the Improvements will constitute Confidential Information. We may use the Improvements and authorize you and others to use them in the operation of Franchised Businesses or any other aspect of the System.

You must notify us immediately when you learn about an infringing or challenging use of the copyrights or patents. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging that your use of the patented or copyrighted material, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to the copyright. We have no affirmative duty to protect your right to use the copyrighted material or to pursue any infringing users of the copyrighted material. If we learn of an infringing user, we may take the appropriate action, but we are not required to take any action if we do not feel it is warranted. We shall control all actions but are not obligated to take any action. You must not directly or indirectly contest our right to the patented copyrighted material. We may acquire, develop and use additional proprietary material not listed here, and may make those proprietary material available for your use and for use by other Tread Connection franchisees.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any patented or copyrighted material, we reserve the right to substitute different patented or copyrighted material for use in your Tread Connection franchise. You must comply with our directions within a reasonable time after receiving notice. We have no obligation to compensate you for your direct expenses associated utilizing any substituted or modified patented or copyrighted material or for any loss of revenue or other indirect expenses due to any modified or discontinued patented or copyrighted material or for your expenses of implementing modified or substituted patented or copyrighted material.

Trade Secrets and Know-How

We will be disclosing to you certain proprietary information in our programs, systems, techniques manuals, and trade secrets as well as know-how and operating format related to our methods and materials. You will also use certain materials in the operation of your Tread Connection franchise in which we have a copyright interest. You, however, do not acquire any right or interest in such proprietary information.

You must not disclose any of our proprietary rights, information, or know-how, except as authorized in the Franchise Agreement. You must maintain adequate security in the control, use and handling of our proprietary materials as specified in the Confidential Operating Manual or in writing from us. All persons you employ who can access our proprietary materials are required to sign our approved Confidentiality Agreement. (Exhibits "E" and "K"). All persons with an ownership or voting interest in a non-individual franchisee and all individual franchisees who enter into Franchise Agreements and any person employed by or under an independent contractor relationship with you whom receives or who will receive any training by us or you which is directly or indirectly related to the System or involves any of the Confidential Information must sign our Approved Confidentiality~~, Non-solicitation~~ and Non-competition Agreement. (Exhibits "E" and "K"). You must immediately notify us of any unauthorized use of our trade secrets. We have complete authority under the Franchise Agreement to take such action or inaction as we deem appropriate.

Failure to comply with the requirements of the Franchise Agreement with respect to confidentiality will cause us irreparable injury and you agree to pay us an amount equal to the aggregate of our cost of obtaining specific performance of, or an injunction against violation of, the requirements of the Franchise Agreement concerning confidentiality, including without limitation, reasonable attorney fees, cost of investigation and proof of facts, court expenses, and damages incurred by us.

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

Subject to state law which may limit your right to conduct business as an entity, we may, in our sole discretion, allow franchisees to be corporations, limited liability companies or other entities subject to our approval; however, if a corporation, limited liability company or other entity is allowed to be a franchisee, the individual stockholders, members, etc. must personally guarantee the obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for, complying with every provision of the Franchise Agreement, including confidentiality and non-competition provisions. If you are approved to be a partnership, each partner must personally guarantee the obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for, the breach of every provision of the Franchise Agreement. Partners must further agree to be bound by the confidentiality and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interest.

All persons with an ownership or voting interest in a non-individual franchisee and all individual franchisees who enter into Franchise Agreements must execute a confidentiality/non-competition agreement in the form of our "Confidentiality~~, Non-solicitation~~ and Non-competition Agreement." (See Exhibit "K"). The spouse of each of your owners will be required to execute a spousal consent form. (See Exhibit G-Two to the Franchise Agreement.)

We strongly recommend that you personally participate and direct the operation of your business. If you do not personally manage the daily operation of your business, you are required to designate a manager responsible for the daily operation. If you choose to hire a designated manager, that person must comply with all training requirements listed in Item 11, sign a written agreement to maintain confidentiality of the proprietary information and trade secrets described in Item 14 and conform to the covenants not to compete as described in Item 17. During all hours of operation, the Franchised Business must be under the direct supervision of you or an approved managerial employee who has satisfactorily completed our Initial Training Program. You or one of your managerial employees that has satisfactorily completed our Initial Training Program must work a minimum of 40 hours per week (other than vacation periods).

~~.~~A principal owner of an approved business entity (with ownership of at least 10% of its voting securities) must have management responsibility and authority over the ~~franchises~~franchise's day to day operations.

If the owner is working in the franchise, he or she is not allowed to be employed by another tire or wheel servicing company at the signing of the franchise agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to use those products, services, equipment, programs and other items in the operation of your Tread Connection franchise that we have designated in the Franchise Agreement, the Confidential Operating Manual, or specifically approved in writing unless, as to any one or more items, you are prohibited by local law or regulation or unless we have granted you our advance written approval to exclude some products, products, services or programs.

If you would like to sell any service, or program which is not a part of the System, then you must seek and obtain our advance written permission. If we grant our advance written approval, then the product, service, equipment or program in question will become a part of the System (though we will not be required to, but may, authorize it for sale at one or more other Tread Connection franchises). We may subsequently revoke our approval.

We will own all rights associated with the service, or program. You will not be entitled to any compensation in connection with it.

We may add to, delete from or modify the services, programs and other items which you can and must offer or we may modify the System. You must abide by any additions, deletions and modifications. There are no limits on our rights to make these changes.

If at any time any Approved Products or any other components of the System are unavailable in your Tread Connection Territory, and you can affirmatively prove such unavailability, we will identify alternative products or other components of the System that you may offer through your Tread Connection franchise, until such time as the Approved Product or other component of the System becomes available. When the Approved Product or other component of the System becomes available, you will be required to offer it as part of the Tread Connection franchise.

You may only sell System services at retail and you may not engage in the wholesale sale and/or distribution of any System product, service, equipment or other component, or any related product or service.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions and the exhibits attached to this disclosure document.

The Franchise Relationship

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1	10 years
b. Renewal or extension of the term	Section 3.1	If you are in good standing and not in default under the Franchise Agreement, you may enter into up to two 10 year successor franchise agreements, provided that: (i) you maintain possession of and agree to remodel and/or expand the Tread Connection franchise, add or replace improvements, equipment, vehicles and signs and otherwise modify the Tread Connection franchise as we require to bring it into compliance with specifications and standards then applicable for a Tread Connection franchise, or (ii) if you are unable to maintain possession of the Site, or if in our judgment the Tread Connection franchise should be relocated, you secure substitute premises we accept, develop such premises in compliance with specifications and standards then applicable for Tread Connection franchise and continue to operate the Tread Connection franchise at the Site until operations are transferred to the substitute premises.
c. Requirements for you to renew or extend	Sections 3.1-3.5	Maintain the Site location or secure substitute Site location, bring Tread Connection franchise into compliance with our then current specifications and standards, sign new Franchise Agreement and ancillary agreements, general releases~~,~~ (subject to state law), and satisfactory completion of training and refresher programs. To obtain a successor franchise, you may be asked to sign a successor contract with materially different terms and conditions than your original Franchise.
d. Termination by you	None	~~None~~You may only terminate the Franchise Agreement under any grounds permitted by law.
e. Termination by us without cause	None	None
f. Termination by us with cause	Section 15	We can terminate only if you commit one of several violations (subject to State Law, see Exhibit “M”).

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined-defaults which can be cured	Section 15	You have 5 days to cure health, safety or sanitation law violations, except we may require the immediate shut down of your Tread Connection franchise in the event we deem such violation to be a threat to anyone, 10 days to cure noncompliance with any provision other than Section 16.2 of the Franchise Agreement or the System Standards.
h. "Cause" defined – non curable defaults	Section 15	Non curable defaults include material misrepresentation or omission, failure to complete training, failure to comply with management requirements, failure to obtain an approval of the franchise location within the time periods specified for such approvals, failure to commence the Tread Connection franchised business within 90 days, abandonment, unapproved transfers, conviction of or a plea of no contest to, a felony or other serious crime, violations of anti-terrorism laws of "blocking" of assets under anti-terrorism laws, dishonest or unethical conduct, unauthorized assignment of the Franchise Agreement or of an ownership interest in you or the Tread Connection franchise, loss of the approved Site location, unauthorized use or disclosure of the Confidential Operating Manual or confidential information, failure to pay taxes, repeated defaults (even if cured), an assignment for the benefit of creditors or written admission of insolvency or inability to pay debts as they become due.
i. Your obligations on termination / nonrenewal	Section 16	Obligations include payment of outstanding amounts, complete de-identification and return of confidential information (also see(r) below).
j. Assignment of contract by us	Section 14.1	No restriction on our right to assign.
k. "Transfer" by you-definition	Section 14.2	You, your owners or your affiliate(s)' voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement, you, or the Tread Connection franchise.
l. Our approval of transfer by you	Sections 14.2-14.5	We have the right to approve all transfers, even to a Business Entity controlled by you.

Provision	Section in Franchise Agreement	Summary
m. Conditions for our approval of transfer	Section 14.3	New franchisee must qualify, you pay us all amounts due, transferee and its managerial employees agree to complete training, transferee agrees to enter a new Franchise Agreement, transfer fee paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require including general releases (subject to state law) (also see "r" below).
n. Our right of first refusal to acquire your business	Section 14.8	We can match any offer for an ownership interest in you, your Franchise Agreement or your Tread Connection franchise provided that we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 60 days to prepare for closing and we receive all customary representations and warranties, as we specify.
o. Our option to purchase your business	Section 16.5	We have the option to buy the Tread Connection franchise, including leasehold rights to the Site, at fair market value after our termination or your termination without cause, of the agreement (but not expiration).
p. Your death or disability	Sections 14.5 and 14.6	Franchise or an ownership interest in you must be assigned to an approved buyer within 6 months and must be run by a trained manager during the period before the assignment. Assignment is subject to our right of first refusal.
q. Non-competition covenants during the term of the franchise	Section 8.3 & 9	No interest in a Competitive Business, no controlling ownership interest in, or performance of services for, a Competitive Business anywhere, no recruiting or hiring of any person who is our employee or an employee of any Tread Connection franchise.
r. Non-competition covenants after the franchise is terminated or expires	Section 16.4	No interest in competing business for 2 years at, or within 50 miles of, the Territory or within 15 miles of any other Tread Connection franchise in operation (same restrictions apply after assignment).
s. Modification of the agreement	Section 18.13	Franchise Agreement- No modifications except by written agreement, but Confidential Operating Manual and System Standards are subject to change.
t. Integration/merger clause	Section 18.13	Any representations or promises outside of the Franchise Disclosure Document, Franchise Agreement or other agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 18.9 and 19.10	Except for certain claims, all disputes must be mediated at and arbitrated in Mecklenburg County, North Carolina (subject to State Law, see "M").

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	Section 18.8;	Mediation/Arbitration in North Carolina (subject to state law)
w. Choice of law	Section 18.5;	North Carolina law applies (subject to ~~State Law~~state law, see Exhibit, "M").

See Exhibit "M" for state specific and other Addenda and Riders.

The provisions of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

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 this disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

~~During the calendar year 2017 and through June 1,~~ Table I, below, shows the monthly Gross Sales data from ten of our franchisees, which operated for at least six full months in 2019. This data is based on six full months of operation and does not count each franchisee's first month of operation, which is not usually a full month. Out of the total of ten franchisees included, the "Top 50%" represents the top five franchisees while the "Bottom 50%" represents the bottom five franchisees.

TABLE 1

	Top 50% of Franchisees	Bottom 50% of Franchisees
Average Monthly Gross Sales	$27,226	$14,697
Median Monthly Gross Sales	$25,244	$13,777
Lowest Monthly Gross Sales	$16,006	$7,020
Highest Monthly Gross Sales	$41,276	$23,517

Table II, below, shows margins and sales price data derived from all of our franchisees open during 2019. This data is based on individual sales and service appointments.

TABLE II

Gross Margin	38.4%
Highest Margin (Highest Location Average)	44.5%
Lowest Margin (Lowest Location Average)	32.1%
Average Tire Sales Price	$167.86
Highest Tire Sales Price	$206.20
Lowest Tire Sales Price	$145.26
Margin per Tire	$29.51
Margin Percentage per Tire	17.58%
Highest Margin Percent per Tire (Highest Location Average)	20.59%
Lowest Margin Percent per Tire (Lowest Location Average)	13.65%

"Gross Sales~~2018, our affiliate, Tread Connection, LLC operated two vans, one for installation of tires and wheels and one for sales and training. The unaudited average gross sales for each of these years is set forth below.~~

~~2017 Gross Sales - $429,000~~
~~2018 (January – June 1, 2018) Gross Sales - $318,000~~
~~"Gross sales~~" means the grand total of all sale transactions reported in a period, without any deductions.

The above average annual gross sales figures do not reflect the cost of sales, operating expenses or other cost and expenses that must be deducted from the average annual gross revenue or gross sales figures to obtain your net income profit.

Substantiation of the data used in preparing the above average annual Gross Sales figures will be made available to you upon written request.

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

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
Systemwide Outlet Summary
For ~~2016,~~Years 2017 ~~and~~ to 2019~~2018*~~

Outlet Type	Year	Outlets at Start of Year	Outlets at the End of the Year	Net Change
Franchised	2017~~2016~~	0	0	0
	2018~~2017~~	0	~~0~~2	~~0~~+2
	~~2018~~2019	~~0~~2	~~2~~19	+~~2~~17
Company - Owned*	2017~~2016~~	~~0~~1	1	~~+1~~0

	2018~~2017~~	1	1	0
	~~2018~~2019	1	1	0
Total Outlets	**2017~~2016~~**	**~~0~~1**	**1**	**~~+1~~0**
	2018~~2017~~	**1**	**~~1~~3**	**~~0~~+2**
	~~2018~~2019	**~~1~~3**	**~~3~~20**	**+~~2~~17**

~~*Although franchisor does not operate any company owned locations, certain of our shareholders and officers have owned since 2016 an independent Tread Connection business in Charlotte, North Carolina.~~

TABLE 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For ~~2016,~~Years 2017 ~~and~~ to 2019~~2018~~

State	Year	Number of Transfers
~~N/A~~OK	2017~~2016~~	0
	2018~~2017~~	0
	~~2018~~2019	~~0~~1
Total	2017~~2016~~	0
	2018~~2017~~	0
	~~2018~~2019	~~0~~1

TABLE 3
Status of Franchised Outlets
For ~~2016,~~Years 2017~~,~~ to 2019~~2018~~

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other	Outlets at End of Year
~~Florida~~California	2017~~2016~~	0	0	0	0	0	0	0
	2018~~2017~~	0	0	0	0	0	0	0
	~~2018~~2019	0	~~1~~2	0	0	0	0	~~1~~2
Colorado	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
D.C.	2017~~2016~~	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Florida	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	2	0	0	0	0	3
Minnesota	2017	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other	Outlets at End of Year
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
North Carolina	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	3	0	0	0	0	3
Oklahoma	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
South Carolina	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Tennessee	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Texas	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	5	0	0	0	0	5
TOTAL	**2017**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2018	**0**	**2**	**0**	**0**	**0**	**0**	**2**
	2019	**2**	**17**	**0**	**0**	**0**	**0**	**19**

TABLE 4
Status of Company – Owned Outlets
For ~~2016,~~Years 2017 ~~and 2018~~to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets At End Of The Year
North Carolina	~~2016~~2017	~~0~~1	~~1~~0	0	0	0	1
	2018~~2017~~	1	0	0	0	0	1
	~~2018~~2019	1	0	0	0	0	1
Total	**~~2016~~2017**	**~~0~~1**	**~~1~~0**	**0**	**0**	**0**	**1**
	2018~~2017~~	**1**	**0**	**0**	**0**	**0**	**1**
	~~2018~~2019	**1**	**0**	**0**	**0**	**0**	**1**

~~*Although franchisor does not operate any company owned locations, certain of our shareholders and officers have owned since 2016 an independent Tread Connection business in Charlotte, North Carolina.~~

TABLE 5
Projected Openings as of December 31, ~~2018~~2019

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company- Owned Outlets in the Next Fiscal Year
California	0	0	0
Colorado	0	1	0
D.C.	0	0	0
Florida	0	1	0
Louisiana	1	1	0
Minnesota	0	1	0
North Carolina	~~0~~1	~~2~~1	0
Oklahoma	0	1	0
South Carolina	0	1	0
Tennessee	0	1	0
Texas	0	1	0
TOTAL	**~~0~~2**	**~~2~~9**	0

Exhibit "B" lists the name of our current franchisees and the addresses and telephone number of each of their outlets as of date of issuance.

Exhibit "C" lists the name, city and state, and current business telephone number, or if unknown, the last known home telephone number for each franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who did not communicate with us within 10 weeks of the disclosure document issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers if you leave the franchise system. No franchisees signed any confidentiality clauses during the last three fiscal years. There are no trademark specific franchisee organizations associated with the franchise system being offered.

ITEM 21
FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Attached as Exhibit "A" are our audited financials for the fiscal ~~year~~years ending December 31, 2019 and December 31, 2018. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this disclosure document:

Exhibit "E" Form of Key-Employee Manager Confidentiality Agreement
Exhibit "G" Form of Franchise Agreement
Exhibit "H" Form of Conditional Assignment of Telephone numbers and Listings
Exhibit "I" Form of Principal Owner's Guaranty
Exhibit "J" Form of Principal Owner's Statement

Exhibit “K” Form of Confidentiality~~, Non-solicitation~~ and Non-competition Agreement for Franchise Agreement
Exhibit “L” Franchisee Questionnaire
Exhibit “N” Form of Commercial Vehicle Lease Agreement
Exhibit “O” Form of General Release

ITEM 23
RECEIPTS

See Exhibit “~~O~~Q” for detachable receipts.

EXHIBIT “A” TO THE DISCLOSURE DOCUMENT

~~AUDITED~~ FINANCIAL ~~STATEMENT~~STATEMENTS

OF

TREAD CONNECTION INTERNATIONAL LLC

TREAD CONNECTION INTERNATIONAL, LLC

Charlotte, North Carolina

Audited Financial Statements

For the Year Ended December 31, 2019

TREAD CONNECTION INTERNATIONAL, LLC

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Blair, Bohlé & Whitsitt PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Tread Connection International, LLC
Charlotte, North Carolina

We have audited the accompanying financial statements of Tread Connection International, LLC which comprise the balance sheet as of December 31, 2019, and the related statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tread Connection International, LLC as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Blair, Bohle' & Whitsitt, PLLC

Charlotte, North Carolina
January 24, 2020

Tread Connection International, LLC

BALANCE SHEET

December 31, 2019

ASSETS		
Current assets		
Cash	$	50,000
Total current assets		50,000
	$	50,000
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Franchise deposits	$	5,000
Total current liabilities		5,000
Members' equity		
Members' equity		45,000
Total members' equity		45,000
	$	50,000

See notes to financial statements.

Tread Connection International, LLC

STATEMENT OF OPERATIONS

For the year ended December 31, 2019

Revenues		
Initial franchise fees	$	1,016,446
Operating expenses		
Management fees		971,446
Net income	$	45,000

See notes to financial statements.

Tread Connection International, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended December 31, 2019

Balance, beginning of period	$	5,000
Members' distributions		(5,000)
Net income		45,000
Balance, end of period	$	45,000

See notes to financial statements.

Tread Connection International, LLC

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

Cash flows from operating activities		
Net income	$	45,000
Increase (decrease) in:		
Franchise deposits		5,000
Net cash provided by operating activities		50,000
Cash flows from financing activities		
Members' distributions		(5,000)
Net cash used in financing activities		(5,000)
Net increase in cash		45,000
Cash, beginning of period		5,000
Cash, end of period	$	50,000

See notes to financial statements.

NOTE 1 – ORGANIZATION AND PURPOSE

Tread Connection International, LLC (the "Company") is a North Carolina limited liability company organized on July 6, 2018 as a wholly-owned subsidiary of Tread Connection, LLC. The Company was founded to facilitate the franchising opportunities of Tread Connection, LLC, a mobile wheel and tire servicing business, which includes home, work, or roadside service for tire mounting and balancing, nitrogen fills, rotations and flat repairs.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the Company have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents
The Company considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents. The Company held no cash equivalents at December 31, 2019.

Revenue Recognition
Revenue is earned and recognized at the point of the transfer of promised goods or services to franchisees in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To determine how much revenue to recognize, the Company generally applies the following five-step approach: 1) identify contracts with franchisees; 2) identify performance obligations in the contracts; 3) determine transaction price; 4) allocate transaction price to performance obligations; and 5) recognize revenue when or as each performance obligation is satisfied.

Use of Estimates Inherent in Financial Statements
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes
As a limited liability company, the Company's taxable income or loss is allocated to the Members. Therefore, no provision for income taxes has been included in the financial statements.

NOTE 3 – FRANCHISE REVENUE

The Company executes franchise agreements that set the terms of its arrangement with each franchisee and collects the applicable initial franchise fee. The franchise agreements require the franchisee to pay an initial, non-refundable minimum fee of $37,500 for a contiguous protected territory consisting of a population of up to 250,000 persons for earlier agreements. During 2019, under newer agreements, the population size covered by the initial, non-refundable minimum fee was adjusted down to 100,000 persons. Additional contiguous population or areas may be purchased at the time of signing the franchise agreement or at a time in the future.

The Company recognizes initial fees as revenue upon execution of the franchise agreement for the contiguous protected territory, which satisfies the Company's performance obligation for the initial franchise fee to be earned. During the year ended December 31, 2019, the Company sold individual franchise licenses for initial franchise fee revenue of $1,016,446. Additionally, during 2019 the Company received a $5,000 deposit for a franchise, which was returned to the potential franchisee subsequent to December 31, 2019.

All other fees under the franchise agreements are earned by and paid directly to Tread Connection, LLC from the franchisees.

NOTE 4 – MANAGEMENT FEES

The Company has a management fee arrangement with its parent company, Tread Connection, LLC, whereby management fees are paid related to each execution of a franchise agreement. The amount of each management fee is not specified, but is determined on a franchise by franchise basis, and in consideration of the cash needs of the Company. During the year ended December 31, 2019, the Company paid management fees totaling $971,446.

NOTE 5 – SUBSEQUENT EVENTS

The Company has evaluated all events subsequent to the balance sheet date of December 31, 2019, through January 24, 2020, which is the date these financial statements were issued, and have determined that there are no subsequent events that require disclosure, except as noted herein or below.

Subsequent to December 31, 2019, the Company sold 3 additional franchise licenses.

