

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
REGISTRATION DIVISION
(651) 296-2211

IN THE MATTER OF THE REGISTRATION OF:
MAC TOOLS DIVISION OF STANLEY BLACK & DECKER INC F/A
By MAC TOOLS A DIVISION OF STANLEY BLACK & DECKER INC

ORDER OF
REGISTRATION

WHEREAS, an application has been filed pursuant to Minn.
Stat. §80C.04; and

WHEREAS, the applicant has complied with the requirements
of registration,

NOW, THEREFORE, IT IS ORDERED, that the registration be
declared effective as of the date set forth below.

A handwritten signature in black ink, reading "Mike Rothman". The signature is written in a cursive, flowing style. A horizontal line is drawn under the signature.

MIKE ROTHMAN
Commissioner
Department of Commerce
85 7th Place East, Suite 500
St Paul, MN 55101

Date: August 29, 2011
dlw

UNIFORM FRANCHISE REGISTRATION APPLICATION

STATE: Minnesota

FILE NO.:

FEE: \$400.00

APPLICATION FOR (Check only one):

- X INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES
- RENEWAL APPLICATION OR ANNUAL REPORT
- PRE-EFFECTIVE AMENDMENT
- POST-EFFECTIVE MATERIAL AMENDMENT

State of Minnesota
Department of Commerce

AUG 17 2011

Rec'd \$ 400

1. Full legal name of Franchisor: Mac Tools Division of Stanley Black & Decker, Inc.

2. Name of the franchise offering: Mac Tools

3. Franchisor's principal business address:

Mac Tools Division
505 North Cleveland Avenue
Westerville, Ohio 43082

4. Name and address of Franchisor's agent in this State authorized to receive service of process:

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

CT Corporation System, Inc.
100 South Fifth Street, Suite 1075
Minneapolis, Minnesota 55402

5. The states in which this application is or will be shortly on file:

California, Hawaii, Indiana, Maryland, Michigan, Minnesota, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

6. Name, address, telephone and facsimile numbers, and e-mail address of person to whom communications regarding this application should be directed:

Deanna R. Cook, Esq.
VORYS, SATER, SEYMOUR AND PEASE LLP
52 East Gay Street, P.O. Box 1008
Columbus, Ohio 43216-1008
(614) 464-6349
(614) 719-5135 (Facsimile)
drcook@vorvs.com

FIVE
12/31/11
EFF 8/29/11
N

Peterson, Bette (COMM)

From: Cook, Deanna R. [drcook@vorys.com]
Sent: Friday, August 19, 2011 3:17 PM
To: Peterson, Bette (COMM)
Subject: RE: F-6716, Mac Tools

Dear Bette:

Thank you for your prompt reply to our client's initial franchise registration application. We will revise the Minnesota state specific addenda accordingly and provide you with a clean and black-lined copy. Would you like us to re-submit the entire FDD or only the revised state addenda?

With respect to the auditor's consent letter, we anticipate receiving the letter within the next few days and will forward it to you when it becomes available to us.

Thanks,

Deanna



Deanna R. Cook
Associate

Vorys, Sater, Seymour and Pease LLP
52 East Gay Street | Columbus, Ohio
43215

Direct: 614.464.6349
Fax: 614.719.5135
Email: drcook@vorys.com
www.vorys.com

From: Peterson, Bette (COMM) [<mailto:bette.peterson@state.mn.us>]
Sent: Friday, August 19, 2011 4:10 PM
To: Cook, Deanna R.
Subject: F-6716, Mac Tools

Good Afternoon,

The initial franchise registration application for the above-referenced applicant has been examined. Please correct or otherwise address the following deficiencies:

- ✓ 1. The accountant's consent was mentioned as being included but was not in the document and must be on the accountant's letterhead. Please submit.
- ✓ 2. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5. Please amend.

Minnesota-specific language may be disclosed in a state addendum, which amends both the Franchise Disclosure Document and the agreement(s). The addendum to the agreement(s) must include a franchisee signature line.

