

EXHIBIT A

FRANCHISE AGREEMENT

**ECONO LUBE N' TUNE & BRAKES
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 20__, by and between ECONO LUBE N' TUNE, INC., a California corporation ("Company"), and _____ ("Franchisee") with reference to the following facts:

Company has developed and is continuing to develop certain unique and specialized training, management and marketing techniques and other procedures and methods of operation known as the ECONO LUBE N' TUNE & BRAKES system ("System") used in connection with the development, operation, promotion and maintenance of business establishments offering motor vehicle tune-up, lubrication and brake services to the general public and the training of individuals to conduct such business under the name "ECONO LUBE N' TUNE & BRAKES".

Company is the owner of all proprietary and other property rights and interests in and to the trademark and service mark "ECONO LUBE N' TUNE & BRAKES" and all other trademarks, tradenames, service marks, logotypes, insignias and designs which Company may from time to time authorize Franchisee to use in connection with the System ("Trademarks").

Franchisee desires to obtain a franchise to operate one (1) ECONO LUBE N' TUNE & BRAKES franchise at the Location described below, and Company desires to grant to Franchisee said franchise in accordance with the terms and conditions of this Agreement, and the Operations Manual pertaining hereto, as hereinafter set forth:

WHEREFORE IT IS AGREED

**I.
GRANT OF FRANCHISE AND LICENSE**

1.1 Grant of Franchise

Company hereby grants to Franchisee and Franchisee hereby accepts, the right to use, during the term hereof, the System in connection with the operation of one (1) "ECONO LUBE N' TUNE & BRAKES" Business at, and only at, the Location, as herein defined, in accordance with the terms and conditions of this Agreement, any ancillary written agreement(s) related hereto, and the Operations Manual. The term "Business," as used herein, shall mean the business, operated under Company's Trademarks and pursuant to its System, of offering and selling motor vehicle tune-up and brake services, lubrication and oil changes to the general public, and such other services as Franchisee may from time to time during the term hereof be authorized and/or required by Company to render.

1.2 Grant of License

Company hereby grants to Franchisee and Franchisee hereby accepts a license to use and display Company's Trademarks only in connection with the operation of one (1) franchised Business at, and only at, the Location described below, in accordance with the terms and conditions of this Agreement, any ancillary written agreement(s) related hereto, and the Operations Manual.

1.3 Certain Definitions

"Affiliate" when used herein in connection with Company or Franchisee, includes each Business Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Company or Franchisee, as applicable. Without limiting the foregoing, the term "Franchisee-Affiliate" includes any Business Entity more than 50% of whose stock; membership interests; Partnership Rights; or other equity ownership interests (collectively "Equity") or voting control, is held by person(s) or Business Entities who, jointly or severally, hold more than 50% of the Equity or voting control of Franchisee.

"Applicable Law" shall mean and include applicable common law and all applicable statutes, rules, regulations, ordinances, orders, policies and procedures established by any Governmental Authority, as in effect on the Effective Date hereof, and as may be enacted, amended or supplemented from time to time.

"Assignment" shall have the meaning set forth in Section 10.2.

"Business Entity" shall mean any limited liability partnership, general partnership or limited partnership (each of which shall be referred to as a "Partnership"), and any trust, association, corporation, limited liability company or other entity which is not an individual.

"Designated Franchisee Representative" shall have the meaning set forth in Section 6.1(b).

The "Effective Date" of this Agreement shall be the date first above written.

"Governmental Authority" shall mean and include all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"Gross Revenues" shall have the meaning set forth in Section 4.9.

"Location" shall have the meaning set forth in Section 3.1(a).

"Partnership" shall mean any limited liability partnership, general partnership or limited partnership.

"Partnership Right" shall mean the voting power, property, profits or losses, or partnership interests of a Partnership, or any of them.

“Territory” shall mean that certain geographic area described on the map which is attached hereto as Exhibit A and incorporated herein by reference.

II. TERM OF FRANCHISE AGREEMENT

2.1 Term

(a) Unless sooner terminated in accordance herewith, the term of this Agreement shall commence upon the execution hereof and shall terminate: [strike inapplicable provision] (i) _____ () years after the date on which Franchisee opens the Business to the public, (ii) _____, 20__, provided that it shall automatically expire on the earlier expiration or termination of Franchisee’s lease, sublease, or other right to occupy the Location.

(b) Notwithstanding anything to the contrary in Section 2.1(a), if Franchisee’s Location has been leased by Franchisee from Company, and if within twenty-four (24) months following the Effective Date, Company transfers its fee estate in the property of which the Location is a part, or any portion thereof, and retains and/or leases back a leasehold interest in such property (“Sale-Lease Back”), the term hereof above shall be increased by up to twenty-four (24) months, at Company’s election, effective upon written notice to Franchisee, so that the initial term hereof is co-terminus with the initial term of Company’s master lease for the property.

2.2 Renewal

(a) If Franchisee shall have complied in all respects with the conditions set forth in Section 2.5 hereof, Franchisee shall have the right, but not the obligation, upon the expiration of the term specified in Section 2.1 of this Article, to enter into a new franchise agreement (the “Renewal Agreement”) for a term of five (5) years. The term of such Renewal Agreement shall commence upon the date of expiration of the Initial Term hereof.

(b) Said Renewal Agreement shall provide that at the end of the term thereof, if Franchisee shall have the right to continue to occupy the Location, and shall have fully complied with all conditions precedent set forth in the Renewal Agreement, Franchisee shall have the right, but not the obligation, to enter into one additional Renewal Agreement for a term of five (5) years.

2.3 Form and Manner of Renewal

If Franchisee desires to exercise its right to enter into a Renewal Agreement, it shall do so by executing Company’s then-current form of franchise agreement generally offered by Company to its prospective “Econo Lube N’ Tune & Brakes” franchisees in the state in which the Business is located, in the following manner:

(a) Not less than eight (8) months nor more than twelve (12) months prior to the expiration of the Initial Term of this Agreement, Franchisee shall request from Company in

writing a copy of its then-current Offering Circular (including its then-current Franchise Agreement).

(b) Following receipt of Franchisee's said written request, Company shall deliver to Franchisee a copy of its then-current Offering Circular (including its then-current Franchise Agreement) and promptly upon receipt of same Franchisee shall acknowledge receipt thereof by executing and returning to Company the form prescribed in said Offering Circular.

(c) No sooner than ten (10) business days but no more than twenty (20) business days after Franchisee receives Company's then-current Offering Circular (including Company's then-current Franchise Agreement), Franchisee shall, by written notice, notify Company as to whether or not it elects to execute Company's then-current form of Franchise Agreement (as modified pursuant to Section 2.4).

(d) Promptly upon receipt of Franchisee's said notice of election to execute Company's then-current Franchise Agreement, Company shall deliver to Franchisee two copies of said Agreement modified as hereinafter provided. No sooner than five (5) business days but no more than ten (10) business days after receipt thereof Franchisee shall execute two copies of said Franchise Agreement and shall return same to Company.

(e) If Franchisee shall fail to perform any of the acts, or deliver any of the notices required pursuant to the provisions of subsections (a), (b) (c) or (d) of this Section, in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise its right and option to enter into a Renewal Agreement, and such failure shall cause Franchisee's said right and option to lapse and expire.

(f) Provided that Franchisee shall have exercised its renewal right, in the form and manner herein described, and if on the date of the expiration of the Initial Term of this Agreement Franchisee has complied with all of the conditions contained in Section 2.5 hereof, Company shall execute the Renewal Agreement executed by Franchisee and shall, promptly after expiration of the Initial Term hereof, deliver one (1) fully executed copy of said Renewal Agreement to Franchisee.

2.4 Modification of Renewal Franchise Agreement

Notwithstanding anything herein contained to the contrary, the Renewal Agreement, if executed by parties hereto, shall differ, and be modified, from Company's then-current Franchise Agreement in the following respects:

(a) Franchisee shall be required to pay a Renewal Fee of Two Thousand Five Hundred Dollars (\$2,500).

(b) The term shall be modified in accordance with Section 2.2 above.

(c) All reference to a renewal term contained in the Renewal Agreement shall be modified to conform to the then remaining number of Renewal options as stated in Section 2.2(b).

2.5 Conditions Precedent to Renewal

Franchisee's right to enter into a Renewal Agreement, in accordance with the provisions of Section 2.2 hereof, is conditioned upon Franchisee's fulfillment of each and all of the following conditions precedent:

(a) At the time Franchisee notifies Company of its election to renew pursuant to Section 2.3(a) above and at all times from such notification to the time of the commencement of the term of the Renewal Agreement, Franchisee shall have fully performed all of its obligations under this Agreement and under all other agreements which may then be in effect between Franchisee and Company (or its Affiliate), including any Lease, Sublease, or Equipment Lease, and each Franchisee-Affiliate shall have fully performed all of its obligations under each agreement between such Franchisee-Affiliate and Company (or its Affiliate).

(b) At the time Franchisee notifies Company of its election to renew, and at the time of the commencement of the Renewal Agreement, Franchisee shall have not received three (3) or more notices of default during any twelve (12) month period during the Initial Term of this Agreement, whether or not such defaults were cured.

(c) Franchisee shall have completed the refurbishing and remodeling required to be completed by him prior to the expiration of the Initial Term of this Agreement pursuant to the provisions of Section 9.3.

2.6 Non-applicability of Renewal Provision

Sections 2.2, 2.3, 2.4 and 2.5 shall not be applicable:

(a) if Franchisee has executed this Franchise Agreement as a renewal of a prior franchise agreement which did not expressly grant any further right to renew, in which case Franchisee shall have no further right to renew upon the expiration of the term set forth in Section 2.1., or

(b) if Franchisee has executed this Agreement in connection with its purchase of an existing franchisee's business and the existing franchisee's franchise agreement does not expressly grant the right to renew or to enter a Renewal Agreement, Franchisee shall have no right to enter into a Renewal Agreement.

2.7 Notice Required by Law

If Applicable Law requires that Company give notice to Franchisee prior to the expiration of the term, this Agreement shall remain in effect on a month to month basis until Company has given the requisite notice required by such Applicable Law. Notwithstanding anything to the contrary herein, if Company is not offering new franchises or is otherwise not lawfully able to offer Franchisee its then-current form of Franchise Agreement at the time Franchisee elects to renew, Company may, at its option, agree to renew this Agreement on its current terms, or extend the term hereof until it is lawfully able to offer its then-current form of franchise agreement.

III. LOCATION

3.1 Location

(a) Franchisee shall conduct the franchised Business solely at the following location: _____ (the "Location").

(b) If no Location has been inserted in Section 3.1(a) at the time of execution of this Agreement, Franchisee shall acquire through purchase or lease within sixty (60) days following the execution hereof a location meeting Company's then-current standards and specifications, as determined by Company; provided, that Franchisee shall not enter into any such lease or purchase agreement unless Franchisee shall have first (i) notified Company in writing of the proposed Location and provided Company with all information which Company may request concerning such proposed Location, and (ii) shall have received Company's written approval of such Location, upon the receipt of which approval such Location shall be deemed to be the "Location" as defined in Section 3.1(a) above.

If Franchisee shall fail to lease or purchase an approved Location within the aforesaid sixty (60) day period, Company shall have the right to rescind this Agreement in accordance with the procedure established in Section 12.1 below; provided, further however, that Company may agree upon an extension of said sixty (60) day period, not to exceed thirty (30) days, if in Company's judgment Franchisee's failure to locate an approved Location within the prescribed time period did not result from Franchisee's failure to exercise due diligence or use its best efforts.

3.2 Assistance in Site Location

Upon Franchisee's request, Company shall assist Franchisee to obtain a suitable Location for Franchisee's franchised Business, and may offer, without obligation of Franchisee to accept, to lease or sublease to Franchisee a Location which is owned or leased by Company or its Affiliates, provided that neither Company's said assistance nor the fact that Franchisee may lease or sublease a Location from Company shall be construed to insure or guarantee the profitable or successful operation of the Location by Franchisee, and Company hereby expressly disclaims any responsibility therefor.

