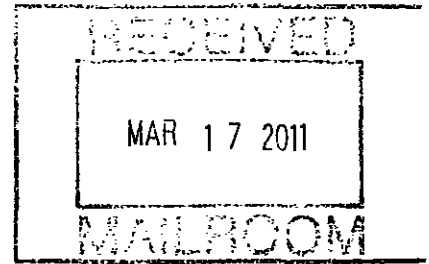


March 16, 2011

Mr. Daniel E. Sexton
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101



Re: NMFC, Inc. d/b/a Matco Tools ("Mateo")
File F-2705
Revised FDD Pages

Dear Mr. Sexton:

Matco has made a change to Item 8 of its FDD to correct a typo to the revenue information and a change to Item 19 to clarify one of the notes. Accordingly, enclosed are clean and redline pages for Matco's FDD. Please replace these pages in your copies of the Matco FDD.

Please contact me if you have any questions or comments.

Sincerely,

Plave Koch PLC

By: Mark A. Kirsch
Mark A. Kirsch *btc*

Via FedEx
Enclosures
PK 27694.2

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figure is the test or lab fee for the prospective distributor drug test, discussed in Item 5 above and the charge for document processing and filing as described in Item 5 above and Item 10 below. This estimate in this Item 7 is not an assurance that your Distributorship will be profitable. The estimated additional funds do not include any salary or draw for you to pay personal living expenses. Since the cost of personal living expenses varies greatly among Distributors, Mateo does not include those expenses in its estimates for your initial investment. As part of your financial planning, you must take your personal living expenses into account during periods of insufficient cashflow.

(8) RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You are required to sell only Products approved in writing by Mateo. You must purchase the Products only from suppliers who have been approved in writing by Mateo. Currently, Mateo is the only approved supplier of Products. All Products purchased from Mateo are resalable items.

a. The Products are sold to you at a discount from recommended list price. The discounts from the recommended list price vary from Product to Product, and may vary throughout the year based on special incentives or other promotions. The weighted average discount for all Products prior to additional promotions and other discounts is currently approximately 35%. The weighted average discount reflects the total of all items sold by Mateo as well as the varying discounts from list price for different items.

b. Volume Payment to Terms ("VPTT") Bonus. If a Distributor pays Mateo for products within 14 days of the Mateo invoice on a consistent basis, the Distributor will receive a rebate. The Volume Payment to Terms Bonus is that rebate. The rebate is based on the Distributor's 6-week purchase average, and the rebate ranges from 3% to 5.25%. The average VPTT earned in 2010 was 1.93% of overall sales. (If you are not in compliance with the requirement to purchase at least 80% of the National Distributor Purchase Average, the ratio of purchase average to sales average (both of which are discussed in Item 6 above), or other standards or requirements under the Distributorship Agreement or the Manuals, Mateo may modify the VPTT Bonus such that the Bonus will only apply if you pay for products within 7 days of receipt of the invoice.)

The purchase of initial inventory from Mateo constitutes a range of approximately 26% to 63% of the cost of establishing the Distributorship. Purchases of the Products throughout the term of the Distributorship will constitute approximately 61% of the cost of operating the Distributorship.

Mateo will derive income from the sale of the Products by charging you wholesale prices that exceed Mateo's costs of supplying the Products. In the fiscal year ended December 31, 2010, Mateo's total revenue from the sale of Products to its franchise distributors was \$230,903,000, or 82.2% of Mateo's total revenue of \$280,886,000, as reflected in Mateo's audited financial statements.

You are required to license, install, and utilize the MDBS Software (as described in Items 5 and 6 of this Disclosure Document) in your business. The software license fee amount is income to Mateo, and constitutes less than 1% of the cost of establishing the Distributorship, and less than 1% of the ongoing cost of operating the Distributorship. In the fiscal year ended December 31, 2010, Mateo's total revenue from software license fees and software maintenance charges received from its distributors was \$778,212, or approximately 0.3% (three-tenths of one percent) of Mateo's total revenue.

As discussed in Item 5, when you sign the Distributorship Agreement, you must also sign the Mateo Web Page Agreement, which permits you to establish a subpage on Mateo's website. You must pay Mateo a one-time web page set-up fee of \$195. If you continue to utilize a subpage, and neither we nor you cancel the Web Page Agreement, you must pay Mateo an annual \$195 maintenance fee. In fiscal year 2010, Mateo received \$213,330 in web page fees (initial and maintenance fees) from franchisees. This amount was less than one-tenth of one percent (0.1%) of Mateo's total revenue.

Chart 19-B
Distributor Sales Margins – 2010

Presented below are the average sales margins for the 1,006 Distributors in 2010. The “average sales margins” data is segregated into the same groups as in Chart 19-A.

Mateo’s 1,006 Distributors reported the following average sales margins in 2010:

<u>Top 1/3</u>		<u>Middle 1/3</u>		<u>Bottom 1/3</u>	
37.3% of purchase price		37.4% of purchase price		34.9% of purchase price	
No. of Distributors Above Average	243	No. of Distributors Above Average	246	No. of Distributors Above Average	204
No. of Distributors Below Average	93	No. of Distributors Below Average	90	No. of Distributors Below Average	130

The information in Chart 19-B is explained in Note 3 below. Please read carefully all of the information in this Item 19, and all of the notes following the data, in conjunction with your review of the historical data.

Notes

- The charts reflect the operating data for 1,006 Mateo Distributors in the United States that were in business for all of 2010, and that reported sales for at least 48 weeks during 2010. Mateo is not providing, and this chart does not reflect, information regarding Distributors who started during 2010, or those who left the system or stopped selling Mateo products during 2010. The three groupings of Distributors (Top 1/3, Middle 1/3 and Bottom 1/3) included 336 Distributors in the Top 1/3 group, 336 Distributors in the Middle 1/3 group, and 334 Distributors in the Bottom 1/3 group.
- The terminology, “Average Total Completed Business,” as used in Chart 19-A means the total cash or revenue a Distributor received during 2010 including sales tax collected, from the sale of all products and services. This includes revenue from the sale of Mateo Products and products acquired from third parties. The revenue received by the Distributors is comprised of cash sales, Time Payment collections from previous sales, credits received by the Distributor from the sale of PSA (Purchase Security Agreements, which are installment contracts; see Item 10 above), cash received based on monthly invoices and customers (usually products sold to a shop or business, and not an individual), and rebates based on timely payments for products (see note 3 below). The average is comprised by adding the total business for all Distributors in the group, and dividing that number by the number of Distributors in the group. This does not include any Volume Payment to Terms bonus, or rebate payments.
- Chart 19-B: As discussed in Item 8 above, Mateo sells Products to Distributors at discounts from the recommended list price. And there are varying discounts on different Products, as well as specials and promotions throughout the year. The Distributors may sell the Products at any price they choose. The “sales margin” is a percentage that reflects the difference between the Distributor’s selling price for a Product and the price the Distributor paid for the Product. For example, if a Distributor paid \$65 for a Product and sold it for \$100, the sales margin would be 35% ($\$100 - \$65 = \$35$; $\$35$ divided by $\$100 = 35\%$.) The “average sales margin” was calculated in MDDBS for each Distributor based on the Distributor’s purchases and sales of

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