

FRANCHISE DISCLOSURE DOCUMENT

UNITED HARDWARE DISTRIBUTING CO.

A Minnesota Corporation
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Plymouth, MN 55442
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<http://www.unitedhardware.com>

United Hardware Distributing Co. ("United") is offering membership agreements (the "Membership Agreement") which entitle retail hardware, home center and lumber dealers to purchase merchandise as Members through United, generally on a cost-plus basis with year-end rebates in the form of cash and Redeemable Rebate Preference Shares in accordance with United's Bylaws.

The total investment necessary to begin operations of a new retail hardware store, home center or lumber yard ranges from \$226,250.00 to \$967,750.00, not including real estate expenses. The total investment necessary to begin operations includes from \$500.00 to \$3,450.00 that must be paid to United.

This disclosure document summarizes certain provisions of our membership (franchise) agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Ms. Shannon Sell at United Hardware Distributing Co., 5005 Nathan Lane, Plymouth, MN 55442, or at (763) 550-2508.

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

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

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

Issuance Date: ~~March 24, 2014~~ 20, 2015

STATE COVER PAGE

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

Call the state franchise administrator listed in **Exhibit “A”** for information about United, or about franchising in your state.

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

Please consider the following **RISK FACTORS** before you buy this franchise:

1. **THE MEMBERSHIP AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR ARBITRATION ONLY IN MINNEAPOLIS, MINNESOTA. OUT-OF-STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE OR ARBITRATE WITH US IN MINNEAPOLIS, MINNESOTA THAN IN YOUR OWN STATE.**

2. **THE MEMBERSHIP AGREEMENT STATES THAT MINNESOTA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**

3. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

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

This disclosure document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
Illinois	March 24, 20 , <u>2014</u> <u>2015</u>
Indiana	March 24, 20 , <u>2014</u> <u>2015</u>
Michigan	March 25 , <u>2014</u> <u>2015</u>
Minnesota	March 26 , <u>2014</u> <u>2015</u>
North Dakota	March 26 , <u>2014</u> <u>2015</u>
South Dakota	March 25 , <u>2014</u> <u>2015</u>
Wisconsin	March 24, 20 , <u>2014</u> <u>2015</u>

In all other states (except for the franchise registration states of California, Hawaii, Maryland, New York, Rhode Island, Virginia and Washington), the effective date of this disclosure document is the issuance date of March 24, 2014-20, 2015.

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