TREAD CONNECTION INTERNATIONAL, LLC

Charlotte, North Carolina

Audited Financial Statements

For the Period Ended December 31, 2018

TREAD CONNECTION INTERNATIONAL, LLC

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Blair. Bohlé & Whitsitt PLLC
Certified Public Accountants

10815 Sikes Place
Suite 100
Charlotte, NC
28277

704-841-9800 Main
704-841-9802 Fax
www.bbwpllc.com

INDEPENDENT AUDITOR'S REPORT

To the Members of
Tread Connection International, LLC
Charlotte, North Carolina

We have audited the accompanying financial statements of Tread Connection International, LLC which comprise the balance sheet as of December 31, 2018, and the related statements of operations, changes in members' equity, and cash flows for the period from July 6, 2018 through December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tread Connection International, LLC as of December 31, 2018, and the results of its operations and its cash flows for the period from July 6, 2018 through December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

Blair, Bohle & Whitsitt, PLLC

Charlotte, North Carolina
April 15, 2019

Tread Connection International, LLC

BALANCE SHEET

December 31,2018

ASSETS

Cash	$ 5,000

MEMBERS' EQUITY

Members' equity	$ 5,000

See notes to financial statements.

Tread Connection International, LLC

STATEMENT OF OPERATIONS

For the period from July 6, 2018 through December 31, 2018

Revenues		
Initial franchise fees	$	75,000
Operating expenses		
Management fees		75,000
Net income	$	-

See notes to financial statements.

Tread Connection International, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the period from July 6, 2018 through December 31, 2018

Balance, beginning of period	$	-
Members' contributions		5,000
Net income		-
Balance, end of period	$	5,000

See notes to financial statements.

Tread Connection International, LLC

STATEMENT OF CASH FLOWS

For the period from July 6, 2018 through December 31, 2018

Cash flows from operating activities	
Net income	$ -
Net cash provided by operating activities	-
Cash flows from financing activities	
Members' contributions	5,000
Net cash provided by financing activities	5,000
Net increase in cash	5,000
Cash, beginning of period	-
Cash, end of period	$ 5,000

See notes to financial statements.

NOTE 1 – ORGANIZATION AND PURPOSE

Tread Connection International, LLC (the "Company") is a North Carolina limited liability company organized on July 6, 2018. The Company was founded to facilitate the franchising opportunities of Tread Connection, a mobile wheel and tire servicing business, which includes home, work, or roadside service for tire mounting and balancing, nitrogen fills, rotations and flat repairs.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the Company have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents
The Company considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents.

Use of Estimates Inherent in Financial Statements
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes
As a limited liability company, the Company's taxable income or loss is allocated to the Members. Therefore, no provision for income taxes has been included in the financial statements.

NOTE 3 – FRANCHISE REVENUE

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee of $37,500 and continuing license fees based upon a percentage of gross revenues. The Company recognizes initial fees as revenue upon execution of the franchise agreement. The Company sold two individual franchise licenses during 2018 and initial franchise fees amounted to $75,000. These initial franchise fees are included in revenue and represented 100% of total revenue for 2018.

NOTE 4 – MANAGEMENT FEES

The Company has a management fee arrangement with Tread Connection, LLC, an affiliated company through common ownership, whereby management fees are paid related to each franchise. During the period from July 6, 2018 through December 31, 2018, the Company paid management fees totaling $75,000.

NOTE 5 – SUBSEQUENT EVENTS

The Company has evaluated all events subsequent to the balance sheet date of December 31, 2018, through April 15, 2019, which is the date these financial statements were issued, and have determined that there are no subsequent events that require disclosure., except as noted below.

Subsequent to December 31, 2018, the Company sold two additional franchise licenses.

EXHIBIT “B” TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

List of Current Franchisees open as of December 31, 2019

Name	~~Address~~City/State	Phone
Hard Hit, LLC	Clovis, California	(559) 930-8344
BC Mobile Tire Sales & Service	San Luis Obispo, California	(805) 556-5709
Denver Mobile Tire, Inc.	Denver, Colorado	(720) 838-9735
DC Mobile Tire, LLC	Washington, D.C.	(202) 981-1827
Mobile Wheel and Tire, LLC	~~9750 Alaska Circle~~ Boca Raton, ~~FL 33434~~Florida	(561) 609-8060
Tiki Logistics, LLC	Orlando, Florida	(813) 299-5901
Tiki Logistics, LLC	Tampa Bay, Florida	(813) 299-5901
DiPietro, Inc.	Minneapolis, Minnesota	(763) 843-3029
John Fagala	Charlotte, North Carolina	(888) 823-9945
~~DC~~Carolina's Mobile Tire, LLC	~~1629 K Street NW, Ste 300 Washington, D.C. 20006~~Gastonia, North Carolina	(980) 285-8339~~(202) 981-1827~~
Eric Burns	Mooresville, North Carolina	(704) 218-9158
2C911	Broken Arrow/Tulsa, Oklahoma	(918) 900-4306
Tread Force One, Inc.	Charleston, South Carolina	(843) 964-1480
Middle Tennessee Mobile Tire	Nashville, Tennessee	(615) 240-7921
Arlington Mobile Tire, LLC	Arlington, Texas	(972) 375-7385
JSPC, LLC	Austin, Texas	(512) 355-8988
Texas Mobile Tire and Wheel, LLC	Dallas-Fort Worth, Texas	(817) 627-5347
North Houston Mobile Tire	Houston (North), Texas	(832) 510-7177
Twenty8life, LLC	Lubbock, Texas	(806) 464-9197

List of Franchisees who have signed Franchise Agreements but are not yet open as of December 31, 2019

Name	City/State	Phone
Kingdom Funds Corp	Lafayette, Louisiana	(337) 573-5460
NC Mobile Tire, Inc.	Raleigh, North Carolina	(919) 932-0766

EXHIBIT "C" TO THE DISCLOSURE DOCUMENT

FRANCHISEES WHO HAVE LEFT THE SYSTEM

LIST OF FORMER FRANCHISEES

List of Former Franchisees

Name~~List of Former Franchisees~~	City/State	Phone
Forrest Green	Westville, Oklahoma	(918) 633-0009
~~FRANCHISEE~~	~~ADDRESS~~	~~PHONE~~

~~None~~

EXHIBIT "D" TO THE DISCLOSURE DOCUMENT

FORM OF CONFIDENTIAL OPERATING MANUAL

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Tread Connection International, LLC

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ADMINISTRATIVE AND OPERATING POLICIES

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STANDARDS ENFORCEMENT – FIELD INSPECTIONS

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Total pages: 82

EXHIBIT "E" TO THE DISCLOSURE DOCUMENT

FORM OF

KEY-EMPLOYEE MANAGER CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AGREEMENT AND
ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into ___________, 20__, between Tread Connection International LLC, a North Carolina Limited Liability Company ("Franchisor"), and if applicable, _______________________ ("Franchisee) and ___________________________________ ("Employee").

RECITALS

WHEREAS, Franchisor, as a result of the expenditure of time, skill, and money, has developed and is continuing to develop a system (the "System") for the development and operation of franchises under the name and Mark "**TREAD CONNECTION**" ("hereinafter "Business or sometimes "Franchised Business"); and

WHEREAS, Franchisor identifies the System through certain trade names, trademarks, services marks, symbols, logos, emblems and indicia of origin, including, without limitation, the name "**TREAD CONNECTION**" and such other trade names, trademarks and service marks as Franchisor may develop in the future for the purpose of identifying for the public the sources of services and products marketed under such marks and under the System and representing the System's high standards of quality, appearance and service, all of which may be changed, improved and further developed by Franchisor from time to time (collectively, the "Trade Secrets"); and

WHEREAS, the Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, Franchisor has granted Franchisee a limited right pursuant to a Franchise Agreement to operate a Franchised Business using the System and the Trade Secrets for the period defined in the Franchise Agreement; and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to the Franchisee and other licensed users of the System of restricting use, access and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for certain employees of Franchisee to have access to and use some or all of the Trade Secrets in the management and operation of Franchisee's Business using the System; and

WHEREAS, Franchisee has agreed to obtain from those employees written agreements protecting the Trade Secrets and System against unfair competition; and

WHEREAS, Employee wishes to remain, or wishes to become, an employee of Franchisee; and

WHEREAS, Employee wishes and needs to receive and use the Trade Secrets in the course of his/her employment to effectively perform his/her services for Franchisee; and

WHEREAS, Employee acknowledges that receipt of and the right to use the Trade Secrets in the course of his/her employment to effectively perform his/her services for Franchisee; and

NOW THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Franchisor and/or Franchisee shall disclose to Employee some or all of the Trade Secrets relating to the System.

2. Employee shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in the course of his/her employment by Franchisee and only in connection with the management and/or operation by Franchisee of the Franchised Business using the System for so long as Franchisee is licensed by Franchisor to use the System.

3. Employee shall not at any time make copies of any documents or compilations containing some or all the Trade Secrets without Franchisor's express written permission.

4. Employee shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Franchisee and then only to the limited extent necessary to train or assist other employees of Franchisee in the management or operation of a Franchised Business using the System.

5. Any and all information, know-how, knowledge, techniques and materials made available by Franchisor or by Franchisee under the Franchise Agreement, including without limitation, specifications, guidelines, procedures, computer software, forms and compilations of data all of which shall be deemed confidential Trade Secrets for the purposes of this Agreement.

6. Employee shall surrender the Confidential Operations Manual and such other manuals and written materials as Franchisor shall have developed ("Manual") described in the Franchise Agreement and any other written material containing some or all of the Trade Secrets to the Franchisee or Franchisor upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which the Manual or other information or material may have been furnished to the Employee.

7. Employee shall not, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

8. The Manual is loaned by Franchisor to Franchisee for limited purposes only and remains the property of Franchisor and may not be reproduced, in whole or in part, without the Franchisor's written consent.

9. Covenants Not to Compete:

(a) To protect the goodwill and unique qualities of the System and confidentiality and value of the Trade Secrets, and in consideration for the disclosure to Employee further undertakes and covenants that while he/she is employed by Franchisee, he/she will not:

Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer or any Franchisor business to any competitor.

Employ or seek to employ any person who is at the time employed by Franchisor or any franchisee of Franchisor, or otherwise directly or indirectly induce such person to change any existing relationship except as may occur in connection with Franchisee's employment of such person if permitted under the Franchise Agreement.

Own, maintain, engage in or have any interest in any business (other than the Franchised Business) which is the same as or similar to the Franchised Business including, but not limited to, mobile tire service services or use of or sale of products and services in a mobile tire service business or any service or item offered by the Franchised Business.

(b) In further consideration for the disclosure to Employee of the Trade Secrets and to protect the uniqueness of the System, Employee agrees that for two (2) years following the earlier of the expiration, termination or transfer of all Franchisee's interest in the Franchise Agreement or the termination of his/her relationship with Franchisee, the Employee will not, without prior written consent of Franchisor:

Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of any Franchisor business to any competitor.

Employ or seek to employ any person who is at the time employed by Franchisor or any franchisee of Franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment.

Own, maintain, engage in or have any interest in any business which is the same or similar to the Franchised Business including, but not limited to, any mobile tire service services or use of or sale of products and services in a mobile tire service business or any service or item offered by the Franchise Business, which is located within fifty (50) miles of the Franchised Business, or provides such services to customers within fifteen (15) miles of the perimeter of any Protected Territory of any franchisee operating under the System.

(c) Divulge any trade secrets or proprietary information of the Franchisor or Franchised Business.

Miscellaneous

1. Franchisee undertakes to use his/her/its best efforts to ensure that Employee acts as required by this Agreement.

2. Employee agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce this Agreement and shall be entitled, in addition to any other remedies which are available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Employee agrees to pay all expenses (including court costs and reasonable attorney fees) incurred by Franchisor or the Franchisee in enforcing this Agreement.

4. Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of this Agreement by Employee shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Employee.

5. EXCEPT AS STATED BELOW, EMPLOYEE HEREBY IRREVOCABLY SUBMITS HIMSELF/HERSELF TO THE JURISDICTION OF THE STATE COURTS OF MECKLENBURG COUNTY, NORTH CAROLINA AND THE FEDERAL DISTRICT COURT FOR THE DISTRICT OF MECKLENBURG COUNTY NORTH CAROLINA. EMPLOYEE HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. EMPLOYEE HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM/HER IN ANY LEGAL PROCEEDING

RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY NORTH CAROLINA OR FEDERAL LAW. EMPLOYEE FURTHER AGREES THAT VENUE FOR ANY LEGAL OR EQUITABLE PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE MECKLENBURG COUNTY, NORTH CAROLINA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION. WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS, THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUCTED UNDER NORTH CAROLINA LAW.

6. The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Employee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separated, stated in, and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage pre-paid or facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex (provide that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery services within three (3) business days after transmission), to the respective parties.

If directed to Franchisor, the notice shall be addressed to:

Tread Connection International, LLC
10924 Granite Street, Suite 700
Charlotte, North Carolina 28273

If directed to the Franchisee, the notice shall be addressed to:

____

____

____

If directed to the Employee, the notice shall be addressed to:

____

____

____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile, telegram or telex shall be deemed given upon transmission, provided confirmation is made as provided above. Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three (3) business days after the time of mailing. Any change in the above addresses shall be effected by giving fifteen (15) days written notice of such change to the other party. Business day shall be defined as any day other than Saturday, Sunday or any recognized U.S. national holiday.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of the Franchisee and the Employee hereunder may not be assigned by the Franchisee or Employee, as applicable, without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by signatures below.

FRANCHISOR:
Tread Connection International, LLC

By: ___________________________________

Name: _________________________________

Title: _________________________________

FRANCHISEE:

____

____

____

EMPLOYEE:

____
Signature

____
Name

EXHIBIT "F" TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

LIST OF ADMINISTRATORS		
STATE	**ADDRESS**	**PHONE**
California - Los Angeles Department/Commissioner of Business Oversight	320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105	213-576-7500
California - Sacramento Department/Commissioner of Business Oversight	1515 K Street, Suite 200 Sacramento, CA 95814-4017	916-445-7205
California - San Diego Department/Commissioner of Business Oversight	1350 Front Street, Room 2034 San Diego, CA 92101-3697	619-525-4233
California - San Francisco Department/Commissioner of Business Oversight	One Sansome Street, Suite 600 San Francisco, CA 94104-4428	415-972-8559
Hawaii	335 Merchant Street, Room 203 Honolulu, HI 9813-2921	808-586-2722
Illinois	500 South Second Street Springfield, IL 62706	217-782-4465
Indiana	302 W. Washington Street, Room E-111 Indianapolis, IN 46204	317-232-6681
Maryland Office of the Attorney General Securities Division	200 St. Paul Place, 20th Floor Baltimore, MD 21202-2020	410-576-6360
Michigan	525 W. Ottawa Street Lansing, MI 48913	517-373-7117
Minnesota	85 7th Place East, Suite 280 St. Paul, MN 55101-2198	651-539-1600
New York New York State Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005	212-416-8236
North Dakota	600 East Boulevard Avenue, 5th Floor Bismarck, ND 58505	701-328-4712
Rhode Island	1511 Pontiac Avenue Cranston, RI 02920	401-462-9587
South Dakota	124 S. Euclid, Suite 104 Pierre, SD 57501	605-773-3563
Virginia State Corporation Commission, Division of Securities and Retail Franchising	1300 E. Main Street, 9th Floor Richmond, VA 23219	804-371-9051
Washington	150 Israel Road, SW Tumwater, WA 98501	360-902-8760
Wisconsin	345 W. Washington Ave., Suite 300 Madison, WI 53703	608-267-9140

AGENTS FOR SERVICE OF PROCESS		
STATE	**ADDRESS**	**PHONE**
California Commissioner of Business Oversight	320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105	866-275-2677
California Commissioner of Business Oversight	One Sansome Street, Suite 600 San Francisco, CA 94104-4428	866-275-2677
Hawaii Commissioner of Securities	335 Merchant Street, Room 203 Honolulu, HI 9813-2921	808-586-2722
Illinois Illinois Attorney General	500 South Second Street Springfield, IL 62706	217-782-4465
Indiana Indiana Secretary of State	302 W. Washington Street, Room E-111 Indianapolis, IN 46204	317-232-6681
Maryland Maryland Securities Commissioner	200 St. Paul Place, 20th Floor Baltimore, MD 21202-2020	410-576-6360
Michigan Michigan Department of Commerce, Corporations and Securities Bureau	525 W. Ottawa Street Lansing, MI 48913	517-373-7117
Minnesota Commissioner of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198	651-539-1600
New York Secretary of State of the State of New York	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001	518-473-2492
North Dakota Securities Commissioner	600 East Boulevard Avenue, 5th Floor Bismarck, ND 58505	701-328-4712
Rhode Island Director of Department of Business Regulation	1511 Pontiac Avenue Cranston, RI 02920	401-462-9587
South Dakota Director of Division of Securities	124 S. Euclid, Suite 104 Pierre, SD 57501	605-773-3563
Virginia Clerk of the State Corporation Commission	1300 E. Main Street, 1st Floor Richmond, VA 23219	804-371-9051
Washington Director of Dept. of Financial Institutions	150 Israel Road, SW Tumwater, WA 98501	360-902-8760
Wisconsin Wisconsin Division of Securities	201 W. Washington Ave. Suite 300 Madison, WI 53703	608-267-9140

EXHIBIT “G” TO THE DISCLOSURE DOCUMENT

FORM OF FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

Agreement Date

____

Franchisee

____

TREAD CONNECTION INTERNATIONAL, LLC

FRANCHISE AGREEMENT

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EXHIBITS

TREAD CONNECTION INTERNATIONAL, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is effective as of the ___day of ________, 20___ (the "Agreement Date"). The parties to this Agreement are **TREAD CONNECTION INTERNATIONAL, LLC**, a North Carolina Limited Liability Company, with its principal business address at 10924 Granite Street, Suite 700, Charlotte, North Carolina 28273 (referred to in this Agreement as "Franchisor," "we," "us" or "our"), and ____________________________________, whose principal business address is ______________________________________ (referred to in this Agreement as "Franchisee," "you" or "your").

1. INTRODUCTION.

1.1 Our Franchise. We and our affiliate have expended considerable time and effort in developing a system for the operation of a mobile tire service business. We operate under the Marks (defined below) and under distinctive business formats, methods, procedures, signs, equipment, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (collectively, the "System"). We use, promote and license certain trade names, marks and other commercial symbols in the operation of our franchise, including the trade name "TREAD CONNECTION" and other associated designs, artwork and trade dress, which have gained and continue to gain public acceptance and goodwill, and we may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of a Franchise (collectively, the "Marks"). We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate one TREAD CONNECTION business offering the services we authorize and approve and utilizing o System. You have applied for a franchise to own and operate a Tread Connection business.

1.2 Acknowledgments. You acknowledge and agree that:

a. you have read this Agreement and our Franchise Disclosure Document;

b. you understand and accept the terms, conditions and covenants contained in this Agreement as being necessary to maintain our high standards of quality and service and the uniformity of those standards at each Franchise and to protect and preserve the goodwill of the Marks;

c. you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Franchise may evolve and change over time;

d. an investment in a TREAD CONNECTION Franchised Business involves business risks and that your business abilities and efforts are vital to the success of the venture;

e. any information you acquire from other TREAD CONNECTION franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;

f. in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such person as a result of this Agreement are solely between you and us;

g. we have advised you to have this Agreement reviewed and explained to you by an attorney; and

h. we have provided to you a copy of our Franchise Disclosure Document at least 14 calendar days prior to the execution of the Franchise Agreement or our receipt of any consideration from you.

1.3 Representations. You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved your request to purchase a franchise partially in reliance on all of your representations.

1.4 No Warranties. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of TREAD CONNECTION franchises. You acknowledge and understand the following:

a. any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;

b. any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing TREAD CONNECTION business owned by us or our affiliate or that is not contained in our Franchise Disclosure Document is unauthorized, unwarranted and unreliable and should be reported to us immediately; and

c. you have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you agree to: (i) immediately notify our chief executive officer; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

1.5 Business Organization and Ownership Information. If you have obtained our prior approval and Franchisee is a corporation, partnership, limited liability company or other form of legal entity, Franchisee and the owners agree, represent, and warrant and covenant that:

a. you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

b. your organizational or governing documents will recite that the issuance and transfer of any ownership interests by you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

c. Franchisee shall provide to Franchisor prior to the execution of this Agreement, true and correct copies, as applicable, of Franchisee's articles of incorporation, by laws, partnership agreement, articles of organization and limited liability company operating agreement or limited liability company agreement and other governing documents and amendments thereto, as well as resolutions of the Board of Directors, partners or members authorizing entry into and performance of this Agreement. During the term of this Agreement, Franchisee shall promptly provide to Franchisor true and correct copies of any amendments or other changes to such governing documents. No such documents shall contain any provision that is contrary to or inconsistent with any provision of this Agreement;

d. you and your owners agree to revise the Principal Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval, which shall not be unreasonably withheld);

e. a Principal Owner of the Business Entity (with ownership of at least 10% of its voting securities) must: (i) have management responsibility and authority over the TREAD CONNECTION franchise on a day- to-day basis; (ii) oversee the TREAD CONNECTION franchise operations; (iii) be bound by our then-current form of Confidentiality Agreement (or other form satisfactory to us); and (iv) satisfactorily complete our initial training program and any other training programs we request during the term;

f. each of your owners during the term of this Agreement will sign and deliver to us our standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owners Guaranty is attached to the Franchise Disclosure Document. The spouse of each of your owners will execute a spousal consent in the form attached hereto as Exhibit G-Two.

2 GRANT AND TERM.

2.1 Term. The term of the Franchise and this Agreement begins on the Agreement Date and expires 10 years from the Agreement Date. This Agreement may be terminated before it expires in accordance with its terms.

2.2 Grant. Subject to the terms of and upon the conditions contained in this Agreement, we grant you a franchise (the "Franchise") to: (a) Use the franchise in a geographical area specified in Exhibit "G-One" attached hereto and made a part hereof; (b) Use the Marks solely in connection with operating the TREAD CONNECTION franchise; (c) use the System in the operation of the TREAD CONNECTION franchise; (d) Franchisee must open an office at the location specified in Exhibit "G-One" and the office must be approved by us within the geographical area set forth in Exhibit "G-One" offering those services specified herein and in our Operations Manual. Except as set forth in paragraph 2.4 and its subparagraphs below, as long as you are in compliance with the Franchise Agreement, we will not grant a franchise to anyone else to operate, or ourselves operate, a TREAD CONNECTION franchise within the geographical area set forth in Exhibit "G-One" (also known as "Territory").

2.3 Performance. You agree that you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with your obligations to operate the TREAD CONNECTION franchise in compliance with this Agreement. You may not operate the TREAD CONNECTION franchise from any location other than the office we have approved and designated in Exhibit "G-One" which may be your residence as long as your residence complies with all legal requirements for the operation of the Franchised Business from your residence. It is your responsibility to ensure that your operation of the TREAD CONNECTION franchise from your residence complies with all local, state and federal requirements. You agree to comply with any standards established by us from time to time regarding your Office location within thirty (30) days of receipt of written notice from us of such standards. Franchisee shall within ninety (90) days after execution of this Franchise Agreement commence operation of the Franchised Business within your Protected Territory set forth in Exhibit "G-One". At all times, either you or one of your Principal Owners must meet our qualifications for management responsibility and authority over the operations of the TREAD CONNECTION franchise.