3.3 Exclusivity

During the Initial Term or any extension hereof, Company shall not open or grant a franchise or license to any other person or entity (including any Company Affiliate) to open an "ECONO LUBE N' TUNE & BRAKES" Business at any site located within the Territory. Company expressly reserves the exclusive, unrestricted right, directly and indirectly, through its Affiliates, franchisees, licensees, assigns, agents and others, to own or operate, and to franchise or license others to own or operate businesses operating under names other than "ECONO LUBE N' TUNE & BRAKES" at any location, regardless of the nature of the business or their

proximity to the Franchisee's Business developed pursuant hereto, including businesses offering motor vehicle tune-up and brake services, lubrication and oil changes.

3.4 Construction

(a) If the premises at the Location have not been constructed, equipped and improved to comply with Company's standards in effect for new "Econo Lube N' Tune & Brakes" Centers at the time of the execution of this Franchise Agreement, Franchisee shall at its sole cost and expense promptly construct, equip and improve the building to be located at the Location, or cause same to be constructed, equipped and improved, in accordance with Company's plans, specifications and designs delivered by Company to Franchisee and in strict accordance with the final plans, drawings and specifications provided by Franchisee and approved by Company in writing, pursuant to Section 3.4 hereof.

(b) Franchisee shall break ground for the construction as soon as possible but no later than six (6) months after (i) Effective Date of this Agreement if the Location was inserted in Section 3.1(a) concurrently therewith, or (ii) the date on which such Location is approved by Company, whichever is applicable.

(c) Subject only to causes beyond the reasonable control of Franchisee, which Franchisee could not by the exercise of due diligence have avoided, Franchisee shall complete construction of the Location and all fixtures, improvements, signs, machinery and equipment as soon as possible but no later than six (6) months after breaking ground. Company shall have the right to inspect and examine the premises and any fixtures, furnishings and equipment to insure compliance with Company's standards and specifications.

(d) The time periods for the commencement and completion of construction and the installation of fixtures, signs, machinery and equipment as referred to in this Section 3.4 are of the essence of this Agreement.

(e) If Franchisee fails to perform its obligations contained in this Section 3.4, Company shall have the following remedies, any one of which it may select in its sole discretion.

(i) Company may itself arrange for construction, improvement and or equipping of the Location by such builders, contractors and suppliers of its selection and the costs incurred in connection therewith shall be paid by Franchisee immediately upon demand to such party designated in such demand; or

(ii) Company may consider Franchisee's failure to so perform its obligations as aforesaid, to constitute a material breach of this Agreement, in which event Company shall notify Franchisee to such effect. The parties acknowledge that Franchisee's failure to comply with its obligations contained in this Section 3.4 will cause Company to suffer losses and damages in an amount which are not readily capable of determination, therefore Company shall be entitled to retain as liquidated damages, the initial franchise fee and all other deposits theretofore received from Franchisee.

(f) Franchisee shall, promptly upon demand by Company, deposit with a corporate escrow agent designated by Company, such irrevocable loan commitments,

performance bonds, cash or other liquid assets as may be reasonably necessary to insure Franchisee's payment of said construction costs, sign and equipment lease or purchase agreements, construction and architectural fees and other expenditures required to be made by Franchisee in order to make its "Econo Lube N' Tune & Brakes Center" fully operable.

3.5 Specification for Building, Equipment and Signs

Prior to the commencement of construction of the Location, Company will deliver to Franchisee, general initial specifications for the building, equipment, furnishings, decor, layout and signs related to the franchised Business and will consult and advise Franchisee with respect to such specifications. Franchisee will, in all respects, comply with all such specifications and criteria unless Company shall, in writing, agree to modifications thereof. Such modifications will customarily be made only if required by zoning or similar laws, landlord requirements, unique plot problems or similar matters. Company shall not be required to furnish architectural, engineering or construction drawings or designs and all such drawings and designs as well as site plans, working drawings and approvals required for the construction and development of Franchisee's application shall be acquired by Franchisee at its sole cost and expense. All such site plans, working drawings, architectural plans, site plans, equipment plans and interior and exterior designs for the Location shall be subject to Company's prior approval, which approval shall not be unreasonably withheld.

3.6 Lease

(a) If Franchisee shall sublease the Franchised Location from Company, Franchisee shall duly perform all of the terms, conditions, covenants, and obligations contained in the Sublease executed in connection herewith.

(b) Franchisee acknowledges that it has been given an opportunity to purchase or obtain a lease of premises suitable for operation of an "Econo Lube N' Tune & Brakes" Center other than premises owned or leased by Company with the assurance that a franchise would be granted and the lease would be approved by Company so long as it met Company's standards for franchised locations. By signing this Franchise Agreement, Franchisee acknowledges that it has been informed to this effect and that the location of the leased premises for which this franchise is granted as described above is of Franchisee's own choosing selected by the exercise of its free will with an opportunity to conduct its own independent assessment of the location's business potential.

(c) If Franchisee enters into a lease directly with a third party landlord for the premises to be occupied by its "Econo Lube N' Tune & Brakes" Center, or any portion thereof: (i) Company shall have the right of approval of such lease, a true and correct copy of which shall be delivered to Company at least thirty (30) days prior to the execution thereof; (ii) the term of said lease shall be for a period which is not less than the term of this Agreement, as specified in Section 2.1 unless Company shall approve, in writing, a shorter term; (iii) Franchisee shall neither create nor purport to create any obligations on behalf of Company, nor grant or purport to grant to the landlord thereunder any rights against Company, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Franchise Agreement; (iv) Franchisee shall duly and timely perform all of the terms, conditions, covenants and obligations

imposed upon him under the lease; (v) the premises to be occupied by its "Econo Lube N' Tune & Brakes" Center shall be constructed and improved pursuant to the provisions of Section 3.4, hereof; (vi) the lease shall expressly provide that Company shall have the right (but not the obligation) to succeed to Franchisee's rights under the Lease if Franchisee fails to exercise any option to renew, and upon Franchisee's default thereunder, and that if any breach or claim of breach thereof by Franchisee, the landlord thereunder shall be obligated to notify Company in writing at least thirty (30) days prior to its termination or non-renewal and, in the case of a default, Company shall have the right, but not the obligation, to cure the breach and to succeed to Franchisee's rights under said lease by giving written notice of such election to Franchisee and such landlord; Franchisee hereby appoints Company as its attorney-in-fact to execute an assignment and all other documents and instruments which Company deems necessary or appropriate to effectuate the foregoing; (vii) a fully executed copy of said lease shall be delivered to Company promptly following the execution thereof; and (viii) the lease shall provide that it may not be assigned, subleased, modified or amended without Company's prior written consent which shall not be unreasonably withheld, and that Company shall be provided with copies of all such assignments, subleases, modifications and amendments.

IV. PAYMENTS BY FRANCHISEE

4.1 Initial Fee

As an Initial Franchise Fee, Franchisee shall pay to Company the sum of \$ _____. The full amount of said fee shall be paid by Franchisee and deemed fully earned by Company upon the execution hereof and shall not be refundable under any circumstances, except as provided in Section 12.1 in the event of the failure of Franchisee to complete the franchisee training program in a satisfactory manner.

4.2 Continuing Royalty

(a) As a Continuing Royalty, Franchisee shall pay Company for each week during the term of the Agreement and any extension thereof, subject to adjustment as provided in Section 4.4 below, an amount equal to 5% of Gross Revenues or \$[^]523.82, whichever is greater.

(b) The Continuing Royalty for each week during the term of this Agreement shall either be (i) mailed by Franchisee first-class, postage prepaid, properly addressed to Company, and postmarked by Tuesday of that week or (ii) hand-delivered to Company by Thursday of that week. Concurrently therewith Franchisee shall submit copies of all service invoices together with a Gross Revenue Report, in form prescribed by Company, covering the week for which such Continuing Royalty payment is being made. Franchisee shall pay a late charge of \$100 for each week that any or all of the following are not received when due: Continuing Royalty payment; Gross Revenue Report; or service invoice copies. Franchisee acknowledge and agrees that Company will suffer substantial administrative, legal, accounting and other costs and expenses if Franchisee fails to comply with its obligation in timely fashion, and acknowledges that said \$100 charge is a reasonable estimation of such costs and expenses.

4.3 Service Fee

Franchisee shall each week during the term of this Agreement, or any extensions hereof, pay to Company, concurrently with the submission of Franchisee's Continuing Royalty payment as described in Section 4.2 above, a Service Fee equal to \$[^]29.10, subject to adjustment as provided in Section 4.4 below.

4.4 Cost of Living Adjustment

(a) The dollar amounts set forth in Paragraphs 4.2(a) and 4.3 above, shall be subject to adjustment, not more than once every two years, to reflect any increase in the Consumer Price Index, All Urban Consumers, All Items, All U.S. Cities (revised 1982-84:100) published by the United States Department of Labor, Bureau of Statistics (the "Adjustment") from the base period. For the purpose of the Continuing Royalty and Service Fee, the "base period" shall refer to October 2000. Company may, at its election, in order to facilitate the computation of the Adjustment, use the CPI published three months prior to the effective date of each Adjustment to determine the amount of the Adjustment. The first such Adjustment shall be made effective as of January 1, [^]2007, and each subsequent Adjustment shall be made effective as of each succeeding second anniversary of that date thereafter. Notwithstanding anything contained in this Agreement, if Franchisee's Gross Revenues decline in any calendar year by 25% or more of Franchisee's Gross Revenues during the preceding calendar year, Franchisee must, at Company's election, attend a compulsory one-week training class at Company's training center in the Phoenix area, Arizona (the "Training Center"), which class shall be designed to address sales and marketing issues. Franchisee shall pay Company a training fee of \$500 for such training.

4.5 Advertising Fund

In addition to all other payments provided for herein, Franchisee shall each week during the term of this Agreement, or any extensions hereof, pay to Company, concurrently with the submission of Franchisee's Continuing Royalty payment as described in Section 4.2 above, an Advertising Fee in an amount equal to one-half of one percent (.5%) of Franchisee's Gross Revenues for the prior week, which shall be used by Company as an Advertising Fund, and which shall be administered in accordance with Article VII below. Franchisee shall pay a late charge of \$100 for each week that Franchisee is late in delivering any advertising fee payment to Company (whether pursuant to Section 4.5 or 4.6, or both). Franchisee acknowledges and agrees that Company will suffer substantial administrative, legal, accounting and other costs and expenses if Franchisee fails to comply with its obligations in timely fashion, and acknowledges that said \$100 charge is a reasonable estimation of such costs and expenses. If Franchisee defaults in making any payments to Company when and as due, Company may cease providing further advertising on behalf of Franchisee, and exclude Franchisee's Business from any or all advertising, wherever distributed.

4.6 Local Advertising Fee

(a) In addition to the advertising fees required to be paid by Franchisee pursuant to Section 4.5 hereof, Franchisee shall pay to Company on a weekly basis concurrently

with the submission of Franchisee's Continuing Royalty payment as described in Section 4.2, a Local Advertising Fee in an amount equal to five and one-half percent (5.5%) of Franchisee's Gross Revenues for the prior week or Five Hundred Dollars (\$500), whichever is greater (the "Local Advertising Fee") which shall be used in accordance with 4.6(b) below.

(b) Company shall expend Franchisee's Local Advertising Fees for such local and/or regional advertising in such manner and in such media as Company deems appropriate in its discretion, reasonably exercised, to enhance or promote the image, identity or patronage of Franchisee's Business. Without limiting the generality of the foregoing, Company may pool Franchisee's Local Advertising Fees with those of other franchisees in the general geographic area surrounding Franchisee's Franchise Location and Territory to purchase advertising on a cooperative basis. Company will administer the expenditure of Franchisee's Local Advertising Fees in such manner as Company may determine in its subjective judgement exercised in good faith. Company will be entitled to receive an administrative fee equal to 15% of the cost of advertising procured by Company on behalf of Franchisee. If Franchisee defaults in making any payments to Company when and as due, Company may cease providing further advertising on behalf of Franchisee, and exclude Franchisee's Business from any or all advertising, wherever distributed.

