

**MEINEKE CAR CENTERS**

6/30/2002

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**Fax:** (704) 372-4826**E-mail:** paul.baratta@meineke.com**Franchised Units:** 844**Company-owned Units:** 25**Total Units:** 869**Item 19****EARNINGS CLAIMS****For Franchised Meineke shops located to the United States only**

<b>MEINEKE FRANCHISED SHOP AVERAGE GROSS REVENUES FOR FISCAL YEAR END JUNE 30, 2002</b>	
<b>Shops Open More Than 2 Years</b>	<b>Shops Open More Than 1 Year But Less than 2 Years</b>
<b>\$449,972.60</b>	<b>\$410,347.50</b>

THIS CHART REFLECTS THE MEAN AVERAGE GROSS REVENUES FOR FISCAL YEAR END JUNE 30, 2002 OF CERTAIN MEINEKE FRANCHISEES IN THE UNITED STATES, AND SHOULD NOT BE CONSIDERED AS THE ACTUAL OR PROBABLE RESULTS THAT WILL BE REALIZED BY YOU OR ANY OTHER FRANCHISEE. WE DO NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO ATTAIN THESE RESULTS. A NEW FRANCHISEE'S RESULTS ARE LIKELY TO DIFFER FROM THESE RESULTS.

The first column in the Meineke Shop Average Gross Revenues For Fiscal Year 2002 statement ("Average Revenues Statement") reflects the mean average gross revenues for Fiscal Year 2002 reported by all 744 franchised Meineke Shops located in the United States that had been open and operating for more than 2 years as of June 30, 2002. The second column reflects the mean average gross revenues for Fiscal Year 2002 reported by all 26 franchised Meineke Shops located in the United States that had been open and operating for more than 1 year but less than 2 years as of June 30, 2002. The Average Revenues Statement does not include any Meineke Shops we own. The Average Revenues Statement is based on weekly sales reports submitted by Meineke franchisees for the purpose of computing royalty fees. These reports have not been audited by certified public accountants nor have we sought to independently verify their accuracy for purposes of the Average Revenues Statement.

As of June 30, 2002, there were 1,019 Meineke franchises located in the United States. Of those, 826 shops were already opened, 33 had locations and were awaiting openings, 51 had approved locations that had not yet been secured, and 106 had not yet secured locations. There

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are 25 company franchise outlets, which are not included in this statement.

Of the 801 open shops, 31 have been open less than one year, 26 have been open more than one year but less than two years, and 744 have been open more than two years.

The following chart breaks down into ranges of gross revenues the information on which the average revenue statement is based.

Annual Gross Revenues	Shops Open More Than 2 Years		Shops Open 1 to 2 Years	
	Number	Percentage	Number	Percentage
\$0 - \$200,000	47	6%	5	19%
\$200,001 - \$400,000	302	40%	9	35%
\$400,001 - \$600,000	241	32%	8	31%
\$600,001 - \$800,000	115	15%	1	4%
\$800,001 - \$1,000,000	26	4%	3	11%
> \$1,000,000	13	3%	0	0%

Exhibit R-1, Part 1 to this document is a list of the franchises together with their geographic locations from which Meineke compiled these figures. All of these franchises are substantially similar to the franchises Meineke offers in that (1) all shops offer essentially the same services and products as described in Item 1 of this Offering Circular, and (2) all franchises are located in buildings that contain between two and twelve automobile services lifts. Meineke makes available the same support to all franchisees.

Attached, as Exhibit Q is a breakdown of the shop sales by geographic region, as well as certain typical expenses and other pertinent information relating to Meineke Shops. The listing of expenses is not all-inclusive and Meineke franchisees will incur additional expenses in the operation of their Meineke Shops.

We obtained the expense and sales information listed in Exhibit Q from profit and loss statements for the year 1999 submitted to us by our franchisees in the ordinary course of business. Most of the reports have not been audited by certified public accountants nor have we sought to independently verify their accuracy. Not all franchisees supplied us with their profit and loss statements. In fact, less than 50% of Meineke's franchisees provided this information to us.