2.4 Rights We Reserve. Notwithstanding any of the foregoing, we (and our designees) retain the absolute right to:

a. Market and sell, inside and outside of the Protected Territory, through channels of distribution other than Tread Connection franchises (like mail order, Internet or Intranet, Website or other forms of e-commerce;

b. establish, and grant to other franchisees the right to establish, TREAD CONNECTION franchises anywhere outside the Territory, on such terms and conditions as we deem appropriate (even immediately outside the border of the Territory), but not within the Territory of your TREAD CONNECTION franchise you open under this Agreement and continue to operate under it;

c. operate, and grant franchises to others to operate businesses, whether inside or outside the Territory, specializing in the sale of products or services, other than a Competitive Business or a TREAD CONNECTION franchise, using certain of the Marks and pursuant to such terms and conditions as we deem appropriate;

d. operate, and grant franchises to others to operate businesses or provide other services, whether inside or outside the Territory, that do not use any of the Marks;

e. now, or in the future, purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of the location of that chain's or business' facilities, or territory in which it operates, and to operate, franchise or license those businesses, franchises, and/or facilities as a "TREAD CONNECTION" operating under the Marks or any proprietary marks or any of their marks following our purchase, merger, acquisition or affiliation, regardless of the location of these territories or facilities (which you acknowledge may be within the "Territory" or proximate thereto, or proximate to any of the Franchisee's office(s~~)).~~));

f. serve (or otherwise authorize other franchisees to serve) customers in the Territory if Franchisee is in default, or if Franchisee is incapable of meeting customer demand in the Territory (in Franchisor's reasonable opinion), after notice of the same has been delivered to Franchisee in writing and Franchisee has been given one (1) week to correct such default(s), unless a long period is proscribed elsewhere in this Agreement, and to serve such customers; and

g. serve (or authorize other franchisees to serve) a particular customer in the Territory if Franchisee fails to properly serve such customer, or if Franchisor reasonably believes that Franchisee will not properly serve such customer after notice of the same has been delivered to Franchisee in writing and Franchisee has been given a reasonable opportunity to serve such customer(s).

We will have the right to assign this agreement, and all of its rights and privileges under this agreement, to any person, firm, corporation or other entity.

You agree and affirm that we have the absolute right to sell our self, our assets, Marks or other proprietary marks and/or our System to a third party; to go public; to engage in a private placement of some or all of our securities; to merge, acquire other corporations, or be acquired by another corporation; and/or to undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's name(s), Marks, proprietary marks (or any variation thereof) and system and/or the loss of association with or identification of "TREAD CONNECTION" as Franchisor under this Agreement.

You specifically release any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

If we assign our rights in this Agreement, nothing herein shall be deemed to require us to remain in the business of franchising of TREAD CONNECTION businesses offering mobile tire service services or products or any services provided by system.

3. SUCCESSOR TERMS.

3.1 Your Right to Acquire a Successor Franchise. This Agreement expires 10 years from the Agreement Date. Upon expiration, if you (and each of your owners) have substantially complied with this Agreement during its term you will have the privilege to apply for successor franchises to operate the then existing TREAD CONNECTION Franchised Business, (each a "successor franchise"), for two additional 10-year periods on terms and conditions of the Franchise Agreement we are then using in granting successor franchises for the Franchised Business, which may contain materially different terms and conditions from this agreement provided, you have met the following conditions:

a. Franchisee shall not be in default of any provision of the Franchise Agreement or any other agreement with Franchisor, its affiliate, subsidiaries, and designees, if any; and

b. Franchisee shall have satisfied all monetary obligations to Franchisor, its affiliate, subsidiaries, and designees, if any, and shall have materially met such obligations in a timely and responsible manner throughout the initial term; and

c. Franchisee shall be in compliance with Franchisor's then-current qualification and training requirements set forth in the Confidential Operations Manual or elsewhere; and

d. Franchisee maintains possession of Franchisee's office and agrees to add or make improvements to the office, equipment, software, signs and otherwise modify the TREAD CONNECTION franchise operations as we require to bring the franchise into compliance with specifications and standards then applicable for a TREAD CONNECTION franchise.

3.2 Grant of a Successor Franchise.

a. Your Election: You agree to give us written notice of your election to acquire a Successor Franchise during the first 90 days of the 9th year of this Agreement or during the first 90 days of the 9th year of the term of any 10 year Successor Franchise. We agree to give you written notice ("Response Notice"), not more than 90 days after we receive your notice, of our decision:

(i) to grant you a Successor Franchise;

(ii) to grant you a Successor Franchise on the condition that deficiencies of the TREAD CONNECTION franchise are corrected; or

(iii) not grant you a Successor Franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term.

b. Response Notice: If applicable, our Response Notice will:

(i) describe the improvements or modifications required to bring the TREAD CONNECTION franchise into compliance with the applicable specifications and standards for TREAD CONNECTION franchises; and

(ii) state the actions you have to take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a Successor Franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a Successor Franchise is subject to your continued compliance with all of your terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

c. Deficiencies: If our Notice states that you must cure certain deficiencies of the TREAD CONNECTION franchise as a condition to the grant of a Successor Franchise, we will give you written notice of a decision not to grant a Successor Franchise unless you cure such deficiencies, not less than 90 days prior to the expiration of this Agreement. However, we will not be required to give you such notice if we decide not to grant you a Successor Franchise. If we fail to give you:

(i) notice of deficiencies within 90 days after we receive your timely election to acquire a Successor Franchise; or

(ii) notice of our decision not to grant a Successor Franchise at least 90 days prior to the expiration of this Agreement, if such notice is required.

We may extend the term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or 90 days' notice of our refusal to grant a Successor Franchise.

3.3 Agreements/Releases. If you satisfy all of the other conditions to the grant of a Successor Franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of Successor Franchises.

You and your owners further agree to execute general releases, in the form attached to the Franchise Disclosure Document, of any and all claims against us and our shareholder, officers, directors, employees, agents, successors and assigns.

Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and execution within 60 days after their delivery to you will be deemed an election not to acquire a Successor Franchise.

3.4 Training and Refresher Programs. Our grant of a Successor Franchise is also conditioned on the satisfactory completion by you (or an Operating Partner of yours approved by us) of any new training and refresher programs as we may reasonably/require. You are responsible for travel, living and compensation costs of attendees.

3.5 Subsequent Successor Franchises. The fees and other conditions for any later granting of subsequent Successor Franchises will be governed by the Successor Franchise Agreement (as described above).

4. APPROVED ~~OFFICE LOCATION &~~ TERRITORY

~~**4.1 Approved Location.** Your office from which you operate the Franchised Business must be approved in writing by us. Subject to local ordinances and zoning rules and regulations, Franchisor may permit Franchisee to locate the Office location within Franchisee's principal residence. Approval of Franchisee's principal residence as an Office does not hold Franchisor out as knowing or verifying Franchisee's local ordinances and zoning rules or regulations. If Franchisee does not use Franchisee's principal residence as an Office location, then Franchisor shall provide Franchisee general guidelines to assist Franchisee in selecting a site suitable for the Office. The Office location will be designated in Paragraph 2 of Exhibit "G-One". Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including without limitation, the condition of the premises, demographics of the surrounding area, proximity to other Franchisees, lease requirements and overall suitability. Franchisee shall not locate an Office in a location and site without Franchisor's prior written approval. Franchisor does not represent that either it or any affiliate, employees or agents have any expertise in selecting sites. Neither Franchisor's assistance nor approval of an Office location or lease is intended to indicate that the Franchised Business will be profitable or successful at the approved Office location. Franchisee must receive Franchisor's written consent before relocating. Franchisor will not unreasonably withhold their consent.~~

~~**4.2 Territory.**~~**4.1 Territory.** You understand an agree that this Franchise Agreement grants you a limited right to operate the TREAD CONNECTION franchise within the Territory described in Exhibit "G-One", Franchisee is not granted the right to operate more than one approved ~~location within such Territory nor more than one approved~~ mobile tire service van within the Territory without our written permission. Franchisee's Territory is described and set forth in Exhibit "G-One" hereto. You may not perform any business, or services, or actively market for candidates geographically located outside your Territory described in Exhibit "G-One" without the written consent of Franchisor. If you request, and we approve your request in writing, to service customers in territories outside your Territory described in Exhibit "G-One", and subsequently withdraw our approval or award a TREAD CONNECTION franchise to another franchisee whose Territory includes customers that you have been servicing, all information regarding these customers is to be immediately transferred to us. In addition, you will immediately discontinue any and all solicitation of customers in said geographical area and will refer any request for service outside your Territory to the franchisee who has acquired the TREAD CONNECTION franchise for the geographical area. You will receive no compensation for the cessation of service or delivery of information we require from you and your failure to comply with our written notice requiring cessation and candidate transfer is a default under this Franchise Agreement and may result in the termination of the Franchise Agreement.

~~**4.3 Non Residence Office Site.**~~

~~a. Lease of Office Site: If your office is not located in your principal residence, you agree to deliver copies of the proposed lease agreement and related documents to us prior to signing them. You agree not to sign any lease agreement or related documents (or any renewal of it) unless we have previously approved them. Our approval, which will not be unreasonably withheld, will be limited to ensuring that the lease is consistent with this Agreement. If we approve the lease, you agree to deliver a copy of the signed lease to us within 15 days after its execution along with the Lease Assignment.~~

~~b. Mandatory Lease Terms: We may require that the lease or any renewal contain certain provisions, including the following:~~

~~(i) a provision which requires the lessor to contemporaneously provide us with copies of any written notice of default under the lease sent to you and which grants to us, at our option, the right (but not the obligation) to cure any default under the lease (should you fail to do so) within 15 days after the expiration of the period in which you may cure the default;~~

~~(ii) a provision which evidences your right to display the Marks in accordance with the specifications required by the Confidential Operating Manuals, subject only to the provisions of applicable law;~~

~~(iii) a provision which requires that any lender or other person will not disturb your possession of the Office Site so long as the lease term continues and you are not in default (along with such documents as are necessary to ensure that such lenders and other persons are bound);~~

~~(iv) a provision which expressly states that any default under the lease which is not cured within any applicable cure period also constitutes grounds for termination of this Agreement;~~

~~(v) a lease term which is at least equal to the initial term of this Agreement, either through an initial term of that length or right, at your option, to renew the lease for the full term of this Agreement; and~~

~~(vi) the premises must be operated as a TREAD CONNECTION franchise.~~

~~d. No Warranty: You acknowledge that our approval of the lease for the Office Site indicates only that we believe that the Office Site and the terms of the lease fall within the acceptable criteria we have established as of the time of our approval. You further acknowledge that we have advised you to have an attorney review and evaluate the lease.~~

~~**4.4 Ownership and Financing.** Instead of leasing an Office Site, you may propose to purchase, construct, own and operate your TREAD CONNECTION franchise on real property owned by you or through an affiliate. You must meet certain conditions if you or an affiliate own an Office Site or at any time prior to acquisition, or subsequently, you or your affiliates propose to obtain any financing with respect to the Office Site or for your Operating Assets in which event any of such items are pledged as collateral securing your performance. The form of any purchase contract with the seller of an Office Site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including the following:~~

~~a. a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser;~~

~~b. a provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within 15 days after the expiration of a period in which you may cure such default or deficiency; and~~

~~c. a provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes a default under the loan or mortgage.~~

5. FEES.

5.1 Calculation of the Initial Franchise Fee. Franchisee will pay Franchisor the Initial Franchise Fee for the amount set forth on Paragraph 5.2 hereafter. The amount of the Initial Franchise Fee is based upon the size of your Territory described in Exhibit "G-One" and is calculated as follows:

Upon execution of the Franchise Agreement, Franchisee shall pay Franchisor a nonrefundable ~~initial franchise fee~~Initial Franchise Fee of Thirty Seven Thousand Five Hundred Dollars ($37,500) for a Territory consisting of ~~up to 250,000 in~~the lesser of a ten-mile radius from the Approved Location or a population ~~pursuant to~~of 50,000 people, as determined by the latest ~~zip code information.~~US Census data. Franchisor may, in its sole discretion permit Franchisee to purchase contiguous territory ~~containing an~~consisting of additional ~~population not to exceed 100,000 for an~~zip codes at a cost of $0.75 per person, according to the same US Census data. This additional ~~franchise fee of Twenty Thousand Dollars ($20,000), in which event the total initial franchise fee would be Fifty-Seven Thousand Five Hundred Dollars ($57,500) which~~Initial Franchise Fee amount for additional contiguous territory shall be paid at the time of the signing of the Franchise Agreement and is non-refundable. If we grant you the right to purchase contiguous territory containing an additional population ~~not to exceed 100~~in excess of 50,000 persons, we may also require you to operate ~~an approved second~~additional mobile tire service van(s) in that approved contiguous territory. Franchisor may also, in its sole and absolute discretion, grant Franchisee the right to purchase further additional contiguous Territory for an additional franchise fee of $0.~~15~~75 per each person in the additional contiguous Territory which shall be paid at the time of the execution of the Franchise Agreement and is non-refundable.

5.2 Your Initial Franchise Fee. In consideration for our grant of this franchise, you agree to pay us the sum of $________________ dollars as the Initial Franchise Fee based on the calculations set forth in section 5.1 above. The Initial Franchise Fee is deemed fully earned when paid and non-refundable. Franchisee agrees that the grant of this franchise constitutes the sole consideration for payment of the Initial Franchise Fee.

5.3 Continuing License Fee. You shall pay us on Monday of each week a Continuing License Fee of 6% of your Gross Revenues for the Saturday through Friday period of the preceding week. We require you to pay the Continuing License Fee by electronic funds transfer and the Continuing License Fee must be received by us on or before the Payment Day of each week. You agree to comply with the procedures we specify in our Confidential Operating Manual and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. You will give us authorization in a form we designate to initiate debit entries or credit correction entries to your bank operating account for each week's Fee and any interest charges due.

5.4 Gross Revenues Definition.

"Gross Revenues" shall mean and include the actual gross revenues billed to your customers (including sub-contractors) in connection with the Services sold and performed for such customers, whether for cash or credit or barter, plus any other revenues derived from the operation of your Tread Connection Business, but excluding federal, state or municipal sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authorities, and customer refunds. This Fee will be debited by Electronic Funds Transfer ("EFT") from your bank account on Monday of each week. A fee of $100 per occurrence will be charged for any instance of failure of EFT because of insufficiency of funds. The fee will be charged to this account.

5.5 Electronic Funds Transfer and Payment Procedure.

We require you to pay all payments due us under this Agreement by electronic funds transfer. We may designate different Payment Days for different amounts due us under this Agreement (e.g. Marketing and Advertising Fund Fee, etc.). You agree to comply with the procedures we specify in our Confidential Operating Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. You will give us authorization, in a form that we designate, to initiate debit entries or credit correction entries to your bank operating account (the "Account") for payments of Continuing License Fees, Marketing and Advertising Fund Fees and other amounts due under this Agreement, including any applicable interest charges. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day. If we determine at any time that you have underpaid amounts due to us, we will be authorized to immediately initiate a transfer from the Account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges. Any overpayment will be credited to the Account through a credit, effective as of the first reporting date after you and we determine that such credit is due.

5.6 Interest on Late Payments. All amounts which you owe us will bear interest after their due date at the highest contract rate of interest permitted by law, or the annual rate of one and one-half percent (1.5%) per month, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, the Franchised Business. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 15 of this Agreement.

5.7 Late Payment Penalties. All Continuing License Fees, Marketing and Advertising Fund Fees, amounts due for purchases by you from us, and any interest accrued thereon, and any other amounts which you owe us, or our affiliate, are subject to a late payment fee of $100 per occurrence. The late payment fee is due immediately on any delinquent payments. The provisions in this Agreement concerning late payment fees survives termination or expiration of this Agreement and does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your Franchised Business.

5.8 Application of Payments. Notwithstanding any designation you might make, we have the absolute right to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you or your owners owe us against any amounts we might owe you or your owners.

5.9 Discontinuance of Service. If you do not pay amounts due to us timely under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

5.10 Minimum Monthly Gross Revenue. ~~Beginning six (6) full months from the date Franchisee is required to commence operations, Franchisee shall be required to achieve monthly Gross Revenue of no less than Five Thousand Dollars ($5,000) each month. If Franchisee fails to achieve the Minimum Monthly Gross Revenue of Five Thousand Dollars ($5,000) three times in any 12 consecutive month period, during the term of this Agreement, the Franchisor has the right, in its sole and absolute discretion, to terminate this Agreement.~~

Beginning in the fourth month after Franchisee is required to commence operations, Franchisee must achieve Gross Revenue of no less than $5,000 each month. Beginning in the seventh month after Franchisee is required to commence operations, Franchisee must achieve Gross Revenue of no less than $10,000 each month. Beginning in the thirteenth month after Franchisee is required to commence operations, Franchisee must achieve Gross Revenue of no less than $15,000 each month. Beginning in the twenty-fifth month after Franchisee is required to commence operations, and continuing for the remainder of the Term, Franchisee must achieve Gross Revenue of $20,000 each month. These minimum revenue requirements apply for a territory with a population of 50,000 and will be pro-rated in greater amounts if Franchisee's Territory is comprised of a population in excess of 50,000. Each Minimum Monthly Gross Revenue amount shall be increased by the same percentage by which Franchisee's Territory population is greater than 50,000. For clarification and avoidance of doubt, a chart below compares a Territory with 50,000 population against a Territory with 100,000 population.

Minimum Monthly Gross Revenue		
	50,000 Population	100,000 Population
Months 1-3	-	-
Months 4-6	$5,000	$10,000
Months 7-12	$10,000	$20,000
Months 13-24	$15,000	$30,000
Months 25+	$20,000	$40,000

If Franchisee fails to achieve the Minimum Monthly Gross Revenue, Franchisee will be in default of this Franchise Agreement. In that event, Franchisee shall have sixty (60) days to cure such default by achieving the required Minimum Monthly Gross Revenue. If Franchisee does not cure and achieve the Minimum Monthly Gross Revenue during those sixty days, Franchisor has the right, in its sole and absolute discretion, to terminate the Franchise Agreement or to modify Franchisee's Territory.

5.11 Technology Fee. You agree to pay us a Technology Fee of $100 every week for each approved TREAD CONNECTION mobile tire service van operated in your area. The Technology Fee may be increased ten percent (10%) annually per approved TREAD CONNECTION mobile tire service van upon a thirty (30) day written notice to you. We require you to pay the Technology Fee by electronic funds transfer which must be received by us on or before the required Payment Day of each week. You agree to comply with the procedures we specify in our Confidential Operating Manual and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. You will give us authorization in a form we designate to initiate debit entries or credit correction entries to your bank account for each week's Technology Fee and any interest charges due.

6. TRAINING AND ASSISTANCE.

6.1 Training. Prior to the commencement of the Franchised Business by Franchisee, we or our designee will furnish an initial training program ("Initial Training") to you (or, if you are a Business Entity, your primary operating manager (the "Operating Manager"). The Operating Manager must successfully and fully complete Initial Training to our reasonable satisfaction. Upon successful completion of Initial Training, we will issue a certificate (the "Training Certificate") indicating the date of successful completion of Initial Training. Although we, or our designee, will furnish the Initial Training to the Operating Manager and you at no additional fee or other charge, you will be responsible for all travel and living expenses which the Operating Manager and you incur in connection with the training. You must pay us a fee in the amount of $425 per day for each replacement Trainee trained by us, or our designee, or each person provided the Initial Training by us, or our designee, other than the initial trainee(s).

6.2 Ongoing Assistance. We will provide continuing advisory assistance to you in the operation, and promotion of the Franchised Business as we deem necessary. We, or our designee, will also provide additional or refresher training programs for you as we deem appropriate. We will provide you, from time to time with advice and materials concerning techniques of managing and operating the Franchised Business. At your request, we will make additional or refresher training in form and content as we deem appropriate available at your Franchised Business or at other locations we designate for an additional fee (the "Additional Training Fee") at the rate of $425 per day plus travel and living expense, minimum of 1 day charge.

6.3 Additional Training. If, at any time after the Franchised Business opens, you replace your primary Operating Manager or replace one or more of your Operating Partners, you must ensure that such new personnel are satisfactorily trained and certified at an approved training facility at your expense. We may require the Trainees and/or other previously trained Operating Manager and/or Franchisee attend periodic refresher training courses at such times and locations that we designate. You must pay to us, or our designee, the Additional Training Fee set forth in paragraph 6.2.

6.4 General Guidance. We will advise you from time to time regarding the operation of the Franchised Business based upon reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

a. standards, specifications and operating procedures and methods utilized by TREAD CONNECTION franchises;

b purchasing required, products, materials and supplies;

c. use of suppliers, approved products, volume buying;

d. advertising and marketing programs;

e. training; and

f. administrative, bookkeeping and accounting procedures.

Such guidance will, as we may determine, be furnished in our Confidential Operating Manuals, bulletins or other written materials and/or during telephone consultations and/or additional training.

6.5 Mandatory Convention, Conferences & Seminars. You are required to attend all conventions, conferences and seminars (including an annual convention if established by us) unless otherwise excused by us. One management-level individual shall attend on behalf of your franchise.

You will bear all costs of attendance. We may elect to charge a fee up to $275 per person in attendance (subject to inflation adjustment).

7. MARKS.

7.1 Ownership and Goodwill of Marks. Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Franchised Business at the approved office location and on approved mobile tire service vans pursuant to and in compliance with this Agreement and all System Standards we prescribe from time to time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Franchised Business in compliance with this Agreement). All provisions of this Agreement apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

7.2 Limitations on Your Use of Marks. You agree to use the Marks as the sole identification of the Franchised Business, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Confidential Operating Manuals or otherwise. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with any social media networking, including but not limited to, any postings on a social media site or social media network sites nor with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the transfer, sale or other disposition of the Franchised Business or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

7.3 Notification of Infringements and Claims. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have the absolute right to take such action as we deem appropriate and the absolute right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trade Mark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

7.4 Discontinuance of Use of Marks. If we deem it advisable at any time in our sole control for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not be obligated to reimburse you for any direct or indirect loss, including loss of revenue attributable to any modified or discontinued Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

7.5 Signage. Signage, including your mobile tire service van wrap, must comply with all state and local laws and ordinances. You must limit your signage to the Mark we authorize. The use of any other language is forbidden. If you employ any signage, including your mobile tire service van wrap, that does not comply with this Agreement, you will be in material breach of this Agreement. The signage must also incorporate the specific letter style/color and curvature associated with the authorized Mark, logo or other mark or logo as we may designate in writing from time to time. You must not use any signage that deviates from the standard logo unless and until you have submitted a request for such deviation to us in writing with drawings and we have approved such deviation in writing.

