

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 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 T for information about the franchisor or about franchising in your state

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

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

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN NEW YORK, UNLESS THE LOCATION IS OTHERWISE AGREED TO BY BOTH PARTIES. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN NEW YORK THAN IN YOUR HOME STATE

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US THAT PROCEED TO LITIGATION BY LITIGATION ONLY IN OHIO. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN OHIO THAN IN YOUR HOME STATE

THE FRANCHISE AGREEMENT STATES THAT OHIO 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

IN SOME CIRCUMSTANCES, A FRANCHISEE'S SPOUSE MUST SIGN A PERSONAL GUARANTY MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, WHICH ALSO PLACES THE SPOUSE'S PERSONAL AND MARITAL ASSETS AT RISK. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY

PLEASE NOTE THAT 63% OF THE GUARANTOR'S ASSETS ARE INTANGIBLE. YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY

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 Franchise Disclosure Document be registered or filed with the state, or be exempt from registration California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

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

California	Pending
Hawaii	Pending
Illinois	<u>Pending February 26, 2015, as amended March 10, 2015</u>
Indiana	<u>Pending March 10, 2015</u>
Maryland	<u>Pending March 20, 2015</u>
Michigan	December 26, 2014, as amended February 25, 2015
Minnesota	<u>Pending March 9, 2015</u>
New York	<u>Pending March 17, 2015</u>
North Dakota	<u>Pending March 11, 2015</u>
Rhode Island	<u>Pending February 26, 2015, as amended March 10, 2015</u>
South Dakota	<u>Pending February 26, 2015</u>
Virginia	<u>Pending March 6, 2015, as amended March 13, 2015</u>
Washington	Pending
Wisconsin	<u>Pending February 26, 2015, as amended March 11, 2015</u>

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying, or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Note that, in the paragraph above, the word "outlet" should be read to mean "Mac Tools Business" and the word "location" should be read to mean "Route"

Historical Performance

Those Mac Tools Businesses which were in operation for all of calendar year 2014 had total purchases of products from Mac Tools during calendar year 2014 in the amounts noted below. While traditional Mac Tools distributorships are not franchises, there are many similarities between the traditional distributorship business and the franchised Mac Tools Business disclosed in this disclosure document. The amounts of purchases noted below therefore include the purchases made by distributors, as well as franchisees, from Mac Tools for product inventory. As of January 3, 2015 (the fiscal year end of our indirect parent company, Stanley Black & Decker, Inc. whose financial statements are included as Exhibit A to this disclosure document), Mac Tools had 453455 traditional Mac Tools distributorships and 488484 Mac Tools franchisees (which includes new franchises and distributorships that converted to a franchise). Mac Tools had 453455 traditional Mac Tools distributorships, 476352 Mac Tools franchisees, and 12 traditional U.S. Mac Tools distributorships that converted to Mac Tools franchisees that were in operation during all of calendar year 2014. Information regarding total product purchases of these 453455 traditional Mac Tools distributorships, 476352 Mac Tools franchisees, and 12 traditional U.S. Mac Tools distributorships that converted to Mac Tools franchisees is presented below.¹ These distributorships and franchisees do not materially differ from the Mac Tools Business that you will operate. No information regarding Mac Tools employee distributors is included below. Mac Tools sells products to its franchisees and distributors at discounts from the recommended prices at which sales of products to customers are made. Franchisees and distributors set the prices at which they sell products to their customers.

Total Net Purchases of Products from Mac Tools during 2014 ²	Number of Franchisees and Distributors Reporting Total Purchases Within This Category	Percentage of all Franchisees and Distributors
Less than \$50,000.00	<u>3431</u>	<u>3.613.79%</u>
\$50,000.00 to \$74,999.99	<u>5643</u>	<u>5.955.25%</u>
\$75,000.00 to \$99,999.99	<u>8867</u>	<u>9.358.18%</u>

¹ For purposes of the Item 19 chart above, the Number of Franchisees and Distributors reported within a particular category of Total Net Purchases of Products are listed per distributor, franchisee or conversion franchisee, and not per the number of Routes operated by a distributor, franchisee or conversion franchisee.

² Net purchases means gross purchases shipped and invoiced to a distributor or a franchisee during the 2014 fiscal year of our indirect parent company, Stanley Black & Decker, Inc. (whose the financial statements of which are included as Exhibit A to this disclosure document), less any returns or discounts.

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