4.7 Pre-Paid Advertising Fee.

If Franchisee is executing this Agreement in connection with the purchase of a Company-owned "Econo Lube N' Tune & Brakes" Center, upon the execution hereof, Franchisee shall pay a \$2,500 pre-paid advertising fee, to cover the estimated costs which we typically have incurred for advertising purchased by Company prior to Franchisee's opening but relating to periods after Franchisee opens. The pre-paid advertising fee shall be \$2,500 even though the actual costs Company has incurred may be more or less than this amount.

4.8 Other Payments to Company

In addition to all other payments provided herein, Franchisee shall pay to Company, or Affiliates or designees, as applicable, promptly when due:

(a) The amount of all sales taxes, use taxes, personal property taxes and similar taxes, imposed upon Franchisee and required to be collected or paid by Company on account of goods or services furnished by Franchisee by sale, lease or otherwise or on account of royalties or initial franchise fees collected by Company from Franchisee.

(b) All amounts advanced by Company or which Company has paid, or for which Company has become obligated to pay on behalf of Franchisee for any reason whatsoever.

4.9 Gross Revenues

The term "Gross Revenues" shall for all purposes of this Agreement mean all sums received by Franchisee from or arising out of the operation of the Business, including revenues generated from any and all sources on account of the sale of goods or rendering of services of any kind or nature, under, or in any way related to the use of, Company's Trademarks, whether cash or credit, deducting therefrom, to the extent they have been included any sales, use

or excise taxes which are separately stated and which Franchisee collects from customers and pays to any federal, state, or local tax authority.

4.10 Application of Funds

If Franchisee shall be delinquent in the payment of any obligation to Company hereunder, or under any other agreement with Company, Company shall have the absolute right, with or without notification to Franchisee, to apply all payments from Franchisee to the oldest obligation due, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to application, whether indicated on Franchisee's check(s) or by other communication to Company verbally or in writing. Company's acceptance or negotiation of any check bearing any such purported application of funds shall not constitute a waiver of this provision, nor bind Company to apply the funds in any particular manner.

4.11 Interest

If Franchisee shall for any reason fail to pay to Company all or any portion of the Continuing Royalty, Service Fee, Advertising Fees or any other sums due to Company promptly when due, Franchisee shall pay to Company, in addition to any applicable late charges, interest on the past due amount at an annual rate equal to the prime rate established by the Bank of America on the first day of the month in which such payments were due plus two percent (2%). The calculation of this late payment fee shall be made on a daily basis. Notwithstanding the foregoing, if the amount of the late payment fee shall be greater than any such charge permitted by Applicable Law, such charge shall be reduced to an amount equal to the maximum lawful charge, it being the intention of the parties that such late payment charge shall in no event be greater than that permitted by law.

4.12 Security Deposit

Franchisee has deposited with Company the sum of Two Thousand Five Hundred Dollars (\$2,500) as security for the full and faithful performance of every provision of this Agreement to be performed by Franchisee. If Franchisee breaches any provision of this Agreement, including, the payment of Continuing Royalties and Advertising Fees, Company may use all or any part of this security deposit for the payment of Continuing Royalties, Advertising Fees or any other sums in default, or to compensate Company for any other loss or damage which Company may suffer by reason of Franchisee's default. If any portion of said deposit is so used or applied, Franchisee shall, within five (5) days after written demand therefor, deposit cash with Company in an amount sufficient to restore the security deposit to its full amount. Franchisee agrees that Company shall not be required to keep the security deposit in trust, segregate it or keep it separate from Company's general funds, but Company may commingle the security deposit with its general funds and Franchisee shall not be entitled to interest on such deposit. Within 60 days after the expiration or termination of this Agreement and the Renewal Agreement if applicable, and provided there exists no default by Franchisee hereunder, the security deposit, or any balance thereof shall be returned to Franchisee, provided that subsequent to the expiration or termination of this Agreement, Company may retain from said security deposit (i) any and all amounts reasonably estimated by Company to cover the anticipated costs to be incurred by Company to make cosmetic changes to the Location and the premises so that it no longer

resembles Company's proprietary designs and trade dress and none of the Trademarks are used therein, and (ii) any other amounts which Company deems reasonably necessary to compensate it for any other loss or damage, foreseeable or unforeseeable, caused by the acts or omissions of Franchisee or any officer, employee, agent, contractor or invitee of Franchisee.

V. TRADEMARKS

5.1 Non-Ownership of Trademarks

Nothing herein shall give Franchisee any right, title or interest in or to any of Company's Trademarks, except a mere privilege and license during the term hereof, to display and use the same according to the terms and conditions herein contained. Upon expiration or sooner termination of this Agreement, Franchisee shall forthwith deliver and surrender up to Company each and all of the Trademarks, and any physical objects bearing or containing of the Trademarks, or alternatively with respect to any items owned by Franchisee, at Franchisee's election, Franchisee shall obliterate or destroy any such Trademarks in possession, and Company may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf, any and all documents necessary in Company's judgment to end and cause the discontinuance of Franchisee's use of Company's Trademarks and Company is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact so to do.

5.2 Use of Trademarks

Franchisee agrees that the Business herein licensed and franchised shall be named "ECONO LUBE N' TUNE & BRAKES" without any suffix or prefix attached thereto and that Franchisee's premises will bear signs, advertising and slogans which denote that the Business is operated under the service mark "ECONO LUBE N' TUNE & BRAKES" at such places within or about the premises and in such manner as prescribed by the Operations Manual. Franchisee shall not use the Trademarks, or the words "ECONO," "LUBE" or "TUNE" or any words or symbols which are confusingly similar to the Trademarks, as all or part of Franchisee's tradename. Franchisee shall not display the trademark, service mark, tradename, insignia or logotype of any other person, or Business Entity as all or part of its tradename, or otherwise in connection with the operation of the Business without the express prior written consent of Company.

5.3 Acts in Derogation of the Trademarks

Franchisee agrees that the Trademarks are the exclusive property of Company and Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's licensed and/or franchised use thereof, or otherwise. Franchisee agrees that it will not do or permit any act or thing to be done in derogation of any of the rights of Company in connection with the same, either during the term of this Agreement or thereafter, and that it will use the Trademarks only for the uses and in the manner licensed and/or franchised hereunder and as herein provided.

5.4 Prohibition Against Disputing Company's Rights

Franchisee shall not, during or after the term of this Agreement, in any way dispute or impugn the validity of the Trademarks licensed hereunder, or the rights of Company thereto, or the rights of Company or other franchisees of Company to use the same, both during the term of this Agreement and thereafter.

5.5 Assumed Name Registration

If Franchisee is required to do so by any statute or ordinance, Franchisee shall promptly upon the execution of this Agreement file with applicable government agencies or offices, a notice of its intent to conduct its business under the name "Econo Lube N' Tune & Brakes." Promptly upon the expiration or termination of this Agreement for any reason whatsoever Franchisee shall promptly execute and file such documents as may be necessary to revoke or terminate such assumed name registration, and if Franchisee shall fail to promptly execute and file such documents as may be necessary to effectively revoke and terminate such assumed name registration, Franchisee hereby irrevocably appoints Company as its Attorney-in-fact to do so for and on behalf of Franchisee.

5.6 Yellow Page Telephone Listing

Franchisee acknowledges that there will be substantial confusion in the mind of the public if, after the expiration or termination of this Agreement, Franchisee continues to use the telephone number listed in the yellow pages of the phone directory under the name "Econo Lube N' Tune & Brakes," or some other name confusingly similar thereto. Therefore, Franchisee agrees that the telephone number listed for the Franchised Business shall be in Company's name; however, all invoices payable for such telephone shall be billed to Franchisee.

5.7 Defense of Trademarks

If Franchisee receives notice, or is informed or learned, of any claim, suit or demand against Franchisee on account of any alleged infringement, unfair competition, or similar matter relating to its use of the Trademarks, Franchisee shall promptly notify Company of any such claim, suit or demand. Thereupon, Company shall take such action as it may deem necessary to protect and defend Franchisee against any such claim by any third party and shall indemnify Franchisee against any loss, costs or expenses incurred in connection therewith. Franchisee shall not settle or compromise any such claim by a third party without the prior written consent of Company. Company shall have the right to defend, compromise or settle any such claim, at its discretion, at Company's sole cost and expense, using attorneys of its own choosing, and Franchisee agrees to cooperate fully with Company in connection with the defense of any such claim. Franchisee hereby irrevocably grants authority and power of attorney to Company to defend or settle all such claims, demands or suits. Franchisee may participate at its own expense in such defense or settlement, but Company's decisions with regard thereto shall be final. Company shall have no obligation to defend or indemnify Franchisee pursuant to this section if the claim, suit or demand against Franchisee arises out of or relates to Franchisee's use of the Trademarks in violation of any of the terms of this Agreement, or to the extent that Franchisee's losses or costs could reasonably have been avoided had Franchisee complied with

the provisions of this Article V, other provisions of this Agreement or with Company's directives.

5.8 Prosecution of Infringers

If Franchisee shall receive notice or is informed or learns that any third party, which it believes to be unauthorized to use the Trademarks, is using the Trademarks or any variant thereof, Franchisee shall promptly notify Company of the facts relating to such alleged infringing use. Thereupon, Company shall, in its sole discretion, determine whether or not it wishes to take any action against such third person on account of such alleged infringement of Company's Trademarks. Franchisee shall have no right to make any demand against any such alleged infringer of Company's Trademarks or to prosecute or require Company to prosecute any claim of any kind or nature whatsoever against such alleged infringer of Company's Trademark for or on account of such infringement.

5.9 Modification of Trademarks

From time to time, in the Operations Manual or in directives or bulletins supplemental thereto, Company may add to, delete or modify any or all of the Trademarks. Franchisee shall accept, use, or cease using, as may be applicable, the Trademarks, including any such modified or additional trade names, trademarks, service marks, logotypes and commercial symbols, in accordance with the procedures, policies, rules and regulations contained in the Operations Manual, as though they were specifically set forth in this Agreement.

**VI.
INSTRUCTIONS AND OPERATING ASSISTANCE**

6.1 Instruction Course

(a) Unless Franchisee is signing this Franchise Agreement in connection with the transfer of an existing Franchise Agreement from an existing Econo Lube N' Tune & Brakes franchisee, Company shall furnish to Franchisee and up to two (2) additional employees of Franchisee, without charge to Franchisee, and Franchisee and such employee(s) shall attend and complete at the time(s) and date(s) scheduled by Company, an instruction course on the management and operation of the System and the Business, which may include such topics as marketing, bookkeeping, safety, inventory control and purchasing, and customer and employer-employee relations ("Instruction Course"). Said Instruction Course shall consist of approximately ten (10) business days of training and instruction, as Company in its reasonable judgment may determine, at one or more of the following: (i) Company's training center in the Phoenix area, Arizona, (ii) at a Company-owned or franchised store, (iii) at Franchisee's Location, or (iv) at such place or places as may be designated by Company. Company shall provide Franchisee a copy of the instruction materials prior to the date Franchisee is scheduled to commence training. Franchisee must review all instruction materials prior to attending training. Company will pay no compensation for any services performed by Franchisee or its employees in connection with and during such training, and Franchisee shall be responsible for all travel and

living expenses incurred by Franchisee and its employees arising in connection with attendance at the instruction course.

(b) If Franchisee is signing this Franchise Agreement in connection with the transfer of an existing Franchise Agreement from an existing Econo Lube N' Tune & Brakes franchisee, Company shall furnish to Franchisee and up to two (2) additional employees of Franchisee, and Franchisee and such employee(s) shall attend and complete at the time(s) and date(s) scheduled by Company, an instruction course on the management and operation of the System and the Business, which may include such topics as marketing, bookkeeping, safety, inventory control and purchasing, and customer and employer employee relations ("Instruction Course"). Said Instruction Course shall consist of five (5) business days of training and instruction, or ten (10) days of training and instruction, at Franchisee's option, at Company's training center in the Phoenix area, Arizona. At Franchisee's request, subject to the availability and scheduling requirements of our training personnel, Company will conduct the second, optional five (5) days of training at Franchisee's Location, however, Franchisee shall pay Company an additional training fee of \$1,500. Company shall provide Franchisee a copy of the instruction materials prior to the date Franchisee is scheduled to commence training. Franchisee must review all instruction materials prior to attending training. Company will pay no compensation for any services performed by Franchisee or its employees in connection with and during such training, and Franchisee shall be responsible for all travel and living expenses incurred by Franchisee and its employees arising in connection with attendance at the instruction course.