8. CONFIDENTIAL INFORMATION.

8.1 Types of Confidential information. We possess (and will continue to develop and acquire) certain confidential information (the "Confidential Information") relating to the development and operation of TREAD CONNECTION franchises which includes (without limitation):

a. the System and the know-how related to its use;

b. sources, design and methods of use of forms, materials, supplies, websites, Internet, "business to customer" networks or communities and other e- commerce methods of business;

c. any marketing, advertising and promotional programs for TREAD CONNECTION franchises;

d. our training program;

e. any computer software we make available in the future or recommend

f. methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation, advertising and marketing of the Franchised Businesses;

g. knowledge of specifications for and identities of and suppliers of certain products, materials, supplies and equipment;

8.2 Disclosure and Limitations on Use. We will disclose much of the Confidential Information to you by furnishing the Confidential Operating Manual to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your franchise, you or your employees may develop ideas, concepts, methods, techniques or improvements ("Improvements") relating to your franchise or the System, which you hereby agree to disclose to us. We will be deemed to own the Improvements, and the Improvements will constitute Confidential Information. We may use the Improvements and authorize you and others to use them in the operation of Franchised Businesses or any other aspect of the System.

8.3 Confidentiality Obligations. You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your franchise as we see fit, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us, and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

a. will not use the Confidential Information in any other business or capacity;

b. will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

c. will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Confidential Operating Manual; and

d. will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of nondisclosure and noncompetition agreements we may prescribe for employees or others who have access to the Confidential Information.

8.4 Exceptions to Confidentiality. The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

a. disclosure or use of information, processes, or techniques which are generally known and used in the tire and wheel service business (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and

b. disclosure of the Confidential Information in judicial, administrative or arbitration proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

9. EXCLUSIVE RELATIONSHIP.

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among TREAD CONNECTION Franchised Businesses if franchisees of TREAD CONNECTION Franchised Businesses were permitted to hold interests in or perform services for a Competitive Business (defined below). You agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

a. have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than the TREAD CONNECTION franchise;

b. have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located; or

c. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located~~; or~~.

~~d. recruit or hire any person who is our employee or the employee of any TREAD CONNECTION Franchised Business without obtaining the prior written permission of that person's employer (failure to do so may result in financial sanctions payable to the offended party).~~

The term "Competitive Business" as used in this Agreement means any method of marketing and any business or facility or enterprise or activity of owning, operating or managing, or granting franchises or licenses, or any business selling or offering goods or services that feature tire and wheel service and/or related products and/or services which may develop over time or which any of the Trade Secrets of Confidential or Proprietary information of Franchisor could be used to the disadvantage of Franchisor or other franchisees or which offers materials or services substantially similar to those handled, sold, distributed, offered or processed by Franchisor or directing any client or candidate of the Franchised Business to any competitor, by direct or indirect inducement or otherwise and any services similar to those offered by TREAD CONNECTION.

10. OPERATION AND SYSTEM STANDARDS.

10.1 Confidential Operating Manuals. During the term of this Agreement, we will allow you access, in electronic or in another format we designate, to our manual(s) (the "Manuals"), consisting of such materials that we generally furnish to franchisees from time to time for use in operating a TREAD CONNECTION franchise. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules ("System Standards") that we prescribe from time to time for the operation of a TREAD CONNECTION franchise and information relating to your other obligations under this Agreement and related agreements. You agree to follow the System Standards and other standards, specifications and operating procedures we establish periodically for the System that are described in the Manuals. We also reserve the right to make the Manuals accessible to you on-line via computer systems or other electronic formats (like Internet, CD-ROMs, websites or e-mail). You also must comply with all updates and amendments to the System as described in newsletters or notices we distribute, including via computer systems e.g., internet, CD or other media we select. Any form of the Manuals we make accessible to you online will be deemed our Confidential Information. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. The Manuals may be modified, updated and revised (in written or electronic format) by us from time to time to reflect changes in System Standards. You agree to keep your copy of the Manuals in a secure location at the TREAD CONNECTION Approved Office Site location. In the event of a dispute relating to its contents, the master copy of the Manuals we maintain at our principal office will be controlling. However, in the event we utilize on-line Manuals, the most recent on- line Manuals will control any disputes between the on-line version and printed copies of the Manuals. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals. If your copy of the Manuals is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge which is currently $250 (unless we have made on-line Manuals accessible to you. If so, you may utilize the on-line Manuals instead of purchasing other printed Manuals.)

10.2 Compliance with System Standards. You acknowledge and agree that your operation and maintenance of the TREAD CONNECTION franchise in accordance with System Standards is essential to preserve the goodwill of the Marks at all TREAD CONNECTION franchises. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the TREAD CONNECTION franchise in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement~~.~~ through the Confidential Operations Manual. System Standards may regulate any one or more of the following with respect to the TREAD CONNECTION franchise:

a. types, models and brands of required mobile tire service vans, or required vehicles equipment, signs, software, materials and supplies;

b. types, content, size, materials and standards for signage;

c. designated or approved suppliers of fixtures, equipment, signs, software, products, materials and supplies including for all approved distributors and/or distribution systems and approved trade accounts;

d. terms and conditions of the sale and delivery of, and terms and methods of payment for materials, supplies and services, including direct labor, that you obtain from us, unaffiliated suppliers or others;

e. sales, marketing, advertising and promotional programs and materials and media used in such programs;

f. use and display of the Marks;

g. qualifications, training and appearance of all personnel;

h. days and hours of operation;

i. participation in market research and testing and service development programs and client and candidate satisfaction programs;

j. payment systems and check verification services;

k. bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

l. types, amounts, terms and conditions of insurance coverage required to be carried for the TREAD CONNECTION franchise and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Franchised Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

m. complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the Franchised Business;

n. regulation of such other aspects of the operation and maintenance of the Franchised Business that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and TREAD CONNECTION franchises;

o. your use of, or mandatory or recommended participation in any e-commerce, Intranet, Internet or website communities, systems or processes, website and compliance with any Internet, Intranet or e-commerce policies or procedures which we may establish from time to time;~~ and~~

p. You agree to purchase only approved equipment, supplies and products required for the operation of your TREAD CONNECTION Franchised Business from approved suppliers or distributors as provided to you in writing from time to time or as set forth in the Confidential Operations Manual~~.~~; and

q. You must achieve key performance indicators ("KPIs") as described in the Confidential Operations Manual, which include customer reviews, secret shopper reports, and other metrics.

You agree that System Standards prescribed from time to time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as periodically modified.

10.3 Modification of System Standards. You acknowledge that our System Standards must continue to evolve in order to reflect changing market conditions and to meet new and changing customer demands. Therefore, variations and additions to the System Standards may be required from time to time in order to preserve and enhance the public image of our System and to enhance the continuing operational efficiency of all franchisees. Accordingly, you agree that Franchisor may from time to time, upon notice, add to, subtract from or otherwise change the System and System Standards, including without limitation, the adoption and use of new or modified Marks, products, services, equipment and new techniques and methodologies relating to the sale, operation, promotion and marketing of services. Franchisee agrees to promptly accept, implement, use and display in the operation of the Franchised Business all such additions, modifications and changes at Franchisee's sole cost and expense. We reserve the right to modify such System Standards through the Confidential Operations Manual.

10.4 Hours of Operation. You agree to comply with all operating procedures relating to hours of operation and days you are required to conduct business to the public (subject to applicable law) as may be set by us or changed by us from time to time. You acknowledge and agree that all mandatory operating procedures prescribed from time to time by us in the Manuals or otherwise shall constitute binding obligations on your part, and any failure by you to adhere to such mandatory operating procedures shall constitute grounds for termination of this Agreement by us as provided for herein.

You further acknowledge that due to peculiarities of particular market areas and circumstances, complete and detailed uniformity may not be practical or in the best interests of all franchisees. We reserve the absolute right to vary hours of operation and/or days you are required to be open for business as they relate to a particular franchise or group of franchisees.

10.5 Accounting, Computers and Records. It is your responsibility to obtain accounting services and any required hardware or software related to them. You will at all times maintain the records specified in the Manuals, including, without limitation, sales, inventory and expense information. To the extent we require support for accounting software used by you, such support will only be provided with respect to the accounting software then used by us in the operation of our own (or our affiliate's own) TREAD CONNECTION business.

10.6 Computer System. You agree to use in developing and operating the TREAD CONNECTION franchise the computer equipment and operating software (and related training and periodic software support) (the "Computer System") that we periodically specify. We may require you to obtain specified computer hardware or software and may modify specifications for and components of the Computer System from time to time. Our modifications and specifications for components of the Computer System may require you to incur cost to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer System during the term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (any additions or modifications). Within 60 days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. We have the right to charge you for any computer usage costs that we incur as a result of your use of the Computer System. We may require your Computer System be capable of connecting with our Computer System so that we can review the results of your operations. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we or our affiliate may furnish to you related to the Computer System. You are responsible for all internet service providers (ISP) and other connectivity related fees and costs relating to your use of the Computer System. You agree to maintain an active e-mail address at all times and inform us of it.

You acknowledge and agree that if at any time we provide or require a particular vendor's software that it is provided or required by us **WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WE DO NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE MEET YOUR REQUIREMENTS OR THAT THE USE OF SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE.** In no event will we be liable for damages, relating to the use of or inability to use any software even if we have been advised of the possibility of such damages, or any claim by any other party. The foregoing limitations of liability are intended to apply without regard to whether other provisions of this Agreement have been breached or proven ineffective.

10.7 Trade Accounts and Taxes. You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You agree to timely pay all taxes incurred in connection with your TREAD CONNECTION franchise operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against any amounts which we may owe you.

10.8 Proprietary Materials. You agree to purchase from us (if applicable) or approved manufacturers or suppliers all items used in operating the TREAD CONNECTION franchise, some of which may bear the Marks. The items may include products like clothing, hats, tee shirts, etc.

10.9 Approved Products and Services. You agree not to sell any products and provide services or other items that we have not previously approved in writing. You will immediately implement changes to the products, services or other items requested by us.

10.10 Management. You or one of your managerial employees that has satisfactorily completed our training program must assume responsibility for the Franchised Business's day-to-day management and operation of the Franchised Business. You or an approved managerial employee must work a minimum of 40 hours per week (other than vacation periods). During all hours of operations, the Franchised Business must be under the direct supervision of you or an approved managerial employee who has satisfactorily completed our Initial Training Program. Each of your managerial employees must sign our Confidentiality Agreement attached to the Franchise Disclosure Document, or other agreements satisfactory to us.

10.11 Personnel. All employees must be trained and supervised in accordance with the specifications set forth in the Manuals. All personnel must meet every requirement imposed by applicable federal, state and local law as a condition to their employment. We do not offer, advise or dictate your employment matters relating to hiring, firing, wages, discipline or other human resources or procedures. Upon request, you will obtain signed acknowledgements from your employees acknowledging that they are employed solely by you. You must, prior to employing each and every employee, conduct an independent criminal background check.

10.12 Insurance. You must procure, at your expense, and maintain an insurance policy or policies protecting you, us and the respective officers, directors and employees against any loss, liability, personal injury, death or property damage or expense arising or occurring upon or connected to the Franchised Business as we may reasonably require for its own and your protection. We must be named as an additional insured in each policy or policies.

If you acquire an interest in the real property from which you will operate the Franchised Business, you must furnish us with a Certificate of Insurance showing compliance with its insurance requirements for approval. The certificate must state that the policy or policies will not be cancelled or materially altered without at least 30 days written notice to us. The certificate must reflect proof of payment of premiums. Maintenance of the insurance and your performance of the obligations under the insurance provisions of the Franchise Agreement will not relieve you of liability under the Franchise Agreement's indemnity provisions. We may modify the minimum insurance requirements and notify you of the changes in writing.

If required by the state where your business is located, you are required to obtain worker’s compensation insurance in such amount as required by your state. Further, you must obtain and maintain employer's liability insurance with One Million Dollars ($1,000,000) combined single limit coverage, as well as such other insurance as may be required by statute or rule of the state in which the TREAD CONNECTION franchise is located or operated.

Additionally, you must obtain and maintain comprehensive general liability insurance with limits of One Million Dollars ($1,000,000) combined single limit coverage including the following: broad form contractual liability and personal injury coverage (employee and contractual inclusion deleted) insuring us and you against all claims, suits, obligations, liabilities and damages, including attorneys' fees, for actual or alleged personal injuries or property damage relating to the franchised business, provided that the required amounts herein may be modified from time to time by us to reflect inflation or future experience with claims; automobile and commercial liability insurance on company vehicles, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least Million Dollars ($1,000,000); rental value insurance (in an amount sufficient to cover the rents and other fees due the landlord and/or Merchants’ Association under the lease, if any, during any period of business interruption or inability to operate the franchised business) or such greater amounts of insurance as required by the lease for the franchised business; additional insurance and types of coverage is required by the terms of any lease for the franchised business, including an umbrella policy with limits of One Million Dollars ($1,000,000) to Three Million Dollars ($3,000,000).

You must maintain all required policies in force during the entire term of the Franchise Agreement and any renewal terms. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changed in law or standards of liability, higher damage awards, or other relevant changes in circumstances Each insurance policy must name us (and, if we request, our directors, employees or members) as additional insureds and must provide us with 30 days' advance written notice of any material modification, cancellation or expiration of the policy. We reserve the right to obtain from your insurance carrier(s) periodic reports of losses (such as monthly, quarterly and/or annually), and you must authorize your insurance carrier(s) to provide us with these reports.

You shall further carry additional insurance covering such additional risks or providing higher limits as we may reasonably request. For instance, we might require you to have Employer Practice ~~Lability~~Liability Insurance (EPLE) and name us as an additional insured. We reserve the right to adjust the limits of indemnification (up or down) or to require you to procure and maintain other additional coverage prescribed from time to time by us and issued by insurance carriers rated AA or better by Alfred M. Best and Company, Inc. You shall submit to us annually a copy of the certificate of, or other evidence of, the renewal or extension of such insurance policy or policies. We reserve the right to reject any policy with exclusions or sub limits that are not satisfactory to us.

If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence thereof, we at our option and in addition to its other rights and remedies hereunder, may, but shall not be required to, obtain such insurance coverage on behalf of you, and you shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us, on demand, any costs and premiums incurred by us.

10.13 Adequate Reserves and Working Capital. You must at all times maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under this Agreement and to cover the risks and contingencies of the Franchised Business for at least three months. These reserves may be in the form of cash deposits or lines of credit.

10.14 Variation of Terms. You acknowledge that because uniformity under many varying conditions may not be possible or practical, we reserve the right to materially vary our standards or franchise agreement terms for any TREAD CONNECTION franchise, based on the timing of the grant of the franchise, the peculiarities of the particular protected territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which we consider important to the successful operation of the TREAD CONNECTION franchise. You will have no right to require us to disclose any variation or to grant the same or a similar variation to you.

10.15 Complaints and Replacements. In the event your customer(s) contact(s) us to report a complaint about your TREAD CONNECTION franchise, you agree that we have the absolute right to compensate your customer in a manner we determine to be appropriate, and you agree to reimburse us for such compensation. Payment of such amount paid to the customer is due upon demand by us.

10.16 Coupons, Certificates and Vouchers. Except as otherwise permitted by Franchisor in writing, Franchisee shall honor all coupons, gift certificates and vouchers sold by Franchisor or other Franchisees in the Franchise System. Any coupons offered or proposed by Franchisee must be approved in writing by Franchisor prior to being extended.

10.17 Gift Cards. Franchisor may implement a mandatory Gift Card program. The Gift Card program is intended to help Franchisees build traffic for their franchise(s) and enhance customer awareness on a national, regional and local level. The Gift Card program will allow customers to purchase and use Gift Cards at any franchise. All Gift Card proceeds shall immediately be paid to Franchisor or its designated third party administrator ("TPA") and be held in a separate Gift Card fund maintained by Franchisor or TPA which will send the participating franchisee, where the Gift Card was used, the amount of the Gift Card purchase on a monthly basis. Franchisor may require all amounts paid for Gift Cards be paid Franchisor or TPA through electronic transfer.

10.18 Mandatory Convention Attendance. You are required to attend all meetings designated by us as mandatory (including without limitation Franchisor's annual convention) unless otherwise excused by us. One management level individual shall attend on behalf of your franchise.

11. MARKETING AND PROMOTION.

11.1 Establishment of Marketing and Advertising Fund.

a. You agree to pay us a Marketing ~~and Technology~~ Fund ("Fund") fee of $~~75~~50 every week for each approved TREAD CONNECTION mobile tire service van operated in your area. The Fund fee may be increased ten percent (10%) annually per approved TREAD CONNECTION mobile tire service van upon a thirty (30) day written notice to you. We require you to pay the Fund fee by electronic funds transfer which must be received by us on or before the required Payment Day of each week. You agree to comply with the procedures we specify in our Confidential Operating Manual and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. You will give us authorization in a form we designate to initiate debit entries or credit correction entries to your bank account for each week's Fund fee and any interest charges due. Our affiliate owned businesses will not contribute to the Marketing and Advertising Fund.

b. We will direct all marketing and advertising programs, with sole control over the creative concepts, materials and media used in such programs, and the placement and allocation of Fund advertising. You acknowledge that the Fund is intended to further general public recognition and acceptance of the Proprietary Marks for the benefit of the System and also other benefits derived from a website we develop or utilize. You further acknowledge that we and our designees undertake no obligation in administering the Fund to make expenditures for you which are equivalent or proportionate to your contributions, to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or to ensure that any advertising impacts or penetrates your Territory. The Fund is not a trust and we are not a fiduciary with respect to the Fund.

c. The Fund may be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or local advertising, including (without limitation): television, radio, magazine, newspaper and worldwide web/internet advertising campaigns; other advertising, marketing and public relations materials; point-of-purchase materials; consumer research, interviews and related activities; the creation, maintenance and periodic modification of the TREAD CONNECTION website; website tracking of new contacts and franchise candidates as well as obtaining and maintaining franchise information and application pages; reviewing any advertising material you propose to use (as provided below); search engine optimization; establishing a third party facility for customizing local advertising materials; the creative development of signage and posters; the development and creative activity associated with promotions and public relations events; accounting for TREAD CONNECTION Fund receipts and expenditures; attendance at industry related conventions, shows or seminars; other activities that we in our business judgment believe are appropriate to enhance, promote and/or protect the TREAD CONNECTION System or any component thereof; and, engaging advertising agencies to assist in any or all of the foregoing activities, including fees to have print, broadcast and/or internet advertising placed by an agency, and all other advertising agency and public relations fees.

d. We need not maintain the sums paid by franchisees to the Fund, or income earned from the Fund, in a separate account from our other funds, but we may not use these amounts under any circumstance for any purposes other than those provided for in this Agreement. We may, however, expend monies from the Fund for any reasonable administrative costs and overhead that we may incur in activities reasonably related to the administration or direction of the Fund and marketing and technology programs for franchisees including, without limitation, preparing marketing and advertising materials; working with advertising agencies, advertising placement services and creative talent; preparing an accounting of contributions to the Fund and the annual statement of Fund contributions and expenditures provided for below; and, otherwise devoting our personnel, resources and/or funds for the benefit of the Fund. Our right to expend monies from the Fund to reimburse us for such activities is exclusive of any advertising agency or public relations fees which the Fund must expend to secure the services of an advertising agency or public relations firm or to have print, broadcast or internet advertising placed by an agency.

e. Within 60 days following the close of our fiscal year, we will prepare (but not audit) a statement detailing Fund income and expenses for the calendar year just ended a copy of which statement will be sent to you upon written request.

f. We expect to expend most contributions of the Fund during the calendar year when the contributions are made. If we expend less than the total sum available in the Fund during any fiscal year, the excess amount will be carried forward to the following fiscal year to be used as provided for in subsection g. If we advance and expend an amount greater than the amount available in the Fund in any calendar year (in addition to any sum required to be expended because we did not expend all the sums in the Fund during the preceding year), we will be entitled to reimburse ourselves from the Fund during the following fiscal year for all such advanced sums, with interest payable on such advanced sums at the greater rate of 1.5% per month or the maximum commercial contract interest rate permitted by law (with interest accruing the first calendar day following the day on which we advance and expend any such sum).

g. We reserve the right to use any media, create any programs and allocate advertising funds to any regions or localities in any manner we consider appropriate in our business judgment. The allocation may include rebates to individual franchisees of some or all of their Fund contributions for local advertising expenditures if, in our judgment, our national or regional advertising program or campaign cannot effectively advertise or promote in certain regions or communities. If we determine that the total Fund contributions collected from all franchisees is insufficient to sustain a meaningful regional or national advertising campaign, we may rebate all or a portion of the Fund contributions to franchisees on a pro rata basis. Franchisees must expend any rebate on the types of local advertising and media that we determine. All rebate advertising expenditures must be documented to us in a monthly rebate advertising expenditure report form which we will furnish.

h. Although the Fund is intended to be a perpetual duration, we maintain the right to terminate the Fund, but will not do so until all of the monies in the Fund have been expended for advertising and promotional purposes.

i. The Fund will not be used for any activity whose sole purpose is the sale of franchises; provided, however, that the design and maintenance of our Website (for which Fund monies may be used) may include information and solicitations for prospective franchisees (for instance, “Franchises Are Available”) and public relations and community involvement activities which may result in greater awareness of the TREAD CONNECTION brand and the franchise opportunity.

j. No TREAD CONNECTION business which we or our affiliate own or operate will be required to participate in or contribute to the Marketing and Advertising Fund or other advertising programs provided for in this Section 11.1 and sub-paragraphs thereof, unless it determines to participate in a regional or joint franchise advertisement setting forth the names, addresses and/or telephone numbers of individual TREAD CONNECTION locations , including those owned and operated by us or our affiliate. If we or our affiliate decide to participate in any joint or regional advertising of this type, then we or our affiliate will contribute our or its proportionate share of the cost of the advertisement to the franchisee group sponsoring the advertisement.

k. We or our designee will direct all programs financed by the Fund, with sole control over the allocation and any Internet or Intranet websites, networks or communities it operates or participate in, or which requires your participation. You agree that the Fund may be used to pay the costs associated directly or indirectly with the operation, maintenance, hosting or development of website bearing our Marks; or establishing Internet, Intranet, website or other forms of e-commerce communities, networks, systems, methods, processes, databases or monitoring systems, which may include our establishing one or more Internet or Intranet websites for purposes of: linking this Agreement; our sharing or selling information to third parties; our establishing business to customer e-commerce; promoting the development and growth of franchises or soliciting franchisees; or your reporting of Continuing License Fees, Gross Revenues or other information as we designate from time to time. The Fund may be used for defraying administrative hosting, development maintenance costs and overhead incurred by us or our designees in connection with the Fund. The Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

11.2 Directory Listings. In addition to your obligation to participate in the marketing and Advertising Fund and conduct local advertising, at your expense, you agree to obtain telephone directory listing in the online white and yellow pages as approved by us. If other franchise owners operate TREAD CONNECTION Franchised Businesses in the market area serviced by the online directories, then you will participate in and pay your pro rata share (based on number of TREAD CONNECTION Franchised Businesses) of the cost of such listings and advertising.