You may email me the corrections if you like. No mail response would be needed

Regards,

Bette Peterson

Commerce Consumer Liaison/Analyst

85 E 7th Place, Suite 500

St. Paul, MN 55101

651-296-2211

bette.peterson@state.mn.us

From the law offices of Vorys, Sater, Seymour and Pease LLP.

IRS CIRCULAR 230 DISCLOSURE: In order to ensure compliance with requirements imposed by the U.S. Internal Revenue Service, we inform you that any federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and it cannot be used, by any taxpayer for the purpose of (i) avoiding penalties that may be imposed under the U.S. Internal Revenue Code or (ii) promoting, marketing, or recommending to another person, any transaction or other matter addressed herein.

CONFIDENTIALITY NOTICE: This e-mail message is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message. If you are the intended recipient but do not wish to receive communications through this medium, please so advise the sender immediately.

VORYS

Vorys, Sater, Seymour and Pease LLP
Legal Counsel

52 East Gay St.
PO Box 1008
Columbus, Ohio 43216-1008

614.464.6400 | www.vorys.com

Founded 1909

Deanna R. Cook
Direct Dial (614) 464-6349
Direct Fax (614) 719-6135
Email drcook@vorys.com

August 26, 2011

VIA OVERNIGHT COURIER

Ms. Bette Peterson
Commerce Consumer Liason/Analyst
Minnesota Department of Commerce
85 East 7th Place, Suite 500
St. Paul, MN 55101

Re: Mac Tools Division of Stanley Black & Decker, Inc. – F6716

Dear Ms. Peterson:

This letter is in response to comments that we received from you via email dated August 19, 2011 (copy enclosed) relating to the initial franchise registration filing of our client, Mac Tools, a Division of Stanley Black & Decker, Inc. Our responses to your specific comments are outlined below:

1. A copy of the Auditor's Consent Letter is enclosed herein;
2. The requested revision has been made and is reflected in the Minnesota specific Franchise Agreement Addendum. Pursuant to your request, only a black-lined copy is enclosed herein.

Thank you for your attention to this correspondence and please let me know if you have any questions regarding the enclosed documents.

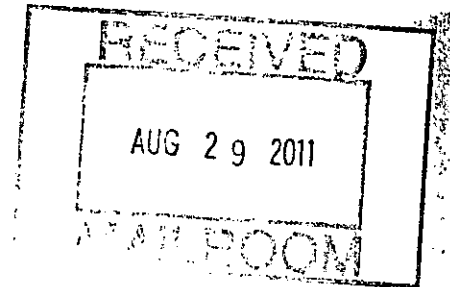
Very truly yours,



Deanna R. Cook

DRC/lmh
Enclosures

cc: Herbert A. Hedden, Esq. (via email, w/o encls.)



Hilty, Lois M.

From: Peterson, Bette (COMM) [bette.peterson@state.mn.us]
Sent: Friday, August 19, 2011 4:10 PM
To: Cook, Deanna R.
Subject: F-6716, Mac Tools

Good Afternoon,

The initial franchise registration application for the above-referenced applicant has been examined. Please correct or otherwise address the following deficiencies:

1. The accountant's consent was mentioned as being included but was not in the document and must be on the accountant's letterhead. Please submit.
2. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5. Please amend.

Minnesota-specific language may be disclosed in a state addendum, which amends both the Franchise Disclosure Document and the agreement(s). The addendum to the agreement(s) must include a franchisee signature line.

You may email me the corrections if you like. No mail response would be needed

Regards,

Bette Peterson

Commerce Consumer Liaison/Analyst
85 E 7th Place, Suite 500
St. Paul, MN 55101
651-296-2211
bette.peterson@state.mn.us

ACKNOWLEDGEMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We agree to the inclusion in this Franchise Disclosure Document issued by the Mac Tools division of Stanley Black & Decker Inc., of our reports dated February 18, 2011 with respect to the consolidated financial statements of Stanley Black & Decker Inc. and subsidiaries as of January 1, 2011 and January 2, 2010 and for each of the three fiscal years in the period ended January 1, 2011 and the effectiveness of internal control over financial reporting of Stanley Black & Decker Inc. and subsidiaries as of January 1, 2011.