(c) If Franchisee is a Business Entity, Franchisee shall designate, subject to Company approval, one (1) trainee to complete said Instruction Course, which trainee shall be a major stockholder, member, general partner, officer or other designated representative selected by Franchisee and acceptable to, and approved by Company ("Designated Franchisee Representative"). Franchisee must at all times during the Term, be or employ at least one (1) general manager for the Business, and in the case of a Franchisee which is a Business Entity, must have one (1) Designated Franchisee Representative, who shall have completed Company's initial Instruction Course to Company's satisfaction. If Franchisee or such Designated Franchisee Representative does not satisfactorily complete said Instruction Course, Company shall have the right to rescind this Agreement pursuant to the provisions of Section 12.1.

6.2 Additional Training

Company shall have the right to require Franchisee and/or its personnel from time to time to attend supplementary instruction courses held on a national or regional basis at locations selected by Company to instruct Franchisee with regard to new procedures or programs which Company deems, in its reasonable judgment, to be of major importance to the operation of the Business by its franchisees. Such supplementary training may relate to, by way of illustration and not limitation, marketing, bookkeeping, accounting and general technical operating procedures and the establishment, development and improvement of computer systems. Company's training programs do not guarantee that Franchisee's operation will be successful or profitable, and no representations or warranties are made to that effect.

VII.
ADVERTISING BY COMPANY

7.1 Administration of Fund

(a) Sums contributed by franchisees to the Advertising Fund pursuant to the terms of their Franchise Agreement shall be segregated administratively on the books of Company as an advertising fund ("Advertising Fund"). Company will similarly contribute to the Advertising Fund for each Business location owned by Company, if any. Company shall deposit said Advertising Fund Contributions in Company's general operating account, commingled with Company's general operating revenues.

(b) If Company shall determine that all or any portion of the Advertising Fund should be used for advertising on a local level, Company shall have the right to expend all or a portion of said Advertising Fund for local advertising, as it shall deem appropriate. If Company shall determine that the total contributions to the Advertising Fund are insufficient to conduct the Advertising Fund effectively, Company may suspend collection of the Advertising Fund contributions; provided, however, that in the event of suspension of the collection of Advertising Fund contributions, as aforesaid, Company shall have the right, upon not less than fifteen (15) days prior written notice, at any time, in its sole discretion, to reinstate the fund and to require strict adherence to the provisions hereunder.

(c) If Company shall expend less than the total of all contributions to the Advertising Fund during any fiscal year, it shall have the right to accumulate such sums for use during subsequent years. If Company shall expend an amount greater than the amount which it is required to expend on account of Company-owned Businesses at any time, Company shall be entitled to receive a reimbursement or a credit against subsequent required contributions to the extent of such excess expenditures.

7.2 Use of Advertising Funds

Company agrees to disburse Advertising Fund revenues for national, regional, or local advertising (including local advertising to support underperforming stores), public relations or promotional campaigns or programs and expenditures designed to promote and enhance the image, identity or patronage of Econo Lube N' Tune & Brakes franchised, licensed and Company-owned businesses, as determined in Company's sole discretion. Such expenditures may include (i) conducting marketing studies, marketing campaigns and related franchisee promotions, purchasing computer software and hardware to facilitate customer and marketing analysis or advertising generally, and the production and purchase of advertising art, commercials, musical jingles, print advertisements, point of sale materials, media advertising, outdoor advertising art, and direct mail pamphlets and literature; and (ii) a payment to Company or its Affiliate equal to fifteen percent (15%) of all such Advertising Fund contributions. Company shall determine, in its total and subjective discretion, exercised in good faith, the cost, media, content, format, style, timing, allocation and all other matters relating to such advertising, public relations and promotional campaigns. Nothing herein shall be construed to require Company to allocate or expend Advertising Fund Contributions so as to benefit any particular

franchisee or group of franchisees on a pro rata or proportional basis or otherwise. Any additional advertising shall be at the sole cost and expense of Franchisee, subject to the provisions set forth herein in Article VIII hereof.

7.3 Advertising Records

Company shall, upon request, furnish to Franchisee within one hundred twenty (120) days after the end of each of Company's fiscal years, a report for the preceding year, prepared and certified correct by an officer of Company describing the amount available, or the deficit, in the Advertising Fund at the beginning of the preceding fiscal year, the aggregate contributions made to the Advertising Fund on account of franchised and Company-owned Businesses during the year, the amount actually expended during the year, and the amount remaining, if any, which shall be carried over for use during the following year(s).

7.4 Co-op Advertising

Company shall have the right to engage in cooperative local advertising from time to time with suppliers of merchandise and services to Company, Franchisee and/or other franchisees, upon such terms and conditions as Company may deem appropriate. Company agrees that it shall allocate any funds received from such suppliers on account of local cooperative advertising to participating franchisees in such manner as Company may deem equitable in its reasonable discretion. Without limiting the generality of the foregoing, Company may apply such sums to additional local advertising, pay cash rebates to participating franchisees, or credit such amounts to any outstanding obligations of participating franchisees to Company or any Company-Affiliate.

7.5 Affect of Default by Franchisee

If Franchisee defaults in making any payments to Company when and as due, Company shall have the right, in addition to all other remedies available to it, to cease providing any further advertising on behalf of Franchisee, and to exclude Franchisee's Business from any or all advertising, including advertising distributed in Franchisee's Territory.

**VIII.
ADVERTISING BY FRANCHISEE**

8.1 General

No advertising material may be used by Franchisee for local advertising unless it has been expressly approved by Company in writing prior to publication or use, and shall in any event comply with such provisions with respect to format, representations and media as are from time to time contained in the Operations Manual or otherwise designated by Company.

8.2 Telephone Directory Advertising

Franchisee shall at its expense obtain a "white pages" and "yellow pages" listing for the Location, in form prescribed by the Operations Manual, in telephone directories covering

the Territory or such other areas as Company may otherwise direct, under the name of the Business as promptly as possible after the execution of this Agreement. If Franchisee is engaged in businesses other than the Franchised Business, Franchisee shall maintain separate and distinct telephone numbers and "yellow pages" advertising therefor. Franchisee shall not, without Company's prior written consent, cause or allow itself to be listed in any other directories except with Company's prior written consent. Franchisee shall at all times adhere to all rates advertised by it and shall not advertise in any deceptive or misleading manner.

8.3 Display of Trademarks

Franchisee agrees to display or not to display at all times on the premises of Franchisee's "Econo Lube N' Tune & Brakes" Center such advertising, signs, and other materials in the manner and form as shall be specified from time to time in the Operations Manual. Without limiting the foregoing, Company shall have the right to require Franchisee to install and display, and Franchisee agrees that it shall install and display, such signs, brochures, advertisements and similar promotional materials as Company may direct relating to the offer and sale of franchises by Company or its authorized sales representatives.

Franchisee agrees that at all times and in all advertising, promotion, signs and other display materials, on its letterhead, business forms, and in all of its business dealings and to the general public, it will identify itself only as a franchisee of Company, independently owned and operated by Franchisee. Franchisee further agrees that it will not identify itself as being Company, or a subsidiary, division, partner, joint venturer, agent or employee of Company, and Company-Affiliate, or of any of Company's franchisees.

IX. OPERATION OF THE BUSINESS

9.1 Equipment and Other Supplies

Company shall, prior to Franchisee's commencing the operation of the franchised Business, and from time to time during the term hereof, provide Franchisee with a list of tools, fixtures, equipment, uniforms, office supplies, forms, computers, inventory and other materials required for the operation of the franchised Business (the "Materials"). Franchisee shall purchase or lease all such required Materials prior to commencing the operation of the Business, promptly shall purchase additional materials which Company may direct from time to time, and shall maintain such Materials in such quantities and of such quality as Company may designate from time to time. All such Materials used by Franchisee in connection with the operation of the Business shall be purchased or leased and procured by Franchisee from (a) Company, if Company at its option makes same available to Franchisee (b) suppliers or manufacturers designated or approved by Company or (c) suppliers selected by Franchisee and not disapproved in writing by Company. With respect to each such supplier designated or approved by Company, such supplier shall only be those who have demonstrated to the reasonable satisfaction of Company:

(a) its ability to supply a product meeting the specifications of Company, which may include specifications as to brand name, manufacturer, contents, quality, and compliance with governmental standards and regulations,

(b) its reliability with respect to the quality of its products or services, and

(c) its willingness and agreement to permit Company to make periodic inspections, reasonable in respect to frequency, time and manner, to insure continued conformity to specifications.

If Franchisee should desire to procure any Materials from a supplier other than Company, or a supplier designated by Company, Company shall, upon request of Franchisee, furnish to Franchisee specifications for or a facsimile of all such items if such are not contained in the Operations Manual. Franchisee shall deliver written notice to Company of its desire to do so, which notice shall identify the name and address of such supplier and the items desired to be purchased from such supplier. Should Company not deliver to Franchisee, within thirty (30) days after it has received such notice, a written statement of disapproval with respect to such supplier, it shall be deemed that such supplier is approved by Company as a supplier of the goods described in such notice until such time as Company may subsequently withdraw such approval. As a further condition of such approval, Company may require such supplier to agree in writing that (i) it shall faithfully comply with Company's specifications for applicable Materials sold by it, (ii) that it shall sell any Materials bearing the Trademarks only to franchisees of Company, and (iii) that it shall implement and comply with such manufacturing and distribution procedures and specifications as Company may prescribe from time to time.

Notwithstanding anything herein to the contrary, Franchisee may purchase customer invoice forms from any source Franchisee chooses, provided such forms shall not be disapproved by Company, in Company's discretion as exercised from time to time.

9.2 Commencement of Business and Commitment of Time

Franchisee agrees to commence the operation of the Business at the Location promptly following completion of construction of the Location. During the term of this Agreement, Franchisee (or the Designated Franchisee Representative, in the case of a Franchisee that is a Business Entity) shall, except as otherwise expressly agreed by Company in writing, devote his full time, attention and best efforts exclusively to the operation of the Business and shall use best efforts to develop and expand the Business at the Location. If Franchisee operates several franchised Businesses, Franchisee (or the Designated Franchisee Representative, in the case of a Franchisee that is a Business Entity) shall devote his full time and best efforts to all such locations collectively and shall employ a full time manager for each such Location who has completed the Company's initial Instruction Program and is otherwise satisfactory to Company. It is understood and agreed by the parties hereto that the Business shall be operated at a minimum of ten (10) hours per day, seven (7) days per week, except as Company may otherwise agree in its sole discretion on a case by case basis, and excluding such religious or national holidays as Company designates in its Operations Manual, as amended or revised from time to time, which are currently New Year's Day, July 4, Thanksgiving Day and Christmas Day. Franchisee shall at all times employ a staff of trained, competent and qualified personnel who meet Company's

standards of competency as set forth from time to time in Company's Operations Manual, or in other written directives of Company, and shall not employ any individual who does not meet said standards. Further, Company shall have the right to require Franchisee and/or its personnel to obtain such certifications, licenses, permits, and technical or operational training as Company from time to time deems necessary or appropriate for the conduct of the Franchised Business and Franchisee agrees promptly to obtain and to cause its personnel to obtain same at Franchisee's sole cost and expense.