11.3 Websites. You acknowledge and agree that any website constitutes “advertising” under this Agreement. Any website you develop or utilize must meet all other terms and conditions for advertising described in this Agreement. For this purpose, a “website” means an interactive electronic document, contained in a network of computers linked by communications software, that you operate or authorize others to operate that refers to your TREAD CONNECTION Franchised Business, The Marks, us, and/or the System. The term website also includes Internet, Intranet and World Wide Web home pages or e-mail address sites. You must not establish any website without our prior written approval of its form, ~~continent~~content and information presented due to our substantial interest in protecting the Marks, the System and the Confidential Information. We require you to participate in a centralized website operated by us, without any compensation to you. We may refuse to permit you to operate or establish any website. We reserve the right to establish one or more Internet, Intranet or other forms of e-commerce websites, networks or communities for purposes of: promoting the development, growth, sales and solicitation of franchises; or establishing or participating in, and requiring or authorizing your participation in, or in connection with: e-commerce; establishing purchasing, supply or referral programs, networks or communities in which you must participate; or monitoring your performance under this Agreement and other purpose we designate from time to time which we deem to promote the development and operation of the System. From time to time we will establish and notify you of our establishment of website policies and other forms of e- commerce policies, which will become part of our System Standards and be provided in the Operations Manual or other written communication by you. We own all right, title and interest in and to information compiled from, derived from or obtained by us via your or our use of websites or our establishment of an Intranet, Internet or other forms of e-commerce networks or communities. Furthermore, you agree to the following:

a. You agree that we may establish electronic links from our website to your website (if we agree in writing that you may have your own website), and that other franchisees may establish electronic links to your website from their websites; without any compensation to you. We may prohibit you from linking any website to your website for any reason without compensation to you;

b. You must not use any mark as part of any URL domain name, Internet or e-mail address, or any other identification of you in any electronic medium or with any prefix, suffix or other modifying words, terms, designs, or symbols, or in any modified form, without our written consent;

c. If this Agreement expires or terminates for any reason, you must immediately stop using any website that utilizes any of the Marks or the System, or that are linked to any of our websites or the website of any of our franchisees. You must also then remove and change any website, domain names, Internet or Intranet addresses, e-mail addresses or other identification that utilize any of the Marks;

d. You agree to establish, maintain and notify us of your active e-mail address, and notify us of any change in your e-mail address within 3 business days of the change; and

e. You agree that we have the right (but no obligation) to develop an Intranet which we and our franchisees can communicate by e-mail or similar electronic means. If we develop an Intranet, you agree to use the facilities of the Intranet in strict compliance with the standards, protocols and restrictions that we include in the Manuals (including, without limitation, standards, protocols, and restrictions relating to encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements). We have the absolute right to charge a fee for Intranet usage, which fee shall be paid in accordance with our invoice or pursuant to Paragraph 5.3, through Electronic Funds Transfer.

11.4 Grand Opening Advertising. You agree to spend between $~~2~~1,000 and $5,000 on a grand opening advertising campaign to promote the opening of your TREAD CONNECTION franchise as directed by us. This amount must be spent in the sixty (60) day period comprising thirty (30) days before and thirty (30) days after your business commences. Your grand opening advertising campaign must be approved by us before you may begin it. The amount of your Grand Opening Advertising requirement is set forth in Exhibit "G-One" hereto. We will assist you in ordering your initial equipment and supplies and will advise you on the expenditure of your opening marketing and advertising efforts. You are required to spend a minimum of $1,000 and a maximum of $5,000 in local "Grand Opening" marketing and advertising.

12. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

12.1 Accounting System. You agree to establish and maintain at your own expense a bookkeeping and recordkeeping system conforming to the requirements and formats we prescribe from time to time. You agree to use the "QuickBooks" software we designate (developed by Intuit) for your accounting system. We may require you to use approved computer hardware, software and websites in order to maintain certain sales data and other information we designate from time to time. This may include the updating of Manuals and for communication purposes. You agree that we may have access to such sales data and other information through the computer system at all times.

12.2 Reports. You agree to furnish to us on such forms that we prescribe from time to time:

a. following the Agreement Date, and semi-monthly thereafter; a report of your progress in the development and opening of your TREAD CONNECTION Franchised Business;

b. at our request, within 5 days after their filing, copies of all sales tax returns, for the Franchised Business and copies of the canceled checks for the required sales taxes;

c. on Monday of each week, a report on the Franchised Business's Gross Revenue during the immediately preceding period as specified in Section 5.3 of the Franchise Agreement.

d. within 15 days after the end of each calendar quarter, a profit and loss statement for the TREAD CONNECTION franchise for the immediately preceding calendar month and year-to-date and a balance sheet as of the end of such month;

e. within 15 days after the end of the TREAD CONNECTION franchise's fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for the Franchised Business as of the end of such fiscal year;

f. within 10 days after our request, exact copies of federal and state income and other tax returns and such other forms, records, books and other information we may periodically require; ~~and~~

g. criminal background checks on all of your prospective or otherwise hired employees within five (5) days of our request; and

~~g.~~h. we may require that any of the reports described in this Section 12.2 or any information you are required to provide us under this Agreement or our System Standards be provided to us in electronic format via a secure website (internet or Intranet) at times and in the manner we designate, from time to time.

12.3 Access to Information. You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of the TREAD CONNECTION franchise. We also have the right to require you to have reviewed or audited financial statements prepared on a calendar year (12 month) basis if we reasonably believe that the reports are incorrect. Moreover, we have the right as often as we deem appropriate (including on a daily basis) to access, electronically or otherwise, all software and other computer systems that you are required to maintain in connection with the operation of the Franchised Business and to retrieve electronically or otherwise, all information relating to your operations.

12.4 Copies of Reports. You agree to furnish us with a copy of all sales, income and other tax returns relating to your TREAD CONNECTION Franchised Business, at our request. You will also send us copies of any sales or other reports sent to any governmental agency, at our request.

13. INSPECTIONS AND AUDITS.

13.1 Our Right to Inspect the Franchised Business and Vans. To determine whether you are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours without prior notice, to:

a. inspect the Franchised Business and TREAD CONNECTION mobile tire service vans;

b. observe, photograph and videotape the operations of your TREAD CONNECTION franchise for such consecutive or intermittent periods as we deem necessary;

c. remove samples of any, materials or supplies for testing;

d. interview personnel and customers and candidates; and

e. inspect and copy any books, records and documents relating to your operation.

We reserve the right, in our sole discretion, to place GPS tracking technology in your Tread Connection vehicle(s) and to access data from such GPS tracking technology at any time.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal, interviews and electronic (Internet or Intranet) record access. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions or services we specify within 5 days.

13.2 Our Right to Audit. We have the right at any time during your business hours to inspect and audit, or cause to be inspected and audited, your business, bookkeeping and accounting records, purchasing records, advertising and marketing records and expenditures, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Revenue is understated by 2% or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within 10 days of our notice. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law, which may include termination of this Agreement.

14. TRANSFER.

14.1 By Us. This Agreement is fully transferable by us, and inures to the benefit of any transferee or other legal successor to our interests, as long as such transferee or successor agrees to be bound by, and assumes all of our continuing obligations under, this Agreement.

14.2 By You. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of you (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (nor any interest in it) nor any ownership or other interest in you or the Franchised Business may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "transfer" includes you (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) you; (b) this Agreement; or (c) the Franchised Business.

An assignment, sale, gift or other disposition includes the following events:

i. transfer of ownership of capital stock or a partnership interest;

ii. merger or consolidation or issuance of additional securities or interest representing an ownership interest in you:

iii. any issuance or sale of your stock or any security convertible to your stock;

iv. transfer of an interest in you, this Agreement or the Franchised Business in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

v. transfer of an interest in you, this Agreement or the Franchised Business, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

vi. pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Franchised Business or your transfer, surrender or loss of possession, control or management of the Franchised Business.

14.3 Conditions for Approval of Transfer. If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section 14, we will not unreasonably withhold approval of a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for TREAD CONNECTION franchisees. A transfer of ownership, possession or control of the Franchised Business may only be made if the transferee enters into a new Franchise Agreement. If the transfer is of your TREAD CONNECTION Franchised Business or a controlling interest in you, or is one of a series of transfers which in the aggregate constitutes the transfer of your franchise or TREAD CONNECTION Franchised Business (s) or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of any transfer:

a. the transferee has sufficient business experience, aptitude and financial resources to operate the TREAD CONNECTION franchise and has been approved by us as a franchisee;

b. you have paid all Continuing License Fees, Marketing and Advertising Fund fees, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;

c. the transferee (or its Operating Partner) and its managerial employee (if different from your manager) have completed our training program;

d. the transferee has agreed to enter into a new Franchise Agreement;

e. you or the transferee pays us a transfer fee of $12,000 for each new employee to be trained (the "Transfer Fee"). We may provide training to other than new employees but you must pay us a fee not to exceed $3,000 per person trained by us. You must pay all travel and living expenses for you, other trainees and your employees to attend the training. This subsection will not apply if the proposed transfer is among your owners, but the transferee is required to reimburse us for any administrative costs we incur in connection with the transfer;

f. the transferee agrees to pay the costs required to bring the Franchised Business into compliance with the then current System Standards;

g. you (and your transferring owners) have executed a general release, in the form attached to the Franchise Disclosure Document, of any and all claims against us and our members or shareholders, officers, directors, employees and agents;

h. we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Franchised Business;

i. if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in the TREAD CONNECTION franchise are subordinate to the transferee's obligation to pay Continuing License Fees, Marketing and Advertising Fund fees and other amounts due to us and otherwise to comply with this Agreement;

j. you and your transferring owners have executed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the post- term competitive restrictions otherwise contained in this Agreement; and

k. you and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other TREAD CONNECTION franchises) identify yourself or themselves or any business as a current or former TREAD CONNECTION Franchised Business, or as one of our licensees or franchisees, nor use any Mark, any colorable imitation of a Mark, or other indicia of a TREAD CONNECTION Franchised Business in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbol that suggests or indicates a connection or association with us.

14.4 Transfer to a Business Entity. Notwithstanding the foregoing, if you are in full compliance with this Agreement, we may permit you to transfer this Agreement to a Business Entity that conducts no business other than the TREAD CONNECTION franchise and, if applicable, other TREAD CONNECTION Franchised Businesses so long as you own, control and have the right to vote all issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interest in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of all your obligations under this Agreement.

14.5 Transfer Upon Death or Disability. Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, you or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed 6 months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the TREAD CONNECTION franchise.

14.6 Operation Upon Death or Disability. If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the TREAD CONNECTION franchise is not being managed by a trained manager, you or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 15 days from the date of death or disability, appoint a manger to operate the TREAD CONNECTION franchise. Such manager will be required to complete training at your expense. Pending the appointment of a manager as provided above or if, in our judgment, the TREAD CONNECTION franchise is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a manger for the TREAD CONNECTION franchise. All funds from the operation of the TREAD CONNECTION franchise during the management by our appointed manager will be kept in a separate account, and all expenses of the TREAD CONNECTION franchise, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Continuing License Fees and Marketing and Advertising Fund contributions payable under this Agreement) during the period that our appointed manager manages the TREAD CONNECTION franchise. Operation of the TREAD CONNECTION franchise during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the TREAD CONNECTION franchise or to any of your creditors for any products, materials, supplies or services the TREAD CONNECTION franchise purchases during any period it is managed by our appointed manager.

14.7 Effect of Consent to Transfer. Our consent to a transfer of your TREAD CONNECTION franchise or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Franchised Business(s) or transferee or a waiver of any claims we may have against you (or your owners).

14.8 Our Right of First Refusal. If you (or any of your owners) at any time determine to sell, assign, or transfer for consideration an interest in your TREAD CONNECTION Franchised Business(s) or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror) and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in the Franchised Business and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or the Franchised Business must reflect the bona fide price offered and reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling owner(s) within 30 days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

a. we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);

b. our credit will be deemed equal to the credit of any proposed purchaser;

c. we will have not less than 60 days after giving notice of our election to purchase to prepare for closing; and

d. we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

(i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;

(ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and

(iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation or entity whose stock or ownership interest, is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of 2 years commencing on the date of the closing, you and they will be bound by the post-term competitive restrictions otherwise described in this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as otherwise provided in this Agreement, provided that, if the sale to such purchaser is not completed within 120 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30- day period following either the expiration of such 120-day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms at our option.

15. TERMINATION OF AGREEMENT.

15.1. By Us. We have the absolute right to terminate this Agreement, effective upon delivery of written notice of termination to you, if we determine to cease all franchise operations or if:

a. you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise; or

b. you or, if applicable, the required Operating manager fail to successfully complete Initial Training to our satisfaction or you have not fulfilled all of the conditions for management of the TREAD CONNECTION franchise; or

~~c. you (i) fail to obtain our approval of the Office Location within the required time periods or (ii) if your office is not located in your residence, you fail to obtain our approval of the Lease for the Office or to provide a Conditional Assignment and Assumption of Lease clearly signed by the Landlord or fail to open the Franchised Business within 90 days of the Agreement Date; or~~

~~d.~~c. you abandon or fail to actively operate the Franchised Business for 2 or more consecutive business days, unless the Franchised Business has been closed for a purpose we have approved or because of casualty or government order; or

~~e.~~d. you surrender or transfer control of the operation of the TREAD CONNECTION franchise without our prior written consent; or

~~f.~~e. you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense that is likely to adversely affect your reputation, our reputation or the reputation of any other TREAD CONNECTION franchisee; or

~~g.~~f. you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the TREAD CONNECTION franchise or another TREAD CONNECTION Franchised Business or the goodwill associated with the Marks; or

~~h.~~g. you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Franchised Business; or

~~i.~~h. in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as required under this Agreement; or

j. you lose the right to possession of the ~~Site;~~mobile workstation van(s); or

k. you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement; or

l. you violate any health or safety law, ordinance or regulation and do not begin to cure the noncompliance or violation immediately, and correct such noncompliance or violation within 5 days, after written notice is delivered to you; or

m. You fail to make payments of any amounts due to us or our affiliate under this Agreement or any other agreement that you have with us, and do not correct such failure within 10 days after written notice of such failure is delivered to you; or

n. you fail to make payments of any amounts due to approved suppliers of products or services and do not correct such failure within 10 days after written notice of such failure is delivered to you by such supplier; or

o. you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the TREAD CONNECTION franchise, unless you are in good faith contesting your liability for such taxes; or

p. you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure within 30 days after written notice of such failure to comply is delivered to you; or

q. you (or any of your owners) fail on 2 or more separate occasions within any period of 12 consecutive months or on 3 occasions during the term of this Agreement to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or

r. you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the TREAD CONNECTION Office is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you or the Franchised Business is not vacated within 30 days following the entry of such order. You are required to notify us in writing within 10 days of any of the above events;~~ or~~

s. you misuse or make an unauthorized use of the Marks or materially impair the goodwill associated with the Marks~~.~~; or

t. you fail to meet the Minimum Monthly Gross Revenue requirements of Section 5.10 of the Franchise Agreement and fail to cure by meeting the Minimum Monthly Gross Revenue requirements within sixty (60) days.

Notwithstanding the provisions described in Paragraph 15.1 and sub-paragraphs "a-~~s~~t", if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over the Franchise and the parties to this Franchise Agreement shall limit our rights of termination or shall require a longer notice period than set forth above, this Franchise Agreement is deemed amended to conform to such rules and regulations.

15.2. Your Failure to Pay Constitutes Your Termination of This Agreement. Your failure to timely cure any breach of your obligation to make payments of Continuing License Fees, Marketing and Advertising Fund fees or any other monies due and owing to us under this Agreement, or to timely cure any other material breach of this Agreement committed by you, in either instance following our notice to you that you have committed a breach of this Agreement and granting you an opportunity to cure said breach, will be irrevocably deemed to constitute your unilateral rejection and termination of this Agreement and all related agreements between you and us or our affiliate, notwithstanding that a formal notice of such termination(s) ultimately issues from us, and you shall never contend or complain otherwise.

15.3. Cross-Default. Any default or breach by you, an affiliate which has been approved by us, and/or any guarantor of yours of any other agreement between us and you and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by you and/or such other parties will be deemed a default or breach under any and all such other agreements between us and you, your affiliates and/or any guarantor of yours. If the nature of the default under any other agreement would have permitted us (or our affiliate) to terminate this Agreement if the default had occurred under this Agreement, then we will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof. Your "affiliates" means any persons or entities controlling, controlled by or under common control with you.

15.4 Options Prior to Termination. Prior to the termination of this Agreement, if you fail to pay any amounts owed to us or our affiliate, or fail to comply with any term of this Agreement, then in addition to any right we may have to terminate this Agreement or to bring a claim for damages, we will have the option to:

(a) remove the listing of the Franchised Business from all advertising we may publish or approve;

(b) remove the listing of the Franchised Business from our Website;

(c) prohibit you from attending any meetings or seminars we hold or sponsor or that take place on our premises; and/or

(d) suspend all services we provide to you under this Agreement or otherwise, including, but not limited to inspections, training, marketing assistance, and sale of products and supplies.

Our actions, as outlined in this Paragraph 15.4, may continue until you have brought your accounts current, cured any default, and complied with our requirements, and we have acknowledged the same in writing. You acknowledge that our taking of any of these actions would not prevent you from continuing to operate the Franchised Business (unless and until this Agreement has been terminated), and therefore would not constitute constructive termination of this Agreement. The taking of any of the actions permitted in this paragraph will not suspend or release you from any obligation that would otherwise be owed to us or our affiliate under the terms of this Agreement or otherwise.

16. RIGHTS AND OBLIGATIONS UPON TERMINATION.

16.1. Payment of Amounts Owed To Us. You agree to pay us within 15 days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Continuing License Fees, Marketing and Advertising Fund fees, amounts owed for purchases from us, interest due on any of the foregoing and all other amounts owed to us which are then unpaid.

16.2. Marks and De-Identification. Upon the termination or expiration of this Agreement:

a. You may not directly or indirectly at any time or in any manner (except with respect to other TREAD CONNECTION franchises you own and operate) identify yourself or any business as a current or former TREAD CONNECTION Franchised Business, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a TREAD CONNECTION Franchised Business in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggest a connection or association with us. Within thirty (30) days of termination or expiration you are to deliver to us, at your own expense, all signs, sign-faces, marketing materials, forms and other materials containing any mark or otherwise identifying or relating to a TREAD CONNECTION Franchised Business. We may reimburse you at a price equal to the original cost for materials that do not contain location specific information and that is usable at another TREAD CONNECTION location. In our sole judgment, we may waive this requirement in writing provided that you provide a sworn Certificate of Destruction/De-identification detailing your compliance with these terms;

b. you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations or licenses relating to your use of any Mark;

c. if we do not have or do not exercise an option to purchase the Franchised Business, you agree to deliver to us within 30 days after, as applicable, the effective date of expiration/termination of this Agreement or the Notification Date, all signs, sign-faces, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a TREAD CONNECTION Franchised Business and allow us, without liability to you or third parties, to remove all such items from the TREAD CONNECTION Franchised Business;

d. if we do not have or do not exercise an option to purchase the Franchised Business, you agree that, after, as applicable, the effective date of expiration/terminations of this Agreement or the Notification Date, you will promptly and at your own expense make such alterations as we specify to distinguish the business clearly from its former appearance and from other TREAD CONNECTION Franchised Business so as to prevent confusion by the public, including, without limitation, removing all exterior, interior or signage on a mobile tire service van bearing the TREAD CONNECTION name or logo; removing all items bearing the TREAD CONNECTION name or logo; removing ceasing to use all our private labeled items;

e. if we do not have or do not exercise an option to purchase the Franchised Business, you must return to us all proprietary manuals including the Confidential Operations Manual. These items are to be returned to us via ground delivery service, shipped no later than the day of closing, and a copy of the bill of lading/shipping order provided to us;

f. if we do not have or do not exercise an option to purchase the Franchised Business, you agree that, after, as applicable, the effective date of expiration/termination of this Agreement or the Notification Date, you will notify the telephone company and assign all telephone, telecopy or other numbers and any regular, classified or other telephone directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify. You further appoint any officer of Franchisor we designate, as your attorney in fact, to direct the telephone company and any listing agencies to transfer any telephone numbers and listing to us should you fail to voluntarily do so, and the telephone company and all listing agencies shall accept such direction of this Agreement as conclusive of the exclusive rights of Franchisor in such telephone numbers and directory listings and its authority to direct their transfer; and

g. you agree to furnish us, within 30 days after, as applicable, the effective date of expiration or termination of this Agreement or the Notification Date, with evidence satisfactory to us of your compliance with the foregoing obligations.

h. You agree and acknowledge that when this Agreement expires or is terminated, that we are the exclusive owner of all customer accounts, customer lists and customer information. Upon the expiration or termination of your franchise, you must transfer all customer lists, customer agreements, accounts and related information to us or the person or company we specify.

16.3. Confidential Information. You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

16.4. Competitive Restrictions. Upon termination or expiration of this Agreement for any reason whatsoever, you agree that, for a period of 2 years commencing on the Effective Date of termination or expiration neither you nor any of your owners will have any direct or indirect interest (including through a spouse, child or other family member) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating:

a. within the Territory; or

b. within 50 miles of the Territory; or

c. within 15 miles of any other TREAD CONNECTION franchisee’s Territory as of the effective date of the termination or expiration.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you or your owners of your or their personal goodwill or ability to earn a living.

All persons with an ownership or voting interest in you if you are a Business Entity franchisee, all individual franchisees if you are not a Business Entity and any person employed by or under an independent contractor relationship with you whom receives or will receive any training by us or you which is directly or indirectly related to the System or involves any of the Confidential Information must execute the Confidentiality~~, Non-solicitation~~ and Non-competition Agreement attached to the Franchise Disclosure Document no later than ten days following the effective date of this Agreement (or, if any individual or entity attains such status after the effective date of this Agreement, within ten days following such individual or entity's attaining such status).

16.5. Our Right To Purchase.

a. Exercise of Option. Upon our termination of this Agreement in accordance with its terms and conditions, we have the option, exercisable by giving written notice to you within 60 days from the date of such termination, to purchase the TREAD CONNECTION Franchised Business assets from you~~, including the leasehold right (if applicable) to the Office Location.~~ (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "Notification Date"). We have the unrestricted right to assign this option to purchase the TREAD CONNECTION Business. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, 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.
~~b. Leasehold Rights. You agree at our election:~~b

~~(i) If your office is not located in your residence, to assign your leasehold interest (if applicable) for the Office Location to us; or~~

~~(ii) to enter into a sublease with us or our assignee, for the remainder of the lease term on the same terms (Including renewal options) as the prime lease; or~~

~~(iii) to lease to us if you own the Office Location in accordance with the Agreement to Lease.~~

~~c~~. Purchase Price. The purchase price for the TREAD CONNECTION Franchised Business will be its fair market value, determined in a manner consistent with reasonable depreciation of the equipment, vans, signs, inventory, materials and supplies provided that the TREAD CONNECTION Franchised Business will be valued as an independent business and its value will not include any value for:

(i) the Franchise or any rights granted by the Agreement;

(ii) the Marks; or

(iii) participation in the network of TREAD CONNECTION Franchised Businesses.