Emt + Young LLP

Hartford, Connecticut
August 24, 2011

**ADDENDUM TO MAC TOOLS FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

This Addendum to Mac Tools Franchise Agreement (this "Addendum") is attached to and made a part of the Mac Tools Franchise Agreement (the "Franchise Agreement"), by and between Mac Tools Division of Stanley Black & Decker, Inc. ("Franchisor") and _____, a(n) _____, the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, 20____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.

4. Subsection 2.2(d) and Subsection 9.2(b)(3) of the Franchise Agreement are hereby modified by adding the following to the end thereof:

"The above-referenced general release shall not apply to any claims under Minnesota Statutes, Sections 80C.01 to 80C.22."

5. Section 7.6 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"Notwithstanding any other provision of this Agreement to the contrary, Mac Tools will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name."

6. Article 10 of the Franchise Agreement is hereby modified by adding the following new Section 10.6 to the end thereof:

"Minnesota law provides franchisees with certain termination and nonrenewal rights. Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of nonrenewal of the Franchise Agreement."

7. Section 19.2 and the second paragraph of Section 3.20 of the Franchise Agreement are hereby modified by adding the following to the end thereof:

"With respect to franchises governed by Minnesota law, Mac Tools may seek injunctive relief, but Mac Tools may not require you to waive any

rights provided under Minn. Rule 2860.4400J. Furthermore, the determination as to whether or not a bond will be required of Mac Tools in seeking injunctive relief will be left to the determination of the court hearing the petition for relief”.

8. Section 19.1 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

“This Section 19.1 shall not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes 1992, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota.”

9. Section 19.2 and Section 19.3 of the Franchise Agreement are hereby modified by adding the following to the end thereof:

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit Mac Tools from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) provided to you can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”.

10. Mac Tools’ right to enforce Subsection 19.2(f) of the Franchise Agreement entitled, “Claims Must Be Brought in One Year.” shall be subject to Minnesota Statutes, Section 80C.17, Subd. 5.

11. ~~10.~~—This Addendum, together with the Franchise Agreement to which it is attached, contains the entire agreement between Franchisee and Franchisor. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both Franchisee and Franchisor.

[signature page follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the effective date of the Franchise Agreement.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20__, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

CERTIFICATION

I certify and swear under penalty of law that I have read and know the contents of this application, including the Franchise Disclosure Document with an issuance date of August 11, 2011 attached as an exhibit, and that all material facts stated in all those documents are accurate and those documents do not contain any material omissions. I further certify that I am duly authorized to make this certification on behalf of the Franchisor and that I do so upon my personal knowledge.

Signed at Westerville, Ohio, 8/11, 2011.

Franchisor: Mac Tools Division of Stanley Black & Decker, Inc.

By:

Brett A. Shaw
Brett A. Shaw

Title: Vice President of Sales & Marketing

STATE OF OHIO)
) SS.
COUNTY OF DELAWARE)

Personally appeared before me this 1st day of August, 2011, the above named Brett A. Shaw to me known to be the person who executed the foregoing application as Vice President of Sales & Marketing of the above-named applicant and, being first duly sworn, stated upon oath that said application, and all exhibits submitted herewith, are true and correct.



(Notarial Seal)

Amy J. Anderson
Notary Public, State of Ohio
My Commission Expires 11-20-2013

Amy J. Anderson
Notary

My Commission Expires: 11-20-2013

FRANCHISOR'S COSTS AND SOURCE OF FUNDS

1. Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items stated in the offering:

<u>Category</u>	<u>Costs</u>
Real Estate	n/a
Improvements	n/a
Equipment	n/a
Inventory	\$26,700
Training	\$2,500
Total	\$29,200

2. State separately the sources of all required funds:

Sources of Required Funds:^{*}

Initial Franchise Fee.....	\$3,000
Starter Inventory	\$50,000
Total	\$53,000

^{*} Funds from optional purchases, such as displays for truck and purchase of a truck from Mac Tools are omitted. Costs to Mac Tools of optional purchases are also omitted.