9.3 Maintenance and Refurbishing

(a) Maintenance and Repair: At all times during the term hereof, Franchisee shall maintain the Franchised Location in accordance with the standards established by Company pursuant to the Operations Manual or as otherwise directed by Company, and shall keep the Franchised Location and its building and equipment, cleaned, maintained and repaired in strict accordance with the standards set forth in the Operations Manual. In addition, without limiting the generality of Section 9.11, Franchisee shall maintain the underground or above-ground waste oil storage tank(s) at the Location to ensure that it/they do not leak and that it/they meet(s) all requirements under Applicable Law.

(b) Refurbishing: At any time or times during the term of this Agreement upon not less than ninety (90) days prior written notice to Franchisee, but in no event more frequently than once during any twenty-four (24) month period, Franchisee shall refurbish the Franchised Location, in accordance with the then-current plans and specifications applicable to all new "Econo Lube N' Tune & Brakes" franchises. This refurbishing and renovation may include replacement of signs to conform to Company's then-current standards, and such changes in decor and equipment as Company has specified for new franchises at the time such refurbishing is required. Such refurbishing or remodeling may also include restriping or resurfacing of parking area, if necessary, interior or exterior painting, and other similar items, but, notwithstanding said then-current plans and specifications, shall not include major structural changes in the Franchised Location or modifications of the basic building design thereof. All such refurbishing and remodeling shall be at Franchisee's sole cost and expense and shall be in strict conformity with plans and specifications approved by Company in writing. Franchisee shall complete such refurbishing and remodeling to Company's satisfaction within one hundred and fifty (150) days from the date of said notice.

(c) Renovation: Franchisee shall, commencing six (6) months prior to the expiration of the term set forth in Section 2.1 above (the "Renovation Commencement Date") refurbish and remodel the Franchised Location in the same manner and under the same terms and conditions as is required with respect to the refurbishing and remodeling described in the immediately preceding paragraph, provided that renovation pursuant to this Section may include major structural changes in the Franchise location and building design so as to conform as closely as possible to Company's plans and specifications for new franchises then being offered; provided, further, that Franchisee shall not be required to comply with this Section 9.3(c) if, prior to the Renovation Commencement Date, Franchisee shall have notified Company in writing that it has elected not to renew the Franchise. If Franchisee shall not have completed such

refurbishing and remodeling prior to the expiration of the Initial Term of this Agreement, Franchisee's right to enter into a Renewal Agreement, shall be null, void and of no effect.

9.4 Operations Manual

Franchisee shall operate the Business in strict compliance with the standard procedures, policies, rules and regulations established by Company and incorporated in Company's Operations Manual as same may be amended and revised from time to time. Company shall have the right to modify the Operations Manual at any time and from time to time by the addition, deletion or other modification to the provisions thereof, provided that such modifications shall be made only to the extent necessary or desirable in the judgment of Company to protect Company's Trademarks, comply with any applicable statute or judicial or administrative decision, improve the quality of service furnished to customers of Company's franchisees or to improve the operational efficiency of the System. All such modifications shall be equally applicable to all similarly situated franchisees and no such modification shall alter Franchisee's fundamental status and rights under this Agreement. Modifications in the Operations Manual shall become effective seven (7) days after delivery of written notice thereof to Franchisee unless a longer period is specified in such written notice. The Operations Manual, as modified from time to time as hereinabove provided shall be an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules hereto, to the Operations Manual shall be deemed to mean the Operations Manual kept current by amendments from time to time. Upon the execution of this Agreement, Company shall furnish to Franchisee one (1) copy of the Operations Manual. Upon the termination of this Agreement for any reason whatsoever, Franchisee shall immediately return the Operations Manual to Company. At no time may Franchisee make, or cause to be made, any copies or reproductions of all or any portion of the Operations Manual without Company's express prior written consent.

9.5 Insurance

In order to standardize insurance coverage and afford Franchisee and Company protection against insurable risks, Company shall prescribe minimum standards and limits for certain types of insurance coverage to be purchased by Franchisee, which may include coverage relating to environmental protection laws and requirements, and Franchisee shall purchase such insurance promptly after execution hereof and in any event prior to commencing operations and keep same in full force and effect during the entire term of this Agreement, amending said insurance from time to time as necessary in order to remain in compliance with Company's standards and specifications. Said standards and limits shall be established in Company's Operations Manual, or by written notice, or by an amendment to the Operations Manual. If Franchisee fails or refuses to purchase insurance conforming to the standards and limits prescribed by Company, Company may obtain, through agents and insurance companies of its own choosing, such insurance as is necessary to meet such standards. Payments for such insurance shall be made by Franchisee. Nothing contained herein shall be construed or deemed to impose on Company any duty or obligation to obtain or maintain any specific forms, kinds or amounts of insurance for or on behalf of Franchisee, or as an undertaking or representation by Company that such insurance as may be obtained by Franchisee or by Company for Franchisee will insure Franchisee against any or all insurable risks of loss which may or can arise out of, or in connection with, the operation of Franchisee's Business. Franchisee may obtain, on

Franchisee's own behalf, and at Franchisee's own cost and expense, such insurance as Franchisee may from time to time desire, in addition to that obtained on Franchisee's behalf by Company, or as may be required herein. All insurance as may be obtained by Company for Franchisee may be amended, cancelled, terminated or modified at any time upon ten (10) days written notice to Franchisee. All insurance purchased by Franchisee shall name Company and such of its Company-Affiliates as it may designate as an additional assured, and shall provide that Company be given at least ten (10) days prior written notice of any termination, amendment, cancellation, or modification thereof. Franchisee shall promptly provide Company with certificates of insurance evidencing such coverage no later than ten (10) days after the purchase of the insurance required herein, and promptly upon request of Company from time to time.

9.6 Telephone Numbers

Franchisee shall, as set forth in Section 8.2, subscribe at its expense for one (1) or more telephone numbers which shall be listed in the white pages and yellow pages of the telephone directory servicing Franchisee's Territory. In all advertising placed by Franchisee in which such number or numbers appear, there shall not appear any other telephone numbers subscribed for by Franchisee personally or in the conduct of any other business. Upon expiration or sooner termination of this Agreement, Franchisee shall execute, upon Company's request, within seven (7) days of said termination, all documents necessary to transfer to Company the right to use and control the telephone number or numbers pertaining to the Business. In the event Franchisee does not do so, Company may execute in Franchisee's name and on Franchisee's behalf, any and all such documents pertaining to each such number, and Company is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

9.7 Books and Records

All bookkeeping and accounting records maintained by Franchisee, all financial statements prepared by or for Franchisee, and all reports submitted by Franchisee to Company shall conform to the current standards and requirements as described in the Operations Manual. Company shall have the right to require Franchisee to purchase or lease, maintain and upgrade computer facilities, hardware, software and other such equipment, for the purpose of performing bookkeeping, accounting or other functions related to the operation of the franchised Business. All such computer facilities, hardware, software and other equipment shall be compatible with Company's system as modified from time to time, shall be connected upon Company's request by modem to Company's facilities, and shall meet and be maintained and used in compliance with Company's specifications therefor as set forth in the Operations Manual, bulletins or supplements thereto, or in written directives issued by Company from time to time to Franchisee.

9.8 Records and Right of Inspection

(a) Company shall have the right from time to time, and without prior notice to Franchisee, to send representatives to the Franchised Location, to inspect Franchisee's operations, business methods, service, management, Financial Records, and administration, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Operations Manual and Franchisee shall cooperate fully with Company and its representatives and agents with respect to such inspections. Company shall

bear the cost of all such inspections; provided, however, that if any such inspection discloses that Franchisee has failed to comply with any material provision of this Agreement or the Operations Manual, the direct costs of such inspections shall be borne by Franchisee.

(b) Upon Company's request, Franchisee shall take all action and sign and deliver all necessary consents and authorizations to enable Company to examine and copy, and otherwise to have access to, all notices, consumer complaints and administrative actions and other information, filed by or with any Governmental Authority, in the case of California including the California Bureau of Automotive Repair consumer protection "Central Complaint Program."

(c) Franchisee covenants and agrees that he shall keep and maintain at the Location during the term hereof full, complete and true records of all revenues and all expenditures in the form and manner as specified or directed by Company in its Operations Manual or otherwise and shall permit Company or its representatives or agents to copy, examine and audit, physically or by electronic or other methods, Franchisee's books of accounts, bank statements, check stubs, customer invoices, documents, records, papers, and federal, state and local tax return records ("Financial Records") at any time or times. Upon Company's request, Franchisee shall deliver, or permit Company and its representatives and agents to temporarily remove, such Financial Records to the offices of Company or said representatives or agents for copying and review. All records for a particular calendar year shall be retained by Franchisee for at least seven (7) calendar years thereafter. If Company should cause an audit to be made and the Gross Revenues as shown by Franchisee's records for any period of at least one (1) week should be found to be understated by more than three percent (3%), Franchisee shall immediately pay to Company the cost of such audit as well as the additional amounts due but unpaid to Company as shown by such audit; otherwise, the cost of such audit shall be paid by Company. If such audit is conducted by Company's own employees, the "cost" of such audit shall include Company's then-current hourly rate for conducting such audit or investigation which shall be not less than seventy-five dollars (\$75.00) per hour. If Franchisee shall at any time cause an audit of Franchisee's business to be made by a public accountant, Franchisee shall furnish Company with a copy of said audit without cost or expense to Company. Franchisee hereby consents to the inclusion of financial information concerning the Business in any offering circular or other disclosure document required or permissible under Applicable Law or in bulletins or publications disseminated to other franchisees.

9.9 Tax Returns

Franchisee agrees to allow Company access to the state, federal and local income tax returns of Franchisee, both personal and business, and Franchisee hereby waives privilege pertaining thereto.

9.10 Financial Statements and Information

Within twenty-five (25) days after the expiration of each calendar month, Franchisee shall furnish Company with a profit and loss statement of the Business for such previous calendar month. Within sixty (60) days after the end of each calendar year, Franchisee shall furnish Company with a profit and loss statement and balance sheet of the Business for the

previous calendar year. All such financial statements shall be prepared in accordance with the format established by Company in the Operations Manual, in accordance with generally accepted accounting principles consistently applied from applicable period to period and shall be certified by Franchisee or in the case of a Franchisee which is a Business Entity, by Franchisee's Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, as accurately and fairly presenting the financial position of Franchisee. If Company requires Franchisee to install computer facilities pursuant to Section 9.7 above, Franchisee shall input such financial and other information as Company may from time to time require before such deadlines and in accordance with such procedures and specifications as Company may from time to time establish and direct.

9.11 Compliance with Laws

Franchisee shall (1) operate the Business in strict compliance with all Applicable Laws, including obtaining and maintaining all applicable licenses, permits, registrations, certificates and other operating authority required by law; all consumer protection laws and regulations; all Federal, state and local emission testing laws and regulations; and all air pollution, water pollution, noise control and/or the generation, storage, transportation, recycling, management, handling, discharge, treatment, disposal or recovery of solid wastes, used oil and hazardous wastes, substances or materials (as defined by applicable statutes), as such laws, regulations, ordinances, orders and requirements may be enacted, amended or supplemented from time to time; (2) comply with all applicable public and employee health and safety, wage and hour, and other laws and regulations of the federal, state or local governments (including any and all licensing requirements); (3) prepare and file all necessary tax returns, and pay promptly all taxes imposed upon Franchisee or upon Franchisee's Business or property; and (4) timely file all fictitious business name statements and similar submissions required by any law, rule or regulation of any federal, state, or local government in connection with Franchisee's use of Company's Trademarks. Without limiting the generality of the foregoing, immediately upon receipt of any notice, demand, inquiry or other communication from the Bureau of Automotive Repair, or other Governmental Authority responsible for licensing or regulating automobile repair facilities, asserting or relating to any investigation of any alleged violation of law or other improper conduct by Franchisee, Franchisee shall notify Company and provide Company with copies of all notices and other communications relating thereto; Company may in its sole discretion confer with or otherwise assist Franchisee and its counsel in responding thereto, but Company shall have no duty to defend or indemnify the Franchisee in connection with any such notice, demand, inquiry or other communication and it shall be Franchisee's sole obligation and responsibility to deal with such matters and to retain counsel as necessary or appropriate at its sole cost and expense.