Note that sales and expenses vary for Meineke Shops depending on many factors, including local and regional variations in real estate values or rental rates, construction costs and building specifications (including the number of bays), financing terms which the franchisee was able to obtain, local and regional variations in utility and telephone rates (including the number of telephone lines in the shop), insurance rates, local and state taxes and wage rates, degree of skilled labor employed and the availability of such labor, cost of parts and supplies used, services offered and the efficiency and managerial skills of the franchisee, local economic factors, the density of vehicle ownership, the number of other automotive after-market outlets in a particular market area and the proximity of such competition to the Meineke shop, length of time the shop

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has been in operation and the length of time operating at its current location, type of area (including number of traffic lanes and the type of traffic flow) in which the shop is located, and whether the shop is managed by the owner or an employee manager.

THE SALES AND EXPENSES LISTED IN EXHIBIT Q ARE BASED ON PROFIT AND LOSS STATEMENTS PROVIDED BY MEINEKE FRANCHISEES AND YOU SHOULD NOT CONSIDER THESE AS THE ACTUAL OR POTENTIAL SALES OR OPERATING EXPENSES THAT WILL BE REALIZED BY YOU OR ANY OTHER FRANCHISEE. WE DO NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO

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ATTAIN THESE RESULTS. A NEW FRANCHISEE'S RESULTS ARE LIKELY TO DIFFER FROM THOSE CONTAINED IN EXHIBIT Q.

Substantiation of the data used in preparing the Average Revenues Statement and Exhibit Q will be made available to you on reasonable request, provided we will not disclose data that identifies specific locations. Our sales representatives are prohibited from providing you with any further information about actual, average or potential sales, operating expenses, income, profits or earnings, and are prohibited from commenting on the likelihood of success of any Meineke Shop or the business potential of any territory. Any such unauthorized information is inherently unreliable, and you should not rely on it.

**EXHIBIT Q**

THE SALES AND EXPENSES LISTED IN THE FOLLOWING CHARTS ARE BASED ON RESPONSES PROVIDED BY MEINEKE FRANCHISEES AND YOU SHOULD NOT CONSIDER THESE AS THE ACTUAL OR POTENTIAL SALES OR OPERATING EXPENSES THAT WILL BE REALIZED BY YOU OR ANY OTHER FRANCHISEE. WE DO NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO ATTAIN THESE RESULTS. A NEW FRANCHISEE'S RESULTS ARE LIKELY TO DIFFER FROM THOSE CONTAINED IN THESE CHARTS.

**AVERAGE SALES AND EXPENSE INFORMATION  
FOR SHOPS REPORTING FOR CALENDAR YEAR 1999  
(See Note 1)**

<u>Sales</u> (No. of Shops) (See Note 1)	<u>Less than</u> <u>\$300,000</u>  (63)	<u>Between</u> <u>\$300,000</u> <u>&amp;</u> <u>\$400,000</u>  (68)	<u>Between</u> <u>\$400,000</u> <u>&amp;</u> <u>\$500,000</u>  (77)	<u>Between</u> <u>\$500,000</u> <u>&amp;</u> <u>\$600,000</u>  (46)	<u>Between</u> <u>\$600,000</u> <u>&amp;</u> <u>\$700,000</u>  (28)	<u>Between</u> <u>\$700,000</u> <u>&amp;</u> <u>\$800,000</u>  (19)	<u>Greater</u> <u>than</u> <u>\$800,000</u>  (24)	<u>1999</u> <u>Average</u>  (325)
<b>Gross Margin %</b> (See Note 3)	73.9%	72.5%	72.5%	73%	74.7%	72.7%	72.5%	73.0%
<b>Shop Wages %</b> (See Note 4)	26%	23.4%	22.7%	23.7%	24.4%	24.5%	25.6%	24.1%
<b>Rent %</b> (See Note 5)	12%	9.8%	9.3%	8.1%	7.9%	6.8%	5.9%	8.5%
<b>Other Expenses %</b> (See Note 6)	16.4%	16.7%	15.0%	15.7%	14.3%	13.2%	13.8%	15.1%

**REGIONAL AVERAGE SALES AND EXPENSE INFORMATION  
FOR SHOPS REPORTING FOR CALENDAR YEAR 1999  
WITH SALES BETWEEN \$300,000 AND \$500,000  
(See Note 1)**