The fair market value will not include ~~the~~any goodwill you may have developed in the Territory~~ of the TREAD CONNECTION Franchised Business that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Site will also be considered in determining the fair market value~~.

We may exclude from the assets purchased cash or its equivalent and any equipment, signs, vans, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the TREAD CONNECTION Franchised Business operation or that we have not approved as meeting our standards, and the purchase price will reflect such exclusions.

The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us. At the closing, you agree to deliver instruments transferring to us the following:

(i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interest acceptable to us), with all sales and other transfer taxes paid by you;

(ii) Customer list, all licenses and permits of the TREAD CONNECTION Franchised Business which may be assigned or transferred; and

~~(iii) the leasehold interest and improvements in the Office Location.~~

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your owners further agree to execute general releases, in the form attached to the Franchise Disclosure Document, of any and all claims against us and our members, shareholders, officers, directors, employees, agents, successors and assigns.

17. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

17.1. Independent Contractors. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, office personnel and others as the owner of the TREAD CONNECTION Franchised Business under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so.

17.2. No Liability for Acts of Other Party. You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchised Business operation or the business you conduct pursuant to this Agreement.

17.3. Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or the TREAD CONNECTION Franchised Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

17.4. Indemnification. You agree to indemnify, defend and hold us, our affiliate and our respective shareholders, members, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") harmless from and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes arising from the operation of your TREAD CONNECTION Franchised Business, and any and all claims and liabilities directly or indirectly arising out of the Franchised Business's operation (even if our negligence is alleged, but not proven); any element of your development, opening and operation of your TREAD CONNECTION Franchised Business, including (without limitation) any personal injury, death or property damage suffered by any customer, employee or guest of the customer; crimes committed or vehicles used by Franchisee or any personnel of Franchisee; all acts, errors, neglects or omissions engaged in by you, your contractors or subcontractors, as well as any third party and/or the owners, officers, directors, management, employees, agent, servants, contractors, partners, proprietors, affiliates or representatives of you or the Franchised Business (or any third party acting on your behalf or at your direction), whether in connection with the Franchised Business or otherwise; all liabilities arising from or related to your offer, sale and/or delivery of products and/or services as contemplated by this Agreement; and, any action by any customer of yours or visitor of the customer of yours; or your breach of this Agreement. You will not have to indemnify the Indemnified Parties for actions arising from acts or omissions of the Indemnified Parties that amount to gross negligence, willful misconduct, or fraud.

For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountant's, arbitrator's, attorney's and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

18. ENFORCEMENT.

18.1. Severability and Substitution of Valid Provisions. Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, un- appealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon , such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and binding upon the parties hereto, although any portion held to be invalid shall be deemed not to be part of this Agreement from the date the time for appeal expires, if you are a party thereto, or upon your receipt of a notice of non-enforcement thereof from us.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to allow you a Successor Franchise to this Agreement than is required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operation procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the notice requirements hereof, and we shall have the absolute right to modify such invalid or unenforceable provision, specification, standard or operation procedure to the extent required to be valid and enforceable. Such modifications to this Agreement shall be effective only in such jurisdiction unless we elect to give them greater applicability and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

18.2. Waiver of Obligations. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request therefore, and such approval shall be obtained in writing. We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you by granting any waiver, approval or consent to you, or by reason of any neglect, delay or denial of any request therefore. Any wavier granted by us shall be without prejudice to any other rights we may have, will be subject to continuing review by us and which we have the absolute right to revoke at any time and for any reason, effective upon receipt by you of ten (10) days prior written notice. We shall not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including, without limitation, our right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate this Franchise prior to the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms hereof; any failure by us or you to demand strict compliance with this Agreement, any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature against other franchisees of us or the acceptance by us of any payments due from you after failure to comply with any provision of this Agreement, nor acceptance by us of any payment by you or failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations, hereunder, including without limitation, any mandatory specification, standard or operating procedure, shall not constitute a waiver of any provision of this Agreement.

18.3. Franchisee May Not Withhold Payment Due Franchisor. You agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations hereunder, withhold payment of any Continuing License Fees, Marketing and Advertising Fund fees, and amounts due to us for items or products purchased by you or any other amounts due from you to us.

18.4. Force Majeure. If the performance of any obligation under this Franchise Agreement is prevented or delayed, in whole or in part, by reason of force majeure, or the consequence thereof, affecting the parties hereto or the rights granted hereunder, such force majeure to include but not be limited to acts of God, fire, flood, governmental restrictions, lockouts or labor disputes, then the affected party shall be given such additional time as is reasonable to perform in view of the nature and extent of the force majeure.

18.5. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) and the United States Arbitration Act, this Agreement and the franchise shall be governed by the laws of North Carolina. Franchisee waives any and all rights, actions or claims for relief under the Federal Act entitled “Racketeer Influenced And Corrupt Organizations”, 18 U.S.C. Section 1961 et seq.

18.6. Binding Effect. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, legal representatives, assigns and successors in interest.

18.7. Construction. The preambles are a part of this Agreement, and constitute the entire agreement of the parties, and, with the exception, if applicable, of a lease or sublease for the Office between us and you, there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. The headings of the Sections and Paragraphs hereof are for convenience only and do not define, limit or construe the contents of such Sections or Paragraphs. The term “you”, “your” or “Franchisee” as used herein is applicable to one or more persons, a corporation, partnership, limited liability company or other legal entity, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. Reference to Franchisee, and “assignees” and “transferees” which are applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of Franchisee or any such assignee or transferee if Franchisee or such assignee or transferee is a corporation, partnership, limited liability company or other legal entity. This Agreement may be executed in multiple copies, each of which shall be deemed an original. Time is of the essence of this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished you.

18.8. Judicial Enforcement, Injunction and Specific Performance. Notwithstanding the provisions of Paragraphs 18.9 and 18.10, we shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Franchisee’s use of the Marks, the obligations of Franchisee upon termination or expiration of the franchise, and assignment of the franchise and ownership of Franchisee. If we secure any such injunction or order of specific performance, Franchisee agrees to pay to us an amount equal to the aggregate of our costs of obtaining such relief, including, without limitations, reasonable attorneys’ fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, and any damages incurred by us as a result of the breach of any such provision.

18.9. Mediation. The parties hereto agree that before resorting to binding arbitration, that if any dispute arises between the parties hereto, any affiliated companies thereof or any of their officers, directors, partners, joint ventures, employees, agents, representatives or those in active concert with any of such parties, relating to anything other than the matters set forth in Section 9 and Paragraphs 16.4 or 18.8, the parties hereto agree to first try in good faith before resorting to arbitration, to settle the dispute by mediation in

Mecklenburg County, North Carolina, administered by the American Arbitration Association under its Commercial Mediation Rules and initiated at and supervised by the American Arbitration Association office in Mecklenburg County, North Carolina, unless agreed otherwise by the parties. Disputes subject to mediation shall be all controversies, claims, and matters from the beginning of time, whether contractual or tort in nature, except for those matters specifically excluded in Section 9 and Paragraphs 16.4 and 18.8. The party who seeks resolution of a controversy, claim or dispute or other matter in question shall notify the other party and the American Arbitration Association office in writing of the existence and subject matter of such controversy, claim or dispute. Unless mutually agreed otherwise, the parties shall meet with the mediator within sixty (60) days after the recipient party has received notice of the dispute, and agree to utilize their best efforts and all expediency to resolve the matters in dispute. The mediation shall not continue longer than one (1) hearing day without the written approval of both parties. Neither party shall be bound by any recommendation of the mediator; however, any agreement reached during mediation shall be final and conclusive. The expense of mediation shall be shared equally by both parties. The parties' obligation to mediate will be deemed to be satisfied after one (1) hearing day or 60 days after a mediation demand has been made if any party fails to appear or participate in good faith in the mediation.

Franchisor and the Franchisee each agree that the mediation process is negotiation for the purpose of compromise. All offers, promises, conduct, and statements, whether oral or written, made in the course of the mediation process by any of the parties, their agents, employees, experts and attorneys, shall be confidential. Franchisee acknowledges that Franchisor may require the Franchisee to execute a confidentiality agreement pertaining to the mediation process. Notwithstanding the foregoing, evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or not discoverable as a result of its use in the mediation process.

In the event the parties are unable to reach an agreement by mediation, then in that event all disputes, controversies, claims or causes of action shall be submitted to binding arbitration pursuant to Paragraph 18.10 hereinafter.

Except for matters specifically excluded in Section 9 and Paragraphs 16.4 and 18.8, if either Franchisor or Franchisee initiates arbitration without complying with their obligation to mediate, then upon petition of any party against whom such proceeding is initiated, the arbitrator will dismiss the action without prejudice, and award attorneys' fees and cost to the party seeking dismissal.

18.10. Arbitration. All disputes and claims relating to any provision of this Franchise Agreement (other than as set forth in Section 18, Paragraph 18.8 above, Franchisee's use of the Marks or the parties Exclusive Relationship or the obligations of Franchisee upon termination or expiration of the franchise, and assignment of the Franchised Business and ownership of Franchisee) any specification, standard, operating procedure, or rule or any other obligation of Franchisee prescribed by Franchisor or any obligation of Franchisor, or the breach thereof (including, without limitation, any claim that this Agreement, any provision hereof, any specification, standard, operating procedure or rule or any other obligation of Franchisee or Franchisor is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by arbitration in Mecklenburg County, North Carolina , or if Franchisor shall no longer maintain an office in Mecklenburg County, North Carolina , then the home office of Franchisor. Arbitration shall be conducted in accordance with the United States Arbitration Act (9 U.S.C. Section 1 et seq.), if applicable, and the Rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise and license agreements, if any, otherwise, the general rules of commercial arbitration), provided that the arbitrator appointed to arbitrate a dispute shall have at least ten (10) years' experience in franchise matters and shall award, or include in his/her award, the specific performance of this Agreement, and the arbitrator shall issue a written opinion explaining the reasons for his/her decision and award. The arbitrator shall have no authority to add, delete or modify in any manner, the terms and provisions of this Franchise Agreement. If a claim for amounts owed by Franchisee to Franchisor is asserted in the arbitration proceeding and if Franchisor shall prevail on such claim, Franchisor shall be entitled to so much of its cost and expenses including accounting and legal fees, as are attributable to the prosecution thereof. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof or of Franchisor or of Franchisee. During the pendency of an arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform and comply with the provisions of this Agreement.

18.11 Third Party Beneficiaries. Our officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the arbitration provisions in Paragraph 18.10, each having authority to specifically enforce the right to arbitrate claims asserted against such person(s) by Franchisee.

18.12. Class Claims. Franchisee agrees that any arbitration between Franchisee and Franchisor will be Franchisee's individual claim and that the claim or claims subject to arbitration shall not be arbitrated on a class-wide basis.

18.13. Entire Agreement. This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. Notwithstanding the foregoing, nothing in the Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

18.14. Certain Definitions. The term "family member" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term "affiliate" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms franchisee, franchise owner, you and your, are applicable to one or more persons or to a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term "person" includes individuals, corporations, partnerships (general or limited), limited liability companies, and all artificial or legal entities. The term "Section" refers to a Section or Subsection of this Agreement. The word "control" means the power to direct or cause the direction of management and policies. The word "owner" means any person holding a direct or indirect, legal or beneficial ownership interest or voting right in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

18.15. Time is of the Essence. It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words "from " and "commencing on" (and the like) mean "from and including"; and the words "to", "until" and "ending on" (and the like) mean "to but excluding." Indications of time of day mean Mecklenburg County, North Carolina time.

18.16. Anti-Terrorism Compliance. You agree to comply with, and/or assist us to the fullest extent possible in our efforts to comply with, Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the "Anti-Terrorism Laws"). In connection with such compliance you certify, represent and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you are not otherwise in violation of any of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by you or your employees or any "blocking" of your assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements you have entered into with us or any of our affiliate, in accordance with the termination provisions of this Agreement.

18.17. Our Withholding of Consent Your Exclusive Remedy. In no event may you make any claim for money damages based on any claim or assertion that we have unreasonably withheld or delayed any consent or approval under this Franchise Agreement. You waive any such claim for damages. You may not claim any such damages by way of setoff, counterclaim or defense. Your sole remedy for the claim will be mediation and arbitration proceedings in accordance with Paragraphs 18.9

and 18.10 respectively to enforce the Agreement provisions, for specific performance or for declaratory judgment.

18.18. Notices. All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

a. 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

b. 3 business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

IF TO US: TREAD CONNECTION INTERNATIONAL, LLC
10924 Granite Street, Suite 700
Charlotte, NC 28273

IF TO YOU: ________________________________

Attention: ________________________________

____

____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least 2 days prior to such date, or in which the receipt from the commercial courier service is not dated prior to 2 days prior to such date) will be deemed delinquent.

Intending to be bound, you and we sign and deliver this Agreement in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

19. SPOUSAL CONSENT.

If you have obtained our approval and the Franchisee is a corporation, partnership, limited liability company or other form of legal entity, then the spouse of each of your owners, or, for, an individual(s), or subsequent to execution hereof you marry or you assign this Agreement to an individual(s), then in either event, the spouse(s) hereby jointly and severally personally and unconditionally guarantee(s) without notice, demand or presentment, the payment of all of your monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such spouses further agree to be bound by restrictions upon your activities upon transfer, termination or expiration of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such spouses must execute a spousal consent in the form attached hereto as Exhibit “G-Two”. In the event of divorce and re-marriage, or subsequent marriage, you covenant and agree to provide Franchisor with a properly executed spousal consent and guarantee, in the form prescribed by Franchisor.

"FRANCHISEE"	**"FRANCHSIOR"**
NAME OF ENTITY:	**TREAD CONNECTION INTERNATIONAL, LLC**
By:	By:
Title:	Title:
Date:	Date:

If individuals:

Dated: ____________________________

____
(Signature)

____
(Print Name)

Dated: ____________________________

____
(Signature)

____
(Print Name)

EXHIBIT "G-ONE"

TO FRANCHISE AGREEMENT

TERRITORY

1. Your Protected Territory Description

____

____

____

____

2. Your Office Location(s) or Approved Location(s) when we accept your office location(s) the Office address(es) will be filled in on this page when we approve the Office Site(s) you have selected:

Office Address:

____

____

____

3. Amount of Grand Opening Advertisement requirement as specified in Section 11.4, "Grand Opening Advertising", of the Franchise Agreement $_____________.

EXHIBIT "G-TWO"

TO FRANCHISE AGREEMENT

SPOUSAL CONSENT

The undersigned person(s) hereby represent(s) to Tread Connection International, LLC that he/she is the spouse of the individual franchisee(s) who has executed a Tread Connection International, LLC, Franchise Agreement dated the day of ____, 20___ or that he/she is the spouse of one of the Owners of the legal entity who executed the Tread Connection International, LLC, Franchise Agreement of the same date.

In consideration of the grant by Tread Connection International, LLC, to the Franchisee as herein provided, each of the undersigned spouses agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, will be firmly bound by all of the terms, provisions and conditions of the foregoing Tread Connection International, LLC Franchise Agreement, that they and each of them jointly and severally do hereby unconditionally guarantee the full and timely performance by the Franchisee of each and every obligation of the Franchisee under the aforesaid Franchise Agreement, including, without limitation, any indebtedness of the Franchisee arising under or by virtue of the aforesaid Franchise Agreement.

The undersigned jointly and severally further agree(s) to be bound by the in-term and post-term covenants set forth in Section 9 and in Paragraph 16.4 of the aforesaid Franchise Agreement.

WITNESS: Signature of Signer: ____________________________

____________________________ Printed Name: ____________________________

WITNESS: Signature of Signer: ____________________________

____________________________ Printed Name: ____________________________

EXHIBIT “H” TO THE DISCLOSURE DOCUMENT

FORM OF
CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS (this "**Assignment")** is effective as of __________________, 20__, between **TREAD CONNECTION INTERNATIONAL, LLC** a North Carolina Limited Liability Company, with its principal place of business at 10924 Granite Street, Suite 700, Charlotte, North Carolina 28273 ("**we**," "**us**" or "**our**") and ____ whose current place of business is ____ (**"you" or "your"**). You and we are sometimes referred to collectively as the "**parties**" or individually as a "**party".**

BACKGROUND INFORMATION

We have simultaneously entered into the certain Franchise Agreement (the "**Franchise Agreement"**) dated as of ______________, 20__ with you, pursuant to which you plan to own and operate a TREAD CONNECTION franchise. We use, among other things, certain proprietary knowledge, procedures, formats, systems forms, printed materials, applications, methods, specifications, standards and techniques we authorize or develop (collectively the "**System**"). We identify the TREAD CONNECTION franchise and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the "**Marks**"). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings of the TREAD CONNECTION franchise if the Franchise Agreement is terminated.

OPERATIVE TERMS:

You and we agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

2. **Conditional Assignment**: You assign to us, all of your right, title and interest in and to the following telephone numbers ___________________________________ (specified when obtained) and any other telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Numbers and Listings**") associated with the Marks and used from time to time in connection with the operation of the Franchised Business. We will have no liability or obligation of any kind whatsoever arising from or in connection with the Assignment, unless we notify the telephone company and/or the listing agencies with which you have placed telephone directory listings (collectively, the "**Telephone Company**") to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which the assignment is effective. As between the parties, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers and Listings.

3. **Power of Attorney**: You irrevocably appoint us as your true and lawful attorney- in-fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to so notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do so. The Telephone Company may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. The assignment will become immediately and automatically effective upon Telephone Company's receipt of such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, our signature on such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. **Indemnification**:You will indemnify and hold us and our affiliate, stockholders, directors, officers, members, and representatives (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company.

5. **Binding Effect**: This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished you.

6. **Assignment to Control**: This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company.

7. **Attorneys' Fees, Etc.**: In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "attorneys' fees" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability**: If any of the provisions of this Assignment or any section or subsection of this Assignment or any section or subsection of this Assignment is held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law Forum**: This Assignment is governed by North Carolina Law. The parties will not institutes any action arising out of this Assignment against any of the other parties to this Assignment except in the state or federal court of competent jurisdiction in Mecklenburg County, North Carolina, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

ASSIGNOR:	ASSIGNEE:
	TREAD CONNECTION INTERNATIONAL, LLC
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________
Date: _____________________________	Date: _____________________________

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS is accepted and agreed to by:

(TELEPHONE COMPANY)

By: ______________________________

Name: ____________________________

Its: ______________________________

Date: _____________________________

EXHIBIT “I” TO THE DISCLOSURE DOCUMENT

FORM OF
PRINCIPAL OWNER’S GUARANTY

PRINCIPAL OWNER'S GUARANTY

This Guaranty must be signed by each of the principal owners (referred to as "**you**" or **your**" for purposes of this Guaranty only) of ___________________________________ (the "**Business Entity**") under the Franchise Agreement dated _________________, 20__ (the "**Agreement**") with **TREAD CONNECTION INTERNATIONAL, LLC.** ("**we**", "**us**" or "**our**").

1. **Incorporation of Terms**. Each term of the Agreement is incorporated into this Guaranty.

2. **Guaranty**. In consideration of and as an inducement to us signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: guarantee to us and our successors and assigns that (a) the Business Entity will punctually pay and perform every obligation and obey every restriction and covenant set forth in the Agreement and each and every Agreement entered into by and between Us and the Business Entity; and (b) each of you jointly and severally agrees to be personally bound by, and personally liable for the breach of, each and every obligation, restriction and covenant in the Agreement.

3. **Payment**. If the Business Entity fails to make any payment when due or otherwise defaults under any of the terms of the Agreement, immediately upon demand, you will pay to us the full amount owed, plus any interest or penalty allowed under the Agreement. All payments are made without set-off, deduction or withholding for any reason, and are final and free from any defense, claim or counterclaim of you, except the defense that the Business Entity has paid all obligations in full.

4. **Waivers**. Each of you waives: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

5. **Consents and Agreements**. Each of you consents and agrees that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to the Business Entity or to any other person, including without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

6. **Enforcement Costs**. If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

7. **Effectiveness**. Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Franchise Agreement. This Guaranty is governed by North Carolina law and we may enforce your rights regarding it by arbitration in Mecklenburg County, North Carolina, or if we no longer maintain an office in Mecklenburg County, North Carolina then our home office. Arbitration shall be conducted in accordance with the United States Arbitration Act (9 U.S.C. Section 1 *et seq*.), if applicable, The Rules of the American Arbitration Association relating to the Arbitration of disputes arising under franchise and license agreements, if any, otherwise, the general rules of commercial arbitration, provided that the arbitrator shall award, or include in his/her award, the specific performance of this Agreement, and the arbitrator shall issue a written opinion explaining the reasons for his/her decision and award. If a claim for amounts owed by you to us is asserted in the arbitration proceeding and if we shall prevail on such claim, we shall be entitled to so much of our cost and expenses including accounting and legal fees, as are attributable to the prosecution thereof. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof or of us or of you.

Each of you now signs and delivers this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP	**GUARANTORS**
__________________________	________________________________
__________________________	________________________________
__________________________	________________________________
__________________________	________________________________

____
DATE

EXHIBIT “J” TO THE DISCLOSURE DOCUMENT

FORM OF
PRINCIPAL OWNER’S STATEMENT

PRINCIPAL OWNERS STATEMENT

This form must be completed by you if you have multiple owners or if you, or your franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). We are relying on the truth and accuracy of this form in awarding the Franchise Agreement to you.

1. **Form of Owner.** Franchisee is a (check one):

(a) General Partnership _____ ☐

(b) Corporation ______ ☐

(c) Limited Partnership _____ ☐

(d) Limited Liability Company _____ ☐

(e) Other _____ ☐

Specify: _______________________.

Franchisee was formed under the laws of _____________________________.
(State)

2. **Business Entity.** Franchisee was incorporated or formed on _____________, 20__, under the laws of the State of ____________________. Franchisee has not conducted business under any name other than your corporate, limited liability company or partnership name and ___________________________. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	**Position**

3. **Owners**. The following list includes the full name and mailing address of each person who is one of your owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	**Description of Interest**

4. **Governing Documents**. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of

incorporation or organization, partnership or shareholder agreements, etc.) This Statement of Principal Owners is current and complete as of _______________________, 20__.