9.12 Suggested Prices

Company shall endeavor to ascertain those prices which Company believes will maximize the profits of Franchisee, and Company shall advise Franchisee, from time to time, as to the various suggested prices in this regard. Company and Franchisee hereby agree that any such list or schedule of prices furnished to Franchisee by Company is by way of recommendation only, and is not to be construed as binding or mandatory upon Franchisee. Nothing contained

herein, however, shall be deemed a representation by Company that Franchisee's use of Company's suggested prices will in fact maximize profits.

9.13 Personnel

(a) During the term of this Agreement, Franchisee shall not, directly or indirectly, without the prior written consent of Company:

(i) employ or attempt to employ any person who at that time is employed by Company, including any store manager, assistant store manager, service personnel or mechanic ("Service Personnel");

(ii) employ or attempt to employ any Service Personnel who within six (6) months prior thereto had been employed by Company; or

(iii) induce or attempt to induce any Service Personnel to leave his or her employment with Company.

(b) The prohibitions set forth in Section 9.13(a) above shall also apply during the one (1) year period after the expiration or termination of this Agreement.

X.

ASSIGNMENT AND RIGHT OF FIRST REFUSAL

10.1 Assignment by Company

Company shall have the right to assign this Agreement, and all of its rights and privileges hereunder to any other person, or Business Entity; provided that, in respect to any assignment resulting in the subsequent performance by the assignee of the functions of Company, the assignee shall expressly assume and agree to perform such obligations.

10.2 Assignment by Franchisee

(a) This Agreement is a personal one, being entered into in reliance upon and in consideration of the singular personal skill, qualifications and representations of said trust and confidence reposed in Franchisee or, if Franchisee is a Business Entity, the principal partners, directors, officers, shareholders or members thereof who will actively and substantially participate in the ownership and operation of the Business. Therefore, neither the Business, any substantial portion of the assets of the Business, Franchisee's interest in this Agreement nor any of its rights or privileges thereunder, shall be assigned, transferred, shared or divided, voluntarily or involuntarily, by operation of law or otherwise, (including the division of any community property interest in connection with any divorce proceeding), in any manner (an "Assignment"), without the prior written consent of Company and subject to Company's right of first refusal as provided for in Section 10.4 of this Article. Should Company not elect to exercise its said right of first refusal, or should such right of first refusal be inapplicable, as hereinafter provided, Company's consent to such Assignment shall not be unreasonably withheld; provided, however, that it shall not be unreasonable for Company to impose, among other things, the following

conditions precedent to its consent to any such Assignment: (1) that the assignee (or the principal officers, shareholders, directors, members and general partners, as applicable, of an assignee which is a Business Entity) demonstrate that they have the skills, qualifications and economic resources necessary, in Company's judgment reasonably exercised, to conduct the Business contemplated by this Agreement, and if the assignee is an existing franchisee of Company it shall not have been in default under its existing franchise agreement during the twelve (12) month period preceding the date of delivery of notice to Company of the proposed transfer or the date of the Assignment; (2) that the assignee expressly assumes in writing for the benefit of Company all of the obligations of Franchisee under this Agreement; (3) that the assignee shall have completed, to Company's satisfaction, exercised in good faith, Company's Instruction Course, as described in Article VI of this Agreement; (4) that as of the date of any such Assignment, the assignor shall have fully complied with all of its obligations to Company, whether under this Agreement or any other agreement, arrangement or understanding with Company; (5) that Company requires the assignee to execute Company's franchise agreement then being offered to prospective franchisees of Company (except that the assignee shall not be obligated to pay the initial franchise fee and the initial term shall expire on the stated expiration date of this Agreement); (6) that Company requires the assignor to execute a general release, in form and substance satisfactory to Company, of any and all claims against Company; (7) that Company requires the proposed transferee (unless otherwise agreed to by Franchisee and the proposed transferee) to pay Company a \$3,000 transfer fee prior to the effective date of such proposed transfer, provided, however, that if the proposed transfer is not consummated, Franchisee must reimburse Company for its costs and expenses incurred in connection with the proposed transfer, and (8) that Company requires the proposed transferee to pay Company a \$5,000 training fee (plus an additional \$1,500 if the proposed transferee elects to have the second week of training conducted at Franchisee's Location), which shall be payable prior to the effective date of such proposed transfer, assignment or sale, but which shall be refunded if Company does not approve the transfer, assignment or sale; provided however, that it shall not be refundable once the proposed transferee attends any portion of the Company's training program. Upon the execution by the assignee of Company's then-current form of franchise agreement, this Agreement shall expire automatically. If this Agreement has been executed by Franchisee as an assignee of another franchisee who operated the Franchised Location prior to the execution hereof, Franchisee expressly assumes all obligations, if any, of such former franchisee to Company which were not fulfilled prior to the execution hereof.

(b) If Franchisee is a Business Entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the transfer of fifteen percent (15%) or more in the aggregate, whether in one or more transactions, of the capital stock, membership interests or voting power of Franchisee, by operation of law or otherwise; (ii) the issuance of any securities by Franchisee which itself or in combination with any other transaction(s) results in the shareholders, members or partners existing as of the Effective Date, as applicable, owning eighty-five percent (85%) or less of the outstanding shares, membership interests or voting power of Franchisee as constituted as of the Effective Date hereof; (iii) if Franchisee is a Partnership, the withdrawal, death or legal incapacity of a general partner or limited partner owning fifteen percent (15%) or more of the Partnership Rights of the Partnership, or the admission of any additional general partner or the transfer by any general partner of any of its Partnership Rights in the Partnership; (iv) the death or legal incapacity of any shareholder, member or partner owning fifteen percent (15%) or more of the capital stock, voting power, or Partnership Rights of

Franchisee; and (v) any merger, stock redemption, consolidation, reorganization or recapitalization involving Franchisee, or the amendment of the articles, bylaws or operating agreement of Franchisee so as to transfer control of Franchisee to a person or Business Entity other than Franchisee.

(c) Franchisee shall not in any event pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without the express prior written permission of Company, which permission may be withheld for any reason whatsoever in Company's discretion.

(d) Neither Franchisee, nor, if Franchisee is a Business Entity, any principal partner, director, officer, shareholder or member thereof, is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts available at www.treas.gov/offices/enforcement/ofac/). Neither Franchisee, nor, if Franchisee is a Business Entity, any principal partner, director, officer, shareholder or member thereof, has violated, and Franchisee shall not and shall not permit any principal partner, director, officer, shareholder or member of Franchisee, if Franchisee is a Business Entity, to violate, any law prohibiting corrupt business practices, money laundering or the aid or support of persons or Entities who conspire to commit acts of terror against any person, Entity or government, including acts prohibited by the U.S. Patriot Act (text available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13244 (text available at <http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html>), or any similar law. The foregoing constitute continuing representations and warranties, and Franchisee shall notify Company immediately in writing of the occurrence of any event or the development of any circumstance that might render the foregoing representation and warranty false, inaccurate or misleading.

10.3 Franchisee Information

Company shall have the right, but not the obligation, to furnish any prospective assignee with copies of all financial statements which have been furnished by Franchisee to Company in accordance with this Agreement during the three (3) year period prior to the date the approval of the proposed Assignment is sought. Company shall also have the right, but not the obligation to advise any prospective assignee of any uncured breaches or defaults by assignor under this Agreement, or any other agreement relating to the Business proposed to be assigned, transferred, or sold. Company's approval of such proposed transaction shall not, however, be deemed a representation or guarantee by Company that the terms and conditions of the proposed transaction are economically sound or that, if the transaction is consummated, the assignee will be capable of successfully conducting the Business and no inference to such effect shall be made from such approval.

10.4 Right of First Refusal

The right of Franchisee to assign, transfer or sell its interest in the Agreement, as provided in the preceding Section 10.2 shall, except for a transfer to Franchisee's heirs, personal representatives or conservators in the case of death or legal incapacity, be subject to Company's

right of first refusal with respect thereto. Company's said right of first refusal shall be exercised in the following manner:

(a) Franchisee shall serve upon Company a written notice setting forth all of the terms and conditions of the proposed Assignment and all available information concerning the proposed assignee.

(b) Within thirty (30) days after Company's receipt of such notice (or if Company shall request additional information, within thirty (30) days after receipt of such additional information), Company may either consent or withhold its consent to such Assignment, in accordance with Section 10.2 of this Article, or, at its option, accept the Assignment to itself or to its nominee upon the terms and conditions specified in the notice. Company may substitute an equivalent sum of cash for any consideration other than cash specified in said notice.

(c) If Company shall elect not to exercise its said right of first refusal and shall consent to such Assignment, Franchisee shall, subject to the provisions of Section 10.2 of this Article, be free to assign this Agreement to such proposed assignee on the terms and conditions specified in said notice. If, however, said terms shall be materially changed, such changed terms shall be deemed a new proposal and Company shall again have such right of first refusal with respect thereto.

(d) Notwithstanding anything herein to the contrary, in the event of Assignment occurring by reason of the death or legal incapacity of (i) Franchisee, if an individual, or (ii) a stockholder or member owning fifteen percent (15%) or more of the capital stock or voting power of Franchisee, if a corporation or limited liability company, or (iii) a general partner, or a limited partner owning fifteen percent (15%) or greater interest in any of the Partnership Rights of Franchisee, if a Partnership, the transfer of Franchisee's interest in this Agreement or the transfer of such stockholder's, member's or partner's stock, voting power, membership interest, or Partnership Interest to his heirs, personal representatives or conservators, as applicable, shall require Company's written consent (which shall not be unreasonably withheld), but shall not give rise to Company's right of first refusal hereunder, although such right shall apply as to any proposed transfer or Assignment by such heirs, personal representatives or conservators.

10.5 Business Entity Franchisee

Franchisee represents and warrants that the following information is accurate and complete in all material respects:

(a) If Franchisee is a Business Entity, Franchisee is a (check as applicable):

- corporation
- limited liability company
- general partnership
- limited partnership
- Other (specify): _____

(b) Franchisee shall notify Company in writing within ten (10) days of any change in the information set forth above.

(c) If Franchisee is a Business Entity, it shall provide to Company concurrently with the execution hereof true and accurate copies of its articles of Business Entity records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, etc.), and any amendments to the foregoing; if any of the foregoing documents are amended during the term of this Agreement, Franchisee shall provide copies of such amendments to Company within ten (10) days after the adoption of same.

(d) Franchisee promptly shall provide such additional information as Company may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

(e) The name and address of each shareholder, director, member, or general and limited partner of Franchisee is:

<u>NAME</u> <u>ADDRESS</u>	<u>NUMBER OF SHARES OR PERCENTAGE INTEREST</u> (if applicable)
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(f) There is set forth below the names, and addresses and titles of Franchisee's principal officers or partners who will be devoting their full time to the Business:

<u>NAME</u>	<u>ADDRESS</u>
_____	_____
_____	_____

(g) The address where Franchisee's Financial Records, and Business Entity records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

XI. NON-COMPETITION

11.1 General

(a) Neither Franchisee nor any officer, director, shareholder, member or general partner of a Franchisee which is a Business Entity, shall either directly or indirectly, own, operate, advise, be employed by, or have any interest in any business the same or similar to the Business during the term of this Agreement.

(b) During the one (1) year period after the termination hereof, neither Franchisee nor any officer, director, shareholder, member or general partner of a Franchisee which is a Business Entity, shall, either directly or indirectly, own, operate, advise, be employed by, or have any interest in any business the same or similar to the Business within an area of twenty (20) miles from the boundaries of the Territory without Company's prior written consent. In applying for such consent, Franchisee will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with Company or its other franchisees.

(c) The parties have attempted in Section 11.1(a) and 11.1(b) above to limit Franchisee's right to compete only to the extent necessary to protect Company and its other franchisees from unfair competition. The parties hereby expressly agree that if the scope or enforceability of Section 11.1(a) or 11.1(b) is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provisions enforceable under applicable law. In addition, Company reserves the right to reduce the scope of either, or both, of said provisions without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee.