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<b>Region</b> (no. of shops) (Sec Note 2)	<b>MW</b> (35)	<b>NE</b> (47)	<b>SE</b> (31)	<b>SW</b> (16)	<b>W</b> (16)	<b>Average</b> (145)
<b>Gross Margin %</b> (See Note 3)	72.5%	71.6%	72.6%	76.3%	71.4%	72.5%
<b>Shop Wages %</b> (See Note 4)	24.1%	21.1%	23.2%	28.2%	20.9%	23.0%
<b>Rent %</b> (See Note 5)	9.1%	10.8%	9.9%	6.8%	8.5%	9.5%
<b>Other Expenses %</b> (Sec Note 6)	16.2%	16.4%	14.6%	15.1%	15.2%	15.7%

Note 1: Meineke obtained the information listed from our own records based on information reported by our franchisees on Profit and Loss statements in the ordinary course of business. Most of the reports have not been audited by certified public accountants nor have we sought to independently verify their accuracy. Not all franchisees supplied Meineke with their Profit and Loss statements. In fact, less than 50% of Meineke's franchisees provided this information to Meineke. Furthermore, the Profit and Loss forms used by the franchisees were not uniform, and the method of calculating their expenses varied. We only used the Profit and Loss statements that we reasonably believed conformed to our preparation standards and requirements. If the information on the Profit and Loss statements indicated that a category of expenses was missing or we had reason to believe that a type of expense had been miscategorized, we did not use that statement in the calculation of the information in the above chart. We have been collecting similar data from our franchisees since 1995. Based upon our franchisees' Profit and Loss statements from previous years and upon our own business experience, we believe that the information is reasonable.

Note that sales and expenses vary for Meineke shops depending on many factors, including local and regional variations in real estate values or rental rates, construction costs and building specifications (including the number of bays), financing terms which the franchisee was able to obtain, local and regional variations in utility and telephone rates (including the number of telephone lines in the shop), insurance rates, local and state taxes and wage rates, degree of skilled labor employed and the availability of such labor, costs of parts and supplies used, services offered and the efficiency and managerial skills of the franchisee, local economic factors, the density of the vehicle ownership, the number of other automotive aftermarket outlets in a particular market and the proximity of such competition to the Meineke shop, length of time the shop has been in operation and the length of time operating at its current location, type of area (including number of traffic lanes and the type of traffic flow) in which the shop is located, and whether the shop is managed by the owner or an employee manager.

Note 2: This chart is divided into geographical regions of the country.

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MW (Midwest) includes the following states: Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota and Wisconsin.

NE (Northeast) includes the following states: Connecticut, Delaware, Massachusetts, Maine, New Jersey, New York, Pennsylvania, Rhode Island and Vermont.

SE (Southeast) includes the following states: Alabama, District of Columbia, Florida, Louisiana, Maryland, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.

SW (Southwest) includes the following state: Kansas, New Mexico, Oklahoma and Texas.

W (West) includes the following states: Arkansas, Arizona, California, Colorado, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington and Wyoming.

Note 3: “Gross Margin” means sales less cost of product sold.

Note 4: Shop wages vary for Meineke shops depending on many factors including local and regional variations in wage rates and degree of skilled labor employed and availability of such labor. The percentages listed do not include any salary or wages received by the owner of the franchise.

Note 5: Rent expenses vary for Meineke shops depending on many factors including local and regional variations in real estate values or rental rates, construction costs and building specifications. A number of franchisees own their Meineke shop location; therefore, no information for these owned shop locations was included in this category.

Note 6: “Other expenses” includes charges and expenses for supplies, utilities, telephone service, professional services (such as accountants and attorneys), vehicle, tax and licenses, insurance, equipment leases, trash, uniforms, credit card fees, bank charges, repairs and other miscellaneous costs. This list of expenses is not all inclusive and Meineke franchisees will incur additional expenses in the operation of their Meineke shops, including, for example, interest payments, royalty fees, MAE contributions, and the salary or draw of the owner of the franchise. Also, not all shops incurred all the expenses listed.

EXCEPT AS PROVIDED ABOVE AND IN ITEM 19 OF THIS CIRCULAR, WE DO NOT FURNISH OR AUTHORIZE OUR SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING ACTUAL, PROJECTED OR POTENTIAL SALES, COSTS, EXPENSES, INCOME OR PROFITS OF A PROPOSED FACILITY.