OWNER
INDIVIDUALS

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

____
[Name]

By: __________________________________

Title: ________________________________

EXHIBIT "K" TO THE DISCLOSURE DOCUMENT

FORM OF CONFIDENTIALITY~~, NON-SOLICITATION~~ AND NON-COMPETITION AGREEMENT FOR FRANCHISE AGREEMENT

CONFIDENTIALITY~~, NON-SOLICITATION~~ AND

NON-COMPETITION AGREEMENT

NAME: ____

DEVELOPER: ____

HOME ADDRESS: ____

____

HOME TELEPHONE: ____

CLASSIFICATION: ____
(Owner, Shareholder, Officer, Director, Attorney, Employee, Etc.)

______________________________________ ("Franchisee") is a franchisee of Tread Connection International, LLC ("Franchisor") pursuant to a Franchise Agreement entered into by Franchisee and Franchisor dated, _____________, 20__ (the "Franchise Agreement"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Franchisee and/or Franchisor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I will at no time copy, duplicate record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration, I agree to return to Franchisor or Franchisee, as the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment, association, service or ownership participation.

I further agree that during the term of my employment, association, service or ownership participation, and under the circumstances set forth in the following paragraph, for a period of two years immediately following its expiration or termination for any reason, I will not, directly or indirectly engage or participate in any Competitive Business, as defined below. I agree that I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

The term “Competitive Business” as used in this Agreement means, any business or facility, business selling or offering goods or services that feature any business enterprise or activity that involves marketing and/or selling and/or performing any vehicle tire services including but not limited to vehicle tire sales, mounting, balancing, nitrogen refills, rotation and flat tire repairs. If, however, any provision of this Agreement would not be enforceable under the laws of North Carolina, and if the Franchised Business is located outside of North Carolina and the provision would be enforceable under the laws of the State in which the Franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, “implied covenant”, unfair competition, fiduciary or any other doctrine of law of the State of North Carolina or any other state, which would not otherwise apply.

I further agree that all disputes and claims relating to this Agreement and of the Franchise Agreement (other than your engaging in a Competitive Business, as defined above, upon termination or expiration of the Franchise Agreement, the use of our name or trademarks) shall be settled by Arbitration in Mecklenburg County, North Carolina, or if Franchisor shall no longer maintain an office in Mecklenburg County, North Carolina then the home office of Franchisor. Arbitration shall be conducted in accordance with the United States Arbitration Act (9 U.S.C. Section 1 *et seq*.), if applicable, and the Rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise and license agreements, if any, otherwise, the general rules of commercial arbitration), provided that the arbitrator shall award, or include in his/her award, the specific performance or injunction remedies of the Agreement, and the arbitrator shall issue a written opinion explaining the reasons for his/her decision and award. If a claim for amounts owed by Franchisee to Franchisor is asserted in the arbitration proceeding and if Franchisor shall prevail on such claim, Franchisor shall be entitled to so much of its cost and expenses including accounting and legal fees, as are attributable to the prosecution thereof. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof or of Franchisor, Franchisee or me as an owner, shareholder, officer, director, attorney, employee or any other relationship I have with the Franchisee. During the pendency of an arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform and comply with the provisions of this Agreement.

I hereby waive and covenant never to assert or claim that arbitration is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

Witness:

_________________________ ____
(Signature)

_________________________ ____
Date **(Printed Name)**

EXHIBIT “L” TO THE DISCLOSURE DOCUMENT

FORM OF
FRANCHISEE QUESTIONNAIRE

TREAD CONNECTION INTERNATIONAL, LLC

FRANCHISEE QUESTIONNAIRE

Prior to the final execution of a Franchise Agreement, this questionnaire must be completed in its entirety. Completion of this questionnaire confirms that TREAD CONNECTION INTERNATIONAL, LLC, its employees and representatives have fully complied with all applicable franchise registration and disclosure laws relating to the purchase of your franchise.

1. Full Name of Franchisee:

   Office Location:

2. Franchisee is: (check applicable box)

   [ ] Individual [ ] Corporation [ ] General Partnership

   [ ] Limited Liability Company [ ] Other

3. If Franchisee is other than an individual, indicate the capacity in which the undersigned is authorized to act on behalf of the Franchisee: (check applicable box)

[ ] Officer (insert title): ___________________________

[ ] General Partner

[ ] Other (please explain): _________________________

5. Did Franchisee receive a Franchise Disclosure Document? [ ] Yes [ ] No

6. On what date was the Franchise Disclosure Document received, and by whom?
Date: ____________________________________ Recipient: ___________________

7. Name of our Company Representative who primarily worked with you on this sale:

8. Have you discussed the benefits and risks of operating a TREAD CONNECTION Franchise with an attorney, accountant or other professional advisor? [ ] Yes [ ] No

9. Do you understand the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors? [ ] Yes [ ] No

10. Has any Tread Connection International, LLC employee or representative speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchise that we or our franchisees operate? [ ] Yes [ ] No

11. Has any Tread Connection International, LLC employee or representative speaking on our behalf made any statement or promise concerning a Tread Connection International, LLC Franchise that is contrary to, or different from, the information contained in our Disclosure Document? [ ] Yes [ ] No

12. Has any Tread Connection International, LLC employee or representative speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Tread Connection One Franchise? [ ] Yes [ ] No

13. Has any Tread Connection International, LLC employee or representative speaking on our behalf made any statement or promise concerning the total amount of revenue a Tread Connection International, LLC Franchise will generate? [ ] Yes [ ] No

14. Has any Tread Connection International, LLC employee or representative speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Tread Connection One Franchise that is contrary to, or different from, the information contained in our Disclosure Document? [ ] Yes [ ] No

15. Has any Tread Connection International, LLC employee or representative speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Tread Connection franchise? [ ] Yes [ ] No

16. Has any Tread Connection International, LLC employee or representative speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support services or assistance that we will furnish to you that is contrary to, or different from, the information contained in our Disclosure Document? [ ] Yes [ ] No

17. If you have answered "Yes" to any of questions 10 through 16 above, please provide a full explanation of your answer in the following blank lines. Attach additional pages, if necessary. If you answered "No" to each of questions 10 through 16, leave the following lines blank.

____

____

You understand that Tread Connection International, LLC is relying on the truthfulness and completeness of your responses to the questions above in granting a Franchise to you. By signing this Franchise Questionnaire, you are stating you have responded truthfully to all of the above questions.

YOU ACKNOWLEDGE AND AGREE THAT IN THE EVENT OF ANY DISPUTE ARISING BETWEEN YOURSELF AND TREAD CONNECTION INTERNATIONAL, LLC THIS QUESTIONNAIRE SHALL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION OR ARBITRATION PROCEEDING, AND YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS QUESTIONNAIRE.

FRANCHISEE:

____

____
(Signature)

____
(Print Name)

Individually and on behalf of:

____

EXHIBIT “M” TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC AND OTHER ADDENDA AND RIDERS

ADDENDUM TO FRANCHISE [1]AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on ________________, 20____, by and between ____ ("Franchisor"), located at ____, and ____ ("Franchisee"), located at ____.

Franchisor and Franchisee entered into a Franchise Agreement on ________________, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

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[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as ''franchise'' relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

Authorized Representative of FRANCHISOR:

By: ____

Print Name: ____________________________________

Title: ____

Authorized Representative of FRANCHISEE:

By: ____

Print Name: ____________________________________

Title: ____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

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 OFFERING CIRCULAR.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this 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. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 5 of the Disclosure Document:

The Department of Business Oversight requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

3. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

4. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

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

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Mecklenburg County, North Carolina, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of North Carolina 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.

The Franchise Agreement requires application of the laws of ~~California.~~North Carolina. This provision may not be enforceable under California law.

5. The following paragraph is added at the end of Item 19 of the Disclosure Document:

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your ~~Orozco's~~Tread Connection business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR 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, OR SUBFRANCHISOR, 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, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS 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 THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states:

2. A proposed registration or filing is or will be shortly on file in the following states: ____________________

3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Illinois only, this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your rights upon termination an non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Payment of Initial Franchise Fees shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee, and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated ______________________ (the "Agreement"), between Tread Connection International, LLC, a North Carolina limited liability company ("Franchisor") and ___________________________, a ___________________________ ___________________________ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

2. **Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. **Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

4. **Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. **Initial Franchise Fees**. Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

5. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
______________________________	TREAD CONNECTION INTERNATIONAL, LLC
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

INDIANA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2 7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2 7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2 7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17r. of the FDD is deleted and the following is inserted in its place: No competing business for two (2) years within the Territory

The "Summary" column in Item 17t. of the FDD is deleted and the following is inserted in its place: Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17v. of the FDD is deleted and the following is inserted in its place: Litigation regarding Franchise Agreement in Indiana, other litigation in the Franchisor's Choice of Law State. This language has been included in this FDD as a condition to registration. The franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable The franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17w. of the FDD is deleted and the following is inserted in its place: Indiana law applies to disputes covered by Indiana franchise laws, otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana.

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or North Carolina law, if such provisions are in conflict with Indiana law.

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 under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that 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 Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason modified to the extent necessary to comply with Indiana Code 23-2-2 7-1 (9).

5. The following provision will be added to the Franchise Agreement.

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

Dated ____________________________

Franchisor:	**Franchisee:**
TREAD CONNECTION INTERNATIONAL, LLC	______________________________
By: ____________________________	By: ____________________________
Print Name: _____________________	Print Name: _____________________
Title: __________________________	Title: __________________________

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the state of Maryland only, this disclosure document is amended as follows:

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated ______________________ (the "Agreement"), between Tread Connection International, LLC, a North Carolina limited liability company ("Franchisor") and _________________________, a ________ ____________ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. **No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, Franchisor shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve Franchisor or any other person from liability under the Maryland Franchise Law.

3. **No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. **Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

5. **Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
______________________________	Tread Connection International, LLC
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition 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 protection 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 provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor 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 FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

- Item 5 and Item 7 of the FDD and the Franchise Agreement are amended to state that the Franchisor shall defer collection of the Initial Franchise Fee until it has performed its pre-opening obligations and the franchisee is open for business.

THIS FRANCHISE HAS BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF

THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated ______________________ (the "Agreement"), between Tread Connection International, LLC, a North Carolina limited liability company ("Franchisor") and _________________________, a ________ ____________ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. **Amendments.** The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

- The Franchise Agreement is amended to state that the Franchisor shall defer collection of the Initial Franchise Fee until it has performed its pre-opening obligations and the franchisee is open for business.

3. **Effective Date.** This Rider is effective as of the Effective Date.

[*Signatures on following page*]

Agreed to by:

FRANCHISEE:

____

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

FRANCHISOR:

Tread Connection International, LLC

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

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 F 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, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

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 the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

~~C.~~ No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law;

C. fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S.

Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the

non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. 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.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

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

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

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated ______________________ (the “Agreement”), between Tread Connection International, LLC, a North Carolina limited liability company (“Franchisor”) and _________________________, a ________ ____________ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33.

3. **Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

4. **Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

5. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
________________________________	Tread Connection International, LLC
By: ____________________________	By: ____________________________
Name: __________________________	Name: __________________________
Title: ___________________________	Title: ___________________________
Date: ___________________________	Date: ___________________________

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated ______________________ (the "Agreement"), between Tread Connection International, LLC, a North Carolina limited liability company ("Franchisor") and _________________________, a ________ ____________ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

   (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.

   (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

   (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

   (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

   (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

   (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

   (7) Waiver of Exemplary & Punitive Damages: Franchisee does not waive of exemplary and punitive damages.

   (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

   (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

   (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. **Effective Date.** This Rider is effective as of the Effective Date.

[*Signatures on following page*]

Agreed to by:

FRANCHISEE:	FRANCHISOR:
______________________________	Tread Connection International, LLC
By: ____________________________	By: ____________________________
Name: __________________________	Name: __________________________
Title: ___________________________	Title: ___________________________
Date: ___________________________	Date: ___________________________

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

> Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated ______________________ (the "Agreement"), between Tread Connection International, LLC, a North Carolina limited liability company ("Franchisor") and _________________________, a ________ ____________ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
______________________________	Tread Connection International, LLC
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the restrictions contained in section 13.1-564 of the Virginia retail franchising act, the Franchise Disclosure Document for Tread Connection International, LLC for the use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17(h):

> Under 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 ADDENDUM TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND RELATED AGREEMENTS

In the State of Washington only, this Disclosure Document is amended as follows:

The State of Washington has a statute, RCW 19.100.180 which 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 involving a franchise purchased in Washington, arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provision such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

The franchisor and its affiliates may only sell goods and/or services to the franchisee at prices that are fair and reasonable.

Item 5 of the Franchise Disclosure Document is amended to state that the collection of initial franchise fees shall be deferred until such time as the Franchisor has fulfilled all pre-opening obligations and the Franchisee is open for business.

Item 17(c) of the Franchise Disclosure Document is amended in part to state that the requirement to sign a general release is subject to state law.

Item 17(d) of the Franchise Disclosure Document is amended in part to state that the franchisee may terminate the Franchise Agreement under any grounds permitted by law.

Item 17(m) of the Franchise Disclosure Document is amended in part to state that the general release is subject to state law.

Item 17(r) of the Franchise Disclosure Document is amended in part to state, “No interest in Competing Business for eighteen (18) months at, or within 50 miles of, the Territory or within 15 miles of any other Tread Connection franchise in operation (same restrictions apply after assignment).

Item 17(v) of the Franchise Disclosure Document is amended in part to state that this provision is subject to state law.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Section 17.4 of the Franchise Agreement is amended to provide that the franchisee's indemnification obligation does not extend to acts or omissions of the indemnified parties that amount to gross negligence, willful misconduct, or fraud.

Sections 14.8 and 16.4 of the Franchise Agreement, and the Confidentiality and Non-competition Agreement, are amended in part such that any non-competition covenants are limited to a period of eighteen (18) months instead of two (2) years.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _________ day of _____________________________, 20_______.

_________________________   _________________________

Franchisor   Prospective Franchisee

EXHIBIT “N” TO THE DISCLOSURE DOCUMENT

FORM OF RELEASE

FORM OF RELEASE

The following is our current general release form that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal, approved transfer or purchase by us of the assets of a franchisee's TREAD CONNECTION franchise. We may periodically modify the release.

THIS RELEASE is given by ____ and their predecessors, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, "**we**," "**us**" or "**ours**"), to TREAD CONNECTION INTERNATIONAL, LLC and all of its predecessors, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively, "**you**" or "**your**"). Effective on the date of this Release, we forever release and discharge you from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which we now have or ever had against you, including without limitation, anything arising out of that certain Franchise Agreement dated ______________, 20__ (the "**Franchise Agreement**"), the franchise relationship between the parties, and any other relationships between you and us; except your obligations under the Franchise Agreement dated __________________. This Release is effective for: (a) any and all claims and obligations, including those of which we are not now aware; and (b) all claims we have from anything which has happened up to now; provided, however, that all liabilities arising under Indiana Code Sec. 23-2-2.7, the Maryland Franchise Registration and Disclosure Law and/or the Minnesota Franchise Act are excluded from this release, and that all rights enjoyed by us under the Franchise Agreement and any causes of action arising in our favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this provision that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied. If we are domiciled or have our principal place of business in the State of California, then we hereby expressly waive and relinquish all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.".

We are bound by this Release. We freely and voluntarily give this Release to you for good and valuable consideration and we acknowledge its receipt and sufficiency.

We represent and warrant to you that we have not assigned or transferred to any other person any claim or right we had or now have relating to or against you.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by North Carolina law.

This Release is effective ________________________, 20__, notwithstanding the actual date of signatures.

[Signatures On Page That Follows]

IN WITNESS WHEREOF, the undersigned execute this Release:

By: ______________________________

Name: ____________________________

Title: _____________________________

Date: _____________________________

(STATE OF ____________________)

(COUNTY OF __________________)

The foregoing instrument was acknowledged before me this the _____ day of ____________________, 20___, by _________________________________, who is personally known to me or has produced __________________ as identification.

____
Signature of Notary

____
Printed Name of Notary

My Commission Expires: __________________

EXHIBIT "O" TO THE DISCLOSURE DOCUMENT

FORM OF COMMERCIAL VEHICLE LEASE AGREEMENT

COMMERCIAL VEHICLE LEASE AGREEMENT

This Commercial Vehicle Lease Agreement (this "**Agreement**") made on the ___ day of ________________, 20___ (the "**Effective Date**"), by and between ____________ (the "**Lessor**"), a North Carolina limited liability company with its principal office located at ____, and ______________________________ (the "**Lessee**"), a _______________ _______________________, with its principal office located at ____.

1. Lease of Vehicles

Lessor agrees to lease to Lessee, and Lessee agrees to hire from Lessor, the motor vehicles specified, and the models described, in **Schedule A** attached hereto and made a part hereof. The standard and extra equipment, if any, are also described in said Schedule. The fixed rental amount due in each month on each Vehicle (the "**Fixed Rent**") in addition to any expenses allocated to Lessee under this agreement but billed or charged to and paid by Lessor (collectively the "**Total Rent**") is set forth in **Schedule B** attached hereto and made a part hereof. Schedule B may also include down payments which Lessee is obligated to pay to Lessor or periods in which no Fixed Rent is due, as the case may be. When used in this Agreement, the term "**Vehicle**" means a motor vehicle leased under this Agreement with all such equipment as set forth in Schedule A as amended from time to time. Any additions, deletions, variations, or other changes in Schedules A or B must be set forth in a written amendment to this Agreement which is executed by Lessor and Lessee. Vehicle or equipment substitutions or additions will be evidenced by a written amendment to this Agreement which is executed by Lessor and Lessee. This Agreement shall constitute the master lease for all Vehicles and shall be deemed an individual lease with regard to each Vehicle.

2. Security Deposit

In addition to the Rent, Lessee has this day deposited with Lessor a security deposit for each Vehicle in the amount of $__________ per vehicle (the "**Security Deposit**"). The deposit will be held by Lessor as security for the full and faithful performance by Lessee of all the terms, conditions, and provisions of this Agreement.

In the event Lessee breaches any term, covenant or condition of this Agreement, Lessor, at its option, may apply all or a portion of the Security Deposit to the loss or damage sustained or suffered by Lessor due to such breach on the part of Lessee. Lessee shall, immediately upon Lessor's demand, remit to Lessor a sufficient amount in cash or other immediately available funds to restore said Security Deposit to the original sum deposited. Lessee's failure to do so within 5 days after receipt of such demand will constitute a breach of this Agreement. Provided Lessee is not then in breach of this Agreement, the Security Deposit will be returned to Lessee no later than 60 days after the end of the Term or upon the earlier termination of this Agreement, less any portion thereof which may have been utilized by Lessor to cure any default or applied to any damages suffered by Lessor.

Neither the existence of the Security Deposit nor the application thereof by Lessor, as provided in this Agreement, will be a bar or defense to any action brought by Lessor or a waiver of any right of Lessor.

3. Ownership of Vehicles

This is an Agreement of lease only and may not be construed as a contract for the sale of any Vehicle. Lessee acknowledges that Lessor is the owner of all Vehicles. Lessee further agrees that it does not acquire any legal or equitable interest in the Vehicles but will merely have the possessory right to use and operate the vehicles. This possessory right will be forfeited upon the termination or expiration of this Agreement as provided below, without regard to any terms or conditions of any sub-rental or subleasing agreement (whether or not authorized by this Agreement) to the contrary.

4. Payment of Rent

Lessor will invoice Lessee monthly for Total Rent, which will be payable monthly in advance. All Total Rent payments will be made at such place or places as Lessor may designate and are due and payable on or before the 5th day of each calendar month without deduction, setoff, or counterclaim. The rental period for each Vehicle will commence upon the day of delivery of such Vehicle to Lessee and will terminate on the day when such Vehicle is returned to and accepted by Lessor. Lessor reserves the right to revise rates and amounts of Fixed Rent to reflect any price or specification changes made by the manufacturer for vehicles, accessories, and equipment, and to reflect any terms, conditions, charges, fees, or interest rates imposed by Lessor's creditors.

5. Late Payment Charge

If Lessee fails to pay any amount under this Agreement when due, Lessor may charge, and Lessee agrees to pay, in addition to the amount due, a late payment charge of ____% per month (of, if ___% per month is in violation of any applicably usury law, the maximum rate allowable under such law) of the unpaid amount without prior notice of default to Lessee. This late payment charge is in addition to and not in limitation of any other rights and remedies of Lessor. If Lessee remains in default for 60 days after notice of default by Lessor, Lessor will have the option to cancel this Agreement and retake possession of any or all Vehicles wherever the Vehicles may be found, and Lessor will not be liable to Lessee for any acts or omissions incident to a repossession after a default.

6. Term

The term of this Agreement will begin on the Effective Date and will end on the 5th anniversary of the Effective Date or, if that anniversary falls on a weekend or holiday, the following business day (such time period being the "**Term**"). If any Vehicle is stolen or unable to be located, Lessee must immediately notify the appropriate local authorities and Lessor. In addition, if any Vehicle is damaged other than as a result of ordinary wear and tear, Lessee must immediately notify Lessor. If any Vehicle is stolen, unable to be located, or damaged such that it cannot economically be placed in good working order, in Lessor's sole discretion, this Agreement will terminate with respect to such Vehicle. Lessor will have the right to verify such damage at its option.

7. Substitution of Vehicles

Lessor will have the right at any time to substitute for any Vehicle a vehicle of comparable type and condition. In the event of any substitution of vehicles, the Term will not be extended or shortened except by written agreement of the Lessor and Lessee. Lessor may substitute equipment and body styles with comparable options in Lessor's sole discretion. The Fixed Rent will not be affected by any such substitution except by written agreement of the Lessor and Lessee or by an adjustment to Fixed Rent under Section 4 of this Agreement.

Immediately upon taking possession of any Vehicle under this Agreement, Lessee will complete, sign, and deliver to Lessor a vehicle acceptance form in the form provided by Lessor.

8. State, County, and City Registration and Licenses

Lessee will complete all titling, registration, and licensing for all Vehicles in Lessor's name. The title or certificate of registration for each Vehicle must clearly indicate that Lessor is both the legal and registered owner of the Vehicle. Lessee must promptly forward such title or certificate of registration to Lessor. Lessee will be responsible for all costs associated with such titling, registration, and licensing, and Lessor will not reimburse or be liable to Lessee for any such costs. Lessee will also complete and pay for any inspection of any Vehicle required during the Term by any governmental authority. Lessee agrees to notify Lessor at least 60 days before removing a Vehicle from its state of original registration. Lessee's failure to give proper notice under this section will give Lessor the immediate right to terminate this Agreement and retake all Vehicles wherever found at Lessee's expense. If it is necessary for Lessor to pay any costs allocated to Lessee under this Section 8, Lessee will promptly reimburse Lessor for the same plus any charges for delinquency. Lessor may require Lessee to fulfil any or all of its obligations under this Section 8 through or with the assistance a vehicle dealership, law firm, management company, or other service provider selected by Lessor, the fees for which will be charged to and payable by Lessee.