XII. RESCISSION, DEFAULT AND TERMINATION

12.1 Rescission Prior to Opening

Company shall have the right to rescind this Agreement forthwith upon written notice under the following circumstances:

(a) If, within One Hundred and Fifty (150) days after the execution of this Agreement and in any event before the Franchised Business shall be opened for business to the public, Franchisee or, if Franchisee is a Business Entity, one (1) manager designated by Franchisee and approved by Company, shall have not satisfactorily completed Franchisee's initial training program as required pursuant to Section 6.1. Franchisee acknowledges that because of Company's superior skill and knowledge with respect to the training and skill required to manage the Franchised Business, its judgment as to whether or not Franchisee or its manager has satisfactorily completed such training shall be final and binding.

(b) If, within sixty (60) days after the execution of this Agreement, Franchisee has not submitted to Company a location, reasonably satisfactory to Company for the Franchised Business, or if Company shall within said period have submitted to Franchisee two (2) or more locations within the Exclusive Territory satisfactory to Company which have been rejected by Franchisee.

If Company elects to rescind this Agreement because of the occurrence of one (1) or more of the events described in this Section 12.1, Company shall, by written notice, notify Franchisee of its said election and shall accompany said notice with its check in the full amount of Initial Fee previously paid by Franchisee to Company pursuant to the provisions of this Agreement. If, at the time of rescission Franchisee has entered into a binding lease for the Franchised Business or has entered into binding purchase orders for the purchase of equipment or fixtures to be installed in the Franchised Business, Company shall have the right but not the obligation to require Franchisee to use its best efforts to assign its rights under said lease and purchase orders to Company, in which event Company will assume all Franchisee's obligations under said lease and purchase orders accruing subsequent to the date that such Assignments are effected. If Company exercises its right to rescind pursuant to this section, this Agreement shall thereupon be null, void and of no effect, and neither party hereto shall have any further right or obligation, to the other, except only Franchisee's obligations pursuant to Article XIV hereof which shall survive such rescission.

12.2 Termination with Notice

Company shall have the right to terminate this Agreement only for "good cause". "Good Cause" is hereby defined as a material breach of this Agreement. Company shall exercise its right to terminate this Agreement upon notice to Franchisee upon the following circumstances and in the following manner:

(a) Except with respect to Franchisee's failure to pay any of the sums due Company hereunder, or except as herein expressly provided, Company may terminate this Agreement only upon fifteen (15) days prior written notice to Franchisee, setting forth the material breach complained of. If Franchisee shall cure said breach, prior to the end of such period, Company's said right to terminate this Agreement shall cease; provided, however, that if, because of the nature of said breach, Franchisee shall be unable to cure the same within said fifteen (15) day period, Franchisee shall be given such additional time as shall be reasonably necessary within which to cure said breach, upon condition that Franchisee shall, upon receipt of such notice from Company, immediately commence to cure such breach and continue to use its best efforts to do so.

(b) With respect to any default by Franchisee of its obligation to pay any sums due Company under this Agreement or any related or ancillary agreement, Company may terminate this Agreement upon not less than five (5) days prior written notice of such default. If Franchisee shall cure said default prior to the end of such period, Company's said right to terminate shall cease.

(c) The description of any default in any notice served by Company hereunder upon Franchisee shall in no way preclude Company from specifying additional or supplemental

defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination thereof.

12.3 Termination Without Notice

Company shall have the right to terminate this Agreement without prior notice to Franchisee upon the occurrence of any or all of the following events, each of which shall be deemed an incurable breach of this Agreement:

(a) In the event Franchisee shall abandon the Business. For purposes of this Agreement, "abandon" shall refer to Franchisee's failure, at any time during the term of this Agreement, to keep the Business open and operating for business for a period of seven (7) consecutive days, except as provided in the Operations Manual, failure to actively and continuously maintain and answer Franchisee's telephone, failure to continuously maintain required telephone directory listings, or failure to answer any and all telephones used in connection with the business franchised hereby exclusively with the "ECONO LUBE N' TUNE & BRAKES" name, or such other name as Company may from time to time authorize or direct in writing.

(b) In the event any services of any kind are rendered in connection with the Business by, on behalf of, or with the approval or acquiescence of Franchisee by any individual not duly licensed or otherwise authorized by the state in which same shall have occurred.

(c) If Franchisee shall be adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws), shall admit to its inability to meet its financial obligations when due, or shall make a disposition of all or a substantial part of its assets to or for the benefit of his creditor(s), or if the franchised Business or premises are seized, taken over or foreclosed by a government official in the exercise of his duties, or by a creditor, lienholder or lessor where a judgment against him in the amount of more than One Thousand Dollars (\$1,000) remains unsatisfied (unless an appeal or supersedeas bond is secured) for a period of more than thirty (30) days, or if Franchisee shall allow or permit the franchise or any item of personal property (including any bank account) or real property used in connection with the Business to become attached or levied upon in any manner whatsoever, without obtaining the release of such attachment or levy within five (5) days, or permits any mechanics lien to attach to the business premises or equipment, or Franchisee or any principal officers, shareholders, directors, members and general partners, as applicable, of a Franchisee which is a Business Entity) is convicted of any felony, or any crime involving moral turpitude or otherwise relevant to the operation of the franchise.

(d) If Franchisee shall purport to make any Assignment without the prior written consent of Company; provided, however, that upon written request and on condition that the Business continues to be operated in conformity with this Agreement, (i) upon the death or legal incapacity of a Franchisee who is an individual, Company shall allow up to six (6) months after such death or legal incapacity for the heirs, personal representatives, or conservators (the "Heirs") of Franchisee either (x) to enter into a new Franchise Agreement pursuant to Company's then-current form (except that no initial franchise fee or transfer fee shall be charged), if Company is satisfied that the Heirs meet Company's standards and qualifications, or (y) if not so

satisfied, to allow the Heirs to sell the Business to a person approved by Company, or (ii) upon the death or legal incapacity of a member or stockholder owning fifteen percent (15%) or more of the capital stock, membership interests, or voting power of a Franchisee which is a corporation or limited liability company, or a general or limited partner owning fifteen percent (15%) or more of any of the Partnership Rights of a Franchisee which is a Partnership, Company shall allow a period of up to six (6) months after such death or legal incapacity for the Heirs to seek and obtain Company's consent to the transfer or Assignment of such stock, membership interests or Partnership Rights to the Heirs or to another person acceptable by Company. If, within said six (6) month period, said Heirs fail either to enter into a new franchise agreement or to sell the Business to a person approved by Company pursuant to Section 10.2 above, or fail either to receive Company's consent to the transfer or Assignment of such stock, membership interest or Partnership Rights to the Heirs or to another person acceptable by Company, this Agreement shall thereupon automatically terminate.

(e) If an audit or investigation conducted by Company pursuant to Section 9.8(c) discloses that Franchisee has knowingly understated its Gross Revenues or withheld the reporting of same as herein provided. The term "knowingly" for purposes hereof shall include the actual knowledge of each of Franchisee's directors, executive officers, store managers and employees, knowledge that each such person would have acquired upon diligent inquiry, and knowledge that is imputed to each such person and/or the Franchisee by operation of Applicable Law.

(f) If Franchisee shall default in any material obligation as to which Franchisee has previously received a notice of default from Company within the preceding twelve (12) months, such repeated course of conduct, whether or not said repeated default is cured, shall itself be grounds for termination of this Agreement without further notice or opportunity to cure.

(g) If in Company's reasonable judgment, Franchisee's continued operation of the franchise will result in an imminent danger to public health or safety.

(h) If Franchisee makes or has made any material misrepresentations relating to its acquisition of the franchise or engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise Business or the System.

(i) If Franchisee fails, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state, or local law or regulation applicable to the operation of the franchised Business.

12.4 Notice Required By Law

Notwithstanding anything to the contrary contained in this Article, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit Company's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Company shall not, however, be precluded from contesting the

validity, enforceability or application or such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

12.5 Cross Default

At Company's election: (a) any default by Franchisee of any other agreement between Franchisee and Company (or its Affiliate), or by any Franchisee-Affiliate of any agreement between such Franchisee-Affiliate and Company (or its Affiliate), shall be deemed a default under this Agreement, and (b) any default by Franchisee of this Agreement shall be deemed a default under any and all other agreements between Franchisee and Company (or its Affiliate), and between each Franchisee-Affiliate and Company (or its Affiliate). If the nature of such default under any such other agreement referred to above would have permitted Company to terminate this Agreement had said default been a default by Franchisee hereunder, Company shall have the right, in addition to all other available rights and remedies, to terminate this and all such other agreements between Company (or its Affiliate) and Franchisee (or its Affiliate), in the same manner as provided herein for termination of this Agreement.

XIII. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION

13.1 Company's Rights

Upon expiration or termination of this Agreement, whether by reason of default, lapse of time, or other cause, Franchisee shall forthwith discontinue the use of Company's Trademarks and shall not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that it is operating a business as a franchisee of Company, and Franchisee shall not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Company's trade secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including (a) all manuals, bulletins, instruction sheets, and supplements thereto, (b) all forms, advertising matter, marks, devices, insignia, slogans and designs used from time to time in connection with the Business, (c) all equipment lists, specifications or standards, and (d) all trademarks or trade names now or hereafter applied for or granted in connection therewith.

13.2 Termination Without Prejudice

The expiration or termination of this Agreement shall be without prejudice to the rights of Company against Franchisee and such expiration or termination shall not relieve Franchisee of any of its obligations to Company existing at the time of expiration or termination or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement. Without limiting the generality of the foregoing, Franchisee shall, following the expiration or termination hereof, immediately pay all sums owed to Company. It is expressly understood and agreed that the promises and agreements of Franchisee contained in this Agreement, are also for the benefit of Company's Affiliates and designees, and any of them may, in their own names, exercise all rights and remedies necessary or desirable to

protect or enforce their respective interests, including obtaining injunctive relief to enforce the obligations of Franchisee set forth in this Agreement.

XIV. ARBITRATION

14.1 General

Except as provided in Section 14.3, and except as precluded by applicable law, any controversy or claim between Company and Franchisee arising out of or relating to this Agreement or any alleged breach hereof, including any issues pertaining to the arbitrability of such controversy or claim and any claim that this Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration. Said arbitration shall be conducted by Judicial Arbitration & Mediation Services, Inc. ("JAMS") in accordance with JAM's Rules of Practice and Procedure ("JAMS Rules"). Judgment upon any award rendered may be entered in any court having jurisdiction thereof. Unless a different location is required by applicable law, such arbitration shall be conducted at the JAMS office in Orange County, California. All arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of Franchisee and Company, and not in any representative capacity, and shall not be consolidated with claims asserted by or against any other franchisee. The substantive law applied in such arbitration shall be as provided in Section 15.8 below. The arbitration and the parties' agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. Notwithstanding the foregoing, (i) if it is determined by any court of competent jurisdiction, by the JAMS arbitrator, or by the agreement of the Company and Franchisee that arbitration shall be held at a location outside of Orange County, California and (ii) JAMS notifies the parties that it is unable to provide an arbitrator in the location where the arbitration is to be held, then the matter shall be arbitrated pursuant to the Commercial Arbitration Rules ("AAA Rules") of the American Arbitration Association ("AAA") through the AAA office closest to the location where the arbitration shall be held.

14.2 Arbitration Rules.

Notwithstanding anything herein, the AAA Rules, or JAMS Rules, as applicable, as applied between the Company and Franchisee shall be modified by this Agreement of the Company and Franchisee as follows:

(a) Within seven (7) calendar days after its receipt of any demand for arbitration, JAMS or AAA, as applicable, will deliver to the parties a list of prospective arbitrators numbering one more than the number of parties to the dispute. Within seven (7) calendar days after said list is delivered to the parties, each party may then strike one name and shall immediately so inform JAMS or AAA, as applicable, in writing. The remaining person on the list will serve as the designated arbitrator. If more than one name remains, then JAMS or AAA, as applicable, will designate an arbitrator from the remaining names on the list. If, for any reason, the designated arbitrator should fail or be unable to perform his or her duties of office, then JAMS or AAA, as applicable, shall declare the office vacant and immediately fill it. Said

vacancy shall first be filled by JAMS or AAA, as applicable, designating one of the names, if any, remaining on the original list. If there are no names remaining, then said vacancy shall be filled in accordance with the terms and time limits set forth above in this sub-paragraph for the original designation of an arbitrator.

(b) If any party requests a prehearing conference, said request shall be made no later than seven (7) calendar days after the designation by JAMS or AAA, as applicable, of the chosen arbitrator. Any prehearing conference ordered by the arbitrator shall be scheduled so as not to delay the final outcome and may be ordered in the arbitrator's discretion to be held by telephone.

(c) No settlement or mediation conference or conferences may be ordered unless all parties request same.

(d) All discovery shall be at the sole discretion of the arbitrator, for good cause shown, and conducted in a fashion which will not delay the final outcome. There shall be no discovery as a matter of right, except that the arbitrator shall order a mutual exchange of what it determines to be relevant documents at the request of any party.

(e) Concise prehearing briefs are encouraged. Unless otherwise ordered by the arbitrator, all parties are requested to submit said briefs at least five (5) business days prior to the arbitration hearing.

(f) Within seven (7) calendar days of appointment, the arbitrator shall obtain available hearing dates from all parties and will set a hearing date. The arbitrator shall endeavor to accommodate the schedules of all parties, but in no case will the hearing date be set more than forty-five (45) calendar days after the original filing date of the demand for arbitration unless all parties consent, or unless a later scheduling is required by good cause and the rights of any party would be substantially prejudiced by refusal to set a later date. In the event a hearing is set more than forty-five (45) calendar days after the original filing date of the demand for arbitration without the consent of all parties, but instead because such a setting is required by good cause and by the necessity to avoid substantial prejudice to a party, then the arbitrator shall nonetheless schedule the hearing for the earliest date which would not substantially prejudice the right of any party. At least fifteen (15) calendar days' notice of the hearing date shall be given to all parties by the arbitrator. The arbitrator shall endeavor to conduct hearings on consecutive days (weekends and holidays excepted) to conclusion without adjournments. Adjournments shall be ordered only upon the consent of all parties or for good cause shown in order to avoid substantial prejudice to any party.

(g) The fees and expenses of the arbitration will be borne equally by all parties. As soon as practicable after selection of the arbitrator, the arbitrator or his/her designated representative shall determine a reasonable estimate of anticipated fees and expenses of the arbitrator and the arbitration, and render a statement to each party setting forth that party's pro-rata share of said fees and expenses. Thereafter each party shall, within five (5) days of receipt of said statement, deposit said sum with the arbitrator. Failure of any party to make such a deposit shall result in a forfeiture by the non-depositing party of the right to prosecute or defend

the claim which is the subject of the arbitration, but shall not otherwise serve to abate, stay or suspend the arbitration proceedings.

(h) In addition to all other relief, the prevailing party in any dispute which proceeds to arbitration hereunder shall also be entitled to an award of its reasonable attorney's fees, fees for witnesses and service of process, experts' fees and expenses ordered by the arbitrator incurred in (i) pre-filing negotiation with the losing party, (ii) the arbitration itself, (iii) proceedings in court to confirm or set aside any award, and (iv) efforts to obtain collection of any award or judgment rendered thereupon. Post-award and post-judgment expenses recoverable under this subsection shall not be merged into any award or judgment.

(i) In addition to all other forms of service provided for under the JAMS Rules or AAA Rules, as applicable, any party or counsel for a party which has a facsimile machine which is used as a part of his or its normal business shall be deemed to have consented to service by facsimile transmission.

(j) The arbitrator shall make his or her award no later than seven (7) calendar days after the close of evidence or the submission of final briefs, whichever occurs later.

14.3 Exceptions to Arbitration.

The arbitration provision in Section 14.1 shall not apply to any action for unlawful detainer or breach of the lease/sublease executed between the parties. It shall not apply to any action for injunctive or other provisional relief including enforcement of liens, security agreements, or attachment, as Company deems to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to the Company and/or to protect the Trademarks of the Company. The following shall also not be subject to arbitration: any claim or dispute involving or contesting the validity of any of the Trademarks, any dispute alleging a violation of federal or state securities law, and class action claims. The decision of whether any issue, claim, controversy or dispute is arbitrable shall be made by the arbitrator, who shall have jurisdiction to make such determination.

14.4 Limitations on Remedies.

Both Company and Franchisee hereby waive the right, if any, to obtain any award for exemplary or punitive damages from the other in any arbitration, or judicial proceeding, or other adjudication, arising out of or with respect to this Agreement, or any breach thereof, including any claim that said Agreement, or any part thereof, is invalid, illegal or otherwise voidable or void.

XV.

GENERAL CONDITIONS AND PROVISIONS

15.1 Relationship of Franchisee to Company

It is expressly agreed that the parties intend by this Agreement to establish between Company and Franchisee the relationship of franchisor and franchisee. It is further

agreed that Franchisee has no authority to create or assume in Company's name or on behalf of Company, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Company for any purpose whatsoever. Neither Company nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Company. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Company or subject to Company control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

15.2 Indemnity by Franchisee

Franchisee shall protect, defend and indemnify Company, its Company-Affiliates and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees (using attorneys of their choice) and expert witness fees, court costs, losses, liabilities, fines, damages, penalties, judgments, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or Business Entity or to any property arising out of or in connection with Franchisee's Business conducted pursuant hereto.

15.3 Company's Right To Cure Defaults

In addition to all other remedies herein granted, if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Company may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure such default for the account and on behalf of Franchisee, and the cost to Company thereof shall be due and payable on demand and shall be deemed to be additional compensation due to Company hereunder and shall be added to the amount of compensation next accruing hereunder, at the election of Company. Nothing in this Agreement shall be construed as conferring on Company the responsibility or authority to engage in day-to-day management activities of Franchisee's Business.

15.4 Waiver and Delay

No waiver by Company of any breach or series of breaches or defaults in performance by Franchisee, and no failure, refusal or neglect of Company to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Operations Manual, shall constitute a waiver of the provisions of this Agreement or the Operations Manual with respect to any subsequent breach thereof or a waiver by Company of its right at any time thereafter to require exact and strict compliance with the provisions thereof. Franchisee acknowledges that it is not an intended third party beneficiary of any franchise agreement or other agreement between Company and any other person, including any other franchisee. Company shall have the right to determine in its sole discretion on a case by case basis what action, if any, it shall take in the event of a breach by any such other person, and the circumstances, if any, under which Company may waive compliance with any provision thereof, in whole or in part, and that in no event shall

Company's waiver with respect to any such other agreement waive its right at any time to require exact and strict compliance by Franchisee with the terms hereof.

15.5 Survival of Covenants

The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement, shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

15.6 Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Company and shall be binding upon and inure to the benefit of Franchisee and his or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment contained herein.

15.7 Joint and Several Liability

If Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Company are joint and several.

15.8 Governing Law

This Agreement and the legal relations among the parties hereto shall be governed by and construed in accordance with the laws of the state of California, without giving effect to any conflict of laws, excepting however the provisions of Section XI respecting Non-Competition Covenants. Section XI shall be construed and enforced in accordance with the laws of the State where the breach of said Section occurs.

15.9 Entire Agreement

This Agreement contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other prior or contemporaneous oral or written agreements or understandings shall be deemed to exist or to bind any of the parties hereto, all of which are superseded hereby, and no arbitrator may admit any extrinsic evidence to vary the terms hereof. No officer or employee or agent of Company has any authority to make any representation or promise not contained in this Agreement, or in any Offering Circular for prospective franchisees required by applicable law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

15.10 Titles For Convenience.

Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

15.11 Gender and Construction

All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article, paragraph or section hereof may require. As used in this Agreement, the words "include" or "including" are used in a non-exclusive sense. Unless and to the extent otherwise expressly provided herein to the contrary, any consent, approval or authorization of Company which Franchisee may be required to obtain hereunder may be given or withheld by Company in its sole discretion, and on any occasion where Company is required or permitted hereunder to make any judgment or determination, including any decision as to whether any condition or circumstance meets Company's standards or satisfaction, Company may do so in its sole subjective judgment.

15.12 Severability

Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Operations Manual and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provision of this Agreement or the Operations Manual thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, paragraph, sentence or clause of this Agreement or the Operations Manual shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of the Agreement shall continue in full force and effect, unless said provision pertains to the payment of fees pursuant to Article IV hereof, in which case this Agreement shall terminate. If any tribunal or court of appropriate jurisdiction deems any provisions hereof, other than for the payment of money, unenforceable, such provision shall be modified only to the extent necessary to render it enforceable and this Agreement shall be valid and enforceable and the parties hereto agree to be found by and perform same as thus modified.

15.13 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

15.14 Fees and Expenses

If Company elects, in its sole discretion, to employ an attorney, or any other person or firm, to render any advice or services or to serve notice and/or demand upon Franchisee on account of any overdue payment of any kind, or any failure or delinquency by Franchisee to perform any of the covenants, provisions or conditions set forth in this Franchise Agreement, or any other agreement between the parties, including the preparation of default notices, Franchisee shall pay immediately upon demand all such fees, costs and expenses incurred by Company in addition to any late fees or interest associated therewith. In addition, and without limiting the generality of the foregoing, should any party hereto commence any action or proceeding for the purpose of enforcing, or preventing the breach of, any provision

hereof, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision hereof, or for a declaration of such party's rights or obligations hereunder, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including reasonable attorneys' fees for the services rendered to such prevailing party.

15.15 Notices

Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered upon the earlier of (i) at the time delivered by hand, (ii) one (1) business day after transmission by telegraph, facsimile, or other electronic system, or (iii) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

(a) If to Company: Econo Lube N' Tune, Inc.
4911 Birch Street
Newport Beach, California 92660
Facsimile No. (949) 851-6836

(b) If to Franchisee, to the "Location" of the Business or, at Company's option, to Franchisee's residence or other office at:

Facsimile No. () _____ = _____

**XVI.
SUBMISSION OF AGREEMENT**

16.1 General

The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Company and Franchisee. THIS AGREEMENT SHALL NOT BE BINDING ON COMPANY UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY THE PRESIDENT, SECRETARY OR CHIEF FINANCIAL OFFICER OF COMPANY. THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL AND UNLESS FRANCHISEE SHALL HAVE BEEN FURNISHED BY COMPANY WITH ALL DISCLOSURE DOCUMENTS, IN WRITTEN FORM, AS MAY BE

REQUIRED UNDER OR PURSUANT TO APPLICABLE LAW, FOR REQUISITE TIME PERIODS.

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**XVII.
ACKNOWLEDGEMENT**

17.1 General

Franchisee acknowledges that it has carefully read this Agreement and all other related documents to be executed by it concurrently or in conjunction with the execution hereof, that it understands the nature of this Agreement, and that it intends to comply herewith and be bound thereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

FRANCHISEE: _____

By: _____

Its: _____

ACCEPTED on this _____ day of _____, 20__.

ECONO LUBE 'N TUNE, INC.

By: _____

Its: _____

EXHIBIT A

TERRITORY

ADDENDUM TO
ECONO LUBE N' TUNE, INC.
FRANCHISE AGREEMENT
(State of California)

THIS ADDENDUM is entered into as of _____, 20____ between Econo Lube N' Tune, Inc., a California corporation ("Company") and _____ ("Franchisee"), with reference to the following:

1. Company and Franchisee have entered into an Econo Lube N' Tune Franchise Agreement dated as of _____, _____, (the "Franchise Agreement").
2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary in Section 4.1 of the Franchise Agreement, the Initial Fee shall be paid by Franchisee to Company on the day the Center opens to the public.
2. Notwithstanding anything to the contrary in Section 4.5 of the Franchise Agreement, the Pre-Paid Advertising Fee shall be paid by Franchisee to Company on the day the Center opens to the public.
3. Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

Econo Lube N' Tune, Inc.
a California corporation

By: _____

Its: _____

Franchisee

By: _____

Its: _____