9. Taxes

Lessee will pay and bear all federal, state, and local sales, use, excise, personal property, and other taxes and all governmental assessments, fees, and charges imposed on or in connection with any Vehicle or on the use, ownership, or possession of any Vehicle pursuant to this Agreement. Lessee will file any necessary tax returns and will furnish adequate proof of payment to Lessor. If it is necessary for Lessor to pay any such taxes, assessments, fees, or charges, Lessee will promptly reimburse Lessor for the same plus any charges for delinquency.

10. Repair and Maintenance

(a) Unless otherwise agreed in writing by Lessor and Lessee, all service, materials, and repairs in connection with the use and operation of the Vehicles during the Term including, but not limited to, gasoline, oil, batteries, repairs, maintenance, tires, and towing necessary for the proper use and operation of the Vehicles will be performed by Lessee at Lessee's expense. Lessee must maintain the Vehicles in accordance with all service intervals recommended by the manufacturer of the Vehicle. Lessee will take the Vehicle to the appropriate factory-authorized dealer for all service and repairs under the manufacturer's warranty. Lessee must also maintain the Vehicles in accordance with the guidelines that Lessor may, from time to time, provide to Lessee. Lessor will not be liable for any repairs, nor may any such repairs be charged to Lessor.

(b) Lessee will be liable for and shall pay all fines, parking violations, and other charges imposed by any governmental authority upon the Vehicles during the Term. Lessee will hold Lessor harmless from any and all fines, penalties, and forfeitures imposed on account of the operation of the Vehicles in violation of any law or ordinance, together with any expenses incurred by Lessor in connection with the same.

11. Insurance

A. Lessee must procure and maintain insurance for each Vehicle from an insurance company satisfactory to Lessor and, if Lessor so indicates in a written notice, though a broker selected by Lessor. Policies must name Lessor as an "additional insured" and provide limits of no less than:

1. $ ______________ per person for bodily injury;

2. $ _____________ per accident for bodily injury;

3. $ _____________ property damage;

4. $ _____________ deductible collision; and

5. $ _____________ deductible fire and theft (comprehensive).

B. Lessee will pay any deductible and any amounts not covered by insurance payments.

C. Lessor, Lessee, their employees, and their agents will comply with all terms and conditions of the insurance policies. All insurance claims (including claims for bodily injury, property damage, or vehicle damages) are to be reported immediately to both Lessor and the insurance company.

E. For any insurance policy maintained under this Section 11, a certificate of insurance with a 30-day cancellation notice will be required prior to delivery of the Vehicle.

F. Lessee bears all risk of loss of the Vehicles even if such loss exceeds the proceeds of any insurance.

12. Return of Leased Vehicles

Upon the expiration of the Term or termination of this Agreement for any cause, or upon substitution of any Vehicle, the Vehicle(s) will be returned immediately and without delay to Lessor at Lessee's expense at a place designated by Lessor. Except as specified below in this Agreement with regard to the appearance of the Vehicles, Lessee will return the vehicle in as good condition and order as when received by Lessee, ordinary wear and tear, damage or defects which are specifically covered by manufacturer's warranty, and natural depreciation, excepted. If upon expiration of the Term or termination of this Lease for any cause or for any reason, any Vehicle is returned in an unsatisfactory condition after inspection by Lessor, excepting ordinary wear and tear and natural depreciation, Lessee will pay, upon demand, Lessor's cost of cleaning, repairing, or replacing any damage to Vehicles occasioned by:

A. Improper, negligent, abusive, or reckless treatment in the care and operation of the Vehicles;

B. Traffic accidents;

C. Operation and maintenance without proper oil, water, or other necessary lubricants or items;

D. Towing, pushing, plowing, or illegal uses, none of which will be considered ordinary wear and tear or natural depreciation; or

E. Any other use, non-use, or maintenance (including failure to maintain) of the Vehicles except in accordance with this Agreement.

The Lessee may only drive a Vehicle ____________ miles during the Term (the "**Mileage Cap**," being a rate of ___ miles per __________ multiplied by the length of the Term). Upon expiration of the Term, termination of this Agreement, or upon substitution of any Vehicle, if the Vehicle being returned to

Lessor or repossessed by Lessor has been driven more miles than the Mileage Cap (which will be prorated by the number of _______s since the Effective Date if the Vehicle is returned or repossessed prior to the expiration of the Term), the Lessee must immediately pay to Lessor a sum equal to $_____ multiplied by the number of miles driven in excess of the Mileage Cap.

Concurrently with the return of any Vehicle to Lessor or the repossession of any Vehicle by Lessor, the Lessee will complete, sign, and deliver to Lessor a vehicle condition certificate in the form provided by Lessor.

13. Indemnification

Lessee will reimburse, defend, indemnify, and hold harmless Lessor, its parent, subsidiary, and affiliated companies and its and their owners, officers, employees, and agents from and against any and all damages, loss, theft, or destruction of any Vehicle and against all losses, liabilities, damages, injuries, claims, demands, costs, and expenses of every kind and nature, including legal fees and disbursements arising out of and in connection with a breach of this Agreement or the use, condition, or operation of Vehicles during the Term. The term "breach of this Agreement," as used in this Section 13, includes but is not limited to any false representation of Lessee to Lessor made with respect to the Vehicles. Lessee agrees to pay any and all costs of repossession together with reasonable attorney's fees and costs that grow out of any suit or suits commenced by Lessor under this Agreement.

14. LIMITATION OF LESSOR'S LIABILITY

IN NO EVENT WILL LESSOR BE LIABLE FOR ANY LOSS OR DAMAGE WHICH IN ANY MANNER RELATES TO A LOSS OF REVENUE, PROFITS, OPPORTUNITY, OR CONTRACT, LOSS OF PRODUCTION OR USE, LOSS BY REASON OF INCREASED EXPENSE OF OPERATION, ECONOMIC LOSS, LOSS OF GOODWILL OR REPUTATION, OR WHICH IN ANY MANNER CAN BE CONSTRUED AS INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, OR CONSEQUENTIAL LOSS OR DAMAGES.

LESSOR'S ENTIRE LIABILITY TO LESSEE IN CONNECTION WITH EACH VEHICLE SUPPLIED, WHETHER IN CONTRACT, TORT, OR OTHERWISE, FOR ANY LOSS. DAMAGE, OR COST ARISING FROM DEFECTS IN SAID VEHICLE NOT COVERED BY ANY MANUFACTURER'S OR OTHER WARRANTY WILL BE LIMITED IN THE AGGREGATE TO THE TOTAL RENT PAID BY LESSEE TO LESSOR UNDER THIS AGREEMENT WITH RESPECT TO SUCH VEHICLE.

THE AGGREGATE LIABILITY OF LESSOR, WHETHER ARISING IN CONTRACT, TORT, OR STATUTE, FOR ANY LOSS, DAMAGE, OR COST SUFFERED OR INCURRED BY LESSEE OR BY ANY OTHER PERSON OR ENTITY OTHER THAN LESSEE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND ANY VEHICLES LEASED HEREUNDER IS LIMITED TO THE TOTAL RENT PAID TO LESSOR UNDER THIS AGREEMENT.

LESSOR DOES NOT WARRANT OR GUARANTEE ANY SPECIFIC PERFORMANCE, OUTCOMES, OR RESULTS FOR THIS AGREEMENT OR ANY VEHICLE. ALL OTHER TERMS OR CONDITIONS NOT STATED HEREIN, WHETHER EXPRESS, IMPLIED STATUTORY, OR OTHERWISE, HOWSOEVER RELATING TO THE GOODS OR SERVICES (INCLUDING ALL STATUTORY WARRANTIES THAT MAY BE SET OUT IN RELEVANT TRADE PRACTICES OR LEASING LAWS RELATING TO MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE VEHICLES) ARE EXCLUDED AND, TO THE EXTENT THAT SUCH TERMS OR

CONDITIONS CANNOT BE EXCLUDED, THEY ARE LIMITED TO THE MAXIMUM EXTENT PERMITTED BY LAW.

15. Operation of Vehicles

A. Lessee will permit only licensed drivers who are employees of Lessee and are 21 years of age or older to operate the Vehicles. Lessee will require all drivers to operate the Vehicles with reasonable care and diligence and to comply with standard written instructions furnished by Lessor covering the operation and maintenance of the Vehicles. Lessee will also obtain license numbers, states of issuance, and residences shown from each licensed driver, and this information will be maintained as a part of Lessee's regular business records.

B. Lessee will not permit any Vehicle to be used in violation of any federal, state, or municipal statutes, laws, ordinances, rules, or regulations, or contrary to the provision of any applicable insurance policy. Lessee will reimburse, defend, indemnify, and hold Lessor harmless from any and all fines, forfeitures, damages, or penalties resulting from violation of such laws, ordinances, rules, or regulations. Lessor will forward to Lessee any notices received by Lessor of fines or other penalties levied in connection with the use of Vehicles. Lessor may pay such fines if Lessee does not do so within 14 days of the date of Lessor's notice and may bill Lessee for the same immediately, including an appropriate handling fee, or add such amount to the next rental billing or apply to the payment of such fine all or a portion of the Security Deposit.

C. Lessee will notify Lessor immediately of any and all accidents involving a Vehicle under this Agreement. Such notice must be by telephone and in writing and must include full details of the accident and the names and addresses of all parties and witnesses. Lessee will keep Lessor and the insurer fully informed of all claims, suits, or proceedings arising from any accident involving a Vehicle. Lessee will forward to insurer and Lessor a copy of every demand, notice, summons, or other process received in connection with any and all claims, suits, or other legal proceedings resulting from an accident involving a Vehicle.

D. Upon written notice from Lessor, Lessee will immediately remove, prevent, and not allow any driver designated in such notice to operate or drive any Vehicle.

E. Except with the written consent of Lessor, the use of all vehicles will be limited to the continental limits of the United States.

F. Lessee agrees to hold the driver of the Vehicle liable for any damage caused by the driver in breach of any condition of this Agreement, for any willful damage to the vehicle, and for any damage due to carelessness or negligence of the driver, the payment of which damages Lessee guarantees to Lessor.

G. Lessee agrees not to overload the vehicle.

H. Lessor may inspect, adjust, or repair any vehicle, upon Lessee's premises or elsewhere, at any and all reasonable times, and Lessee will cooperate fully to facilitate such inspections, adjustments, and repairs. The cost of any such repairs will be borne by the Lessee

I. Except with the written consent of the Lessor, which consent may be given or withheld for any reason or no reason, Lessee may not assign this Agreement; hypothecate, encumber, or otherwise borrow against Lessee’s interest in this Agreement or any Vehicle; or sublease any Vehicle.

J. Lessee may not permit any Vehicle to be used for hire or as a common carrier.

K. In no event may any Vehicle be operated by any person under the influence of alcohol, a drug, or any other substance which may impair a person's ability to operate a motor vehicle, nor may any alcohol, drugs, contraband, or any illegal substance of any nature be stored or transported in any Vehicle, however briefly. Lessor will have the right to terminate this Agreement with reference to any Vehicle so operated or used and to demand that the person so operating or using the Vehicle be forbidden to drive any Vehicle.

L. In no event may Lessee or any other person store any item or substance in any Vehicle except those approved by Lessor in writing. The Vehicles may only be used in connection with the Tread Connection business in compliance with all requirements of Tread Connection International, LLC, a North Carolina limited liability company, ("Franchisor").

16. Default and Termination

A. If Lessee fails to pay in full on the due date any payment due under this Agreement, or defaults in the performance of any of the terms, conditions, or covenants contained in this Agreement, or in the event of Lessee's bankruptcy or insolvency, upon five days written notice to Lessee, Lessor will have the right to take immediate possession of all Vehicles wherever found, with or without process of law, and to terminate the Lease with respect to all Vehicles. Lessee authorizes Lessor and its agents to enter on any premises where the Vehicle may be found for the purpose of repossessing the Vehicle and waives any further interest in the Vehicles and any right of action arising out of such entry and repossession. Lessor will not be liable in damages for any termination pursuant to this Section 16 and no termination of this Agreement by Lessor or repossession of any vehicle will in any way relieve Lessee of liability for any sum or sums due or to become due Lessor under this Agreement, or for any damages which Lessor may have sustained as a result of any default by Lessee, including but not limited to the cost of repossession. If suit is instituted by Lessor to enforce any of the terms or provisions of this Agreement, Lessee agrees to pay Lessor reasonable attorney's fees incurred in such suit or suits. If Lessor terminates the Agreement under this Section 16, Lessee will pay to Lessor, in addition to any accrued unpaid rent, as liquidated damages for breach of this Agreement, and not as a penalty, the amount of the Fixed Rent required to have been paid by Lessee for the unexpired balance of the Term. The Lessor and Lessee agree that harm associated with default and termination under this Section 16 is difficult to determine accurately, and that the aforementioned amount is a reasonable estimate of the costs and expenses Lessor will incur as a result of Lessee's default and the subsequent termination of this Agreement. The mention in this Agreement of any particular remedy will not preclude Lessor from any other remedy at law or equity, nor will the exercise of one remedy preclude the exercise of another.

B. If any Vehicle is lost, stolen, unable to be located, or so damaged that, in Lessor's sole judgment, it cannot be economically placed in good working order, then this Agreement will terminate with respect to that Vehicle. Such a termination will be effective immediately upon Lessor's written notice to Lessee of such determination. In such event, Lessee will not be relieved of the obligation to pay Total Rent already due under this Agreement and will pay to Lessor the liquidated damages described in Section 16(A). Lessor reserves the option to offer a replacement or substitute vehicle, which vehicle(s) shall be subject to the terms of this Agreement, or Lessor and Lessee may execute a new Agreement. If Lessor exercises its option to provide a replacement or substitute vehicle, Lessee agrees to pay Lessor any additional rental costs that exceed those of the Vehicle being replaced.

C. Notwithstanding anything in this Agreement to the contrary, this Agreement will terminate automatically and without notice, with respect to all Vehicles, upon: (1) an actual or attempted violation of

Section 15(I) of this Agreement; (2) an assignment by Lessee for the benefit of creditors; or (3) the institution of voluntary or involuntary proceedings by Lessee in bankruptcy or under insolvency laws or for corporate reorganization, arrangement, receivership, or dissolution. Upon any such event, Lessor will then be entitled to take immediate possession of all Vehicles and may have such further relief to which it is entitled under any of the provisions of this Agreement in addition to any and all rights in law or in equity.

D. If at any time Lessee is in default of its franchise agreement with Franchisor and Franchisor provides Lessor written notice of the same, Lessor will have the option to immediately, upon written notice to Lessee, terminate the Agreement and repossess the Vehicles in accordance with Section 16(A).

E. If Lessee fails or refuses to return any Vehicle to Lessor upon demand by Lessor, the failure or refusal to return the Vehicle will be deemed a conversion and treated as a theft of the Vehicle. Lessor will have the right to notify and request the police authorities to recover the Vehicle as a stolen vehicle.

17. Representations and Warranties

Lessee represents and warrants to Lessor as follows:

A. Lessee has been duly organized or incorporated and is validly existing as a ______________ in good standing under the laws of the state first indicated above, with power under the laws of such state to execute and deliver this Agreement and to perform its obligations under this Agreement;

B. This Agreement has been duly authorized, executed, and delivered on behalf of the Lessee and, assuming due authorization, execution, and delivery by Lessor, is a valid and legally binding agreement of the Lessee enforceable against the Lessee in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, and other similar laws affecting creditors' rights);

C. The execution, delivery, and performance by Lessee of this Agreement will not conflict with or result in a breach of any other term or provision of, or constitute a default under, or result in the creation or imposition of a lien, charge, or encumbrance upon any of the property or assets of the Lessee pursuant to the terms of, any other contract to which Lessee is a party, nor will such action result in a violation of any provision of applicable law or regulation;

D. Lessee has all licenses, franchises, permits, and other governmental authorizations necessary for all business presently carried on by it (including owning and leasing the real and personal property owned and leased by it);

E. Lessee is not in violation of any law, ordinance, rule, regulation, or order of any governmental authority applicable to it or its property and has filed in a timely manner all reports, documents, and other materials required to be filed by it with any governmental bureau, agency, or instrumentality (and the information in each of such filings is true, correct, and complete in all material respects);

F. There is no action, suit, or proceeding pending against or, to the knowledge of Lessee, threatened against or affecting the Lessee before any court or arbitrator or any governmental authority in which there is a reasonable possibility of an adverse decision which in any manner draws into question the validity or enforceability of this Agreement or the ability of Lessee to comply with any of the respective terms hereunder;

G. Lessee has filed all tax returns which have been required to be filed by it and all such returns are complete, true, and accurate in all materials respects; and

H. Both before and after giving effect to the transactions contemplated by this Agreement, the Lessee is solvent within the meaning of the United States Bankruptcy Code and the Lessee is not the subject of any voluntary or involuntary case or proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy or insolvency law.

18. Severability

The invalidity of any portion of this Agreement will not affect the validity of any other provision. If any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions will continue in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provision.

19. No Waiver

Lessor and Lessee may waive any portion of this Agreement only by a writing executed by the party against whom the waiver is sought to be enforced. No failure or delay in exercising any right or remedy or in requiring the satisfaction of any condition under this Agreement, and no act, omission, or course of dealing between Lessor and Lessee may operate as a waiver or estoppel of any right, remedy, or condition.

A waiver made in writing on one occasion is effective only in that instance and only for the purpose stated. A waiver once given is not to be construed as a waiver on any future occasion or against any other person.

20. Governing Law; Forum Selection Clause

This Agreement will be interpreted and construed in accordance with the laws of the State of North Carolina. Any and all claims, controversies, and causes of action arising out of or relating to this Agreement, whether sounding in contract, tort, or statute, will be governed by the laws of the State of North Carolina, including its statute of limitations, without giving effect to its conflict of laws rules or other rules that would result in the application of the laws of a different jurisdiction. The United Nations Convention on Contracts for the International Sale of Goods will not apply to this Agreement.

All claims arising out of or relating to this Agreement must be brought in the state courts located in Mecklenburg County, North Carolina. All such claims must be resolved by the state courts located in Mecklenburg County, North Carolina, and no actions commenced in those courts may be transferred or removed to any other state or federal court. The parties hereby waive any objection that they may now or hereafter have that such action was brought in an inconvenient venue and agree not to plead or claim the same. Nothing in this Section 20 will prevent enforcement in another forum of any judgment obtained in a state court located in Mecklenburg County, North Carolina.

21. Notices

Any notice provided for or concerning this Agreement will be in writing and shall be deemed sufficiently given when sent by certified or registered mail if sent to the respective address of each party as set forth at the beginning of this Agreement.

22. Attorney's Fees

The prevailing party in any action to enforce the terms of this Agreement or as a result of breach of this Agreement shall be awarded its reasonable attorneys' fees and other costs related to such action in addition to all sums otherwise awarded to it.

23. Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes and cancels all prior or contemporaneous oral or written understandings between them with respect to the subject matter hereof.

24. Modification of Agreement

Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement will be binding only if placed in writing and signed by each party or an authorized representative of each party.

25. Assignment of Rights

The rights of Lessee under this Agreement are personal to it and may not be assigned or transferred to any other person or entity without the prior, express, written consent of Lessor. Lessor may assign any or all of its rights under this Agreement without Lessee's consent.

WITNESS our signatures as of the day and date first above stated.

LESSOR: ________________________

By: ________________________
Name: ________________________
Title: ________________________

LESSEE: ________________________

By: ________________________
Name: ________________________
Title: ________________________

SCHEDULE A – VEHICLE(S) & EQUIPMENT
[see attached]

SCHEDULE B – MONTHLY RENT
[see attached]

EXHIBIT “P” TO THE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	November 25, 2019
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

EXHIBIT "Q" TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT
(Retain this copy for your records)

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 Tread Connection International, 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 we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement for the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Tread Connection International, 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, DC 20580 and the state agency in Exhibit "F".

The franchisor is Tread Connection International, LLC located at 10924 Granite Street, Suite 700, Charlotte, North Carolina 28273. Its telephone number is (888) 359-7289.

Issuance Date: ~~April 22, 2019~~March 16, 2020

The franchise seller for this offering is marked below, whose principal business address is 10924 Granite Street, Suite 700, Charlotte, North Carolina 28273 and telephone number is (888) 359-7289.

[ ] Paul Hosage
[ ] ~~Alex Hosage~~Christian T. Brown
[ ] David S. Stoessel
[ ] Elizabeth M. Kendrick

Tread Connection International LLC authorizes the respective state agencies identified in Exhibit "F" to receive service of process for it in their particular state.

I received a disclosure document dated ~~April 22, 2019~~March 16, 2020 that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	List of Franchisees
Exhibit C	List of Franchisees Who Have Left the System
Exhibit D	Form of Confidential Operating Manual Table of Contents
Exhibit E	Form of Key-Employee Manager Confidentiality Agreement
Exhibit F	List of State Agencies/Agents for Service of Process
Exhibit G	Form of Franchise Agreement
Exhibit H	Form of Conditional Assignment of Telephone Numbers and Listings
Exhibit I	Form of Principal Owner's Guaranty

Exhibit J	Form of Principal Owner's Statement
Exhibit K	Form of Confidentiality, Non-solicitation and Non-competition Agreement for Franchise Agreement
Exhibit L	Franchisee Questionnaire
Exhibit M	State Specific and other Addenda and Riders
Exhibit N	Form of Release
Exhibit O	Form of Commercial Vehicle Lease Agreement
Exhibit P	State Effective Dates
Exhibit Q	Receipts

Individual:

_______________________________ Date Received

_______________________________ Prospective Franchisee Signature

_______________________________ Print Name

OR

Legal Entity

By: _______________________________

Name: _______________________________

On behalf of the following entity:

Company Name: _______________________________

_______________________________ Date Received

Title: _______________________________

RECEIPT
(Sign, Date, and return this copy to us)

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 Tread Connection International, 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.

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Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Tread Connection International, 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, DC 20580 and the state agency in Exhibit "F".

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I received a disclosure document dated ~~April 22, 2019~~March 16, 2020 that included the following Exhibits:

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Exhibit B List of Franchisees and Area Representatives
Exhibit C List of Franchisees Who Have Left the System
Exhibit D Form of Confidential Operating Manual Table of Contents
Exhibit E Form of Key-Employee Manager Confidentiality Agreement
Exhibit F List of State Agencies/Agents for Service of Process
Exhibit G Form of Franchise Agreement
Exhibit H Form of Conditional Assignment of Telephone Numbers and Listings
Exhibit I Form of Principal Owner's Guaranty
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Exhibit P	State Effective Dates
Exhibit Q	Receipts

Individual:

______________________________ Date Received

______________________________ Prospective Franchisee Signature

______________________________ Print Name

OR

Legal Entity

By: ______________________________

Name: ______________________________

On behalf of the following entity:

Company Name: ______________________________

Title: ______________________________

______________________________ Date Received