UNIFORM FRANCHISE CONSENT TO SERVICE OF PROCESS

The Mac Tools Division of Stanley Black & Decker, Inc., a corporation organized under the laws of the State of Connecticut (the "Franchisor"), irrevocably appoints the officers of the States designated below and their successors in those offices, its attorney in those States for service of notice, process or pleading in an action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of that State, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within that State by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of that State and had lawfully been served with process in that State. We have checked below each state in which this application is or will be shortly on file, and provided a duplicate original bearing an original signature to each state.

<u> X </u> California: Commissioner of Corporations	<u> X </u> North Dakota: Securities Commissioner
<u> X </u> Hawaii: Commissioner of Securities	<u> X </u> Rhode Island: Director, Department of Business Regulation
<u> </u> Illinois: Attorney General	<u> X </u> South Dakota: Director of the Division of Securities
<u> X </u> Indiana: Secretary of State	<u> X </u> Virginia: Clerk, Virginia State Corporation Commission
<u> X </u> Maryland: Securities Commissioner	<u> X </u> Washington: Director of Financial Institutions
<u> X </u> Minnesota: Commissioner of Commerce	<u> X </u> Wisconsin: Administrator, Division of Securities, Department of Financial Institutions
<u> </u> New York: Secretary of State	

Please mail or send a copy of any notice, process or pleading served under this consent to:

Bruce H. Beatt, Esq.
Corporate Secretary
Stanley Black & Decker, Inc.
1000 Stanley Drive
New Britain, CT 06053

Dated: 8/11, 2011

Franchisor: MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: Brett A. Shaw
Brett A. Shaw
Title: Vice President of Sales & Marketing

STATE OF OHIO,
COUNTY OF DELAWARE, SS:

The foregoing instrument was signed and acknowledged before me by Brett A. Shaw this 1st day of August, 2011.



Amy J. Anderson
Notary Public, State of Ohio
My Commission Expires 11-20-2013

Amy J. Anderson
Notary Public

My commission expires: 11-20, 2013



Vorys, Sater, Seymour and Pease LLP
Legal Counsel

52 East Gay St.
PO Box 1008
Columbus, Ohio 43216-1008

614.464.6400 | www.vorys.com

Founded 1909

Deanna R. Cook
Direct Dial (614) 464-6349
Direct Fax (614) 719-5135
Email drcook@vorys.com

August 16, 2011

VIA OVERNIGHT COURIER

Mr. Dan Sexton
Supervisor
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101

Re: Mac Tools Division of Stanley Black & Decker, Inc. –
Initial Franchise Registration Application

Dear Mr. Sexton:

Enclosed is the Initial Franchise Registration Application of our client, the Mac Tools Division of Stanley Black & Decker, Inc., for the State of Minnesota, including the following:

1. A check made payable to the Minnesota Department of Commerce in the amount of \$400.00;
2. Uniform Franchise Registration Application including a signed and notarized Certification Page;
3. Franchisor's Costs and Sources of Funds;
4. A notarized Uniform Consent to Service of Process;
5. Franchise Seller Disclosure Form(s); and
6. A copy of the proposed Disclosure Document.

Our client expects to receive the Auditor's Consent Letter within the next few weeks, upon receipt of which I will promptly forward to you to supplement our client's franchise registration application.

Mr. Dan Sexton
August 16, 2011
Page 2

The fiscal year end for Stanley Black & Decker, Inc. is the Saturday closest to December 31.

On behalf of the Mac Tools Division of Stanley Black & Decker, Inc., I hereby provide notice to you that the Uniform Resource Locator (URL) for the location of its Internet advertising regarding its franchise offering, once it is placed at this location, will be www.mactools.com and that the Internet advertising regarding the franchise offering at this URL is not directed by the Mac Tools Division of Stanley Black & Decker, Inc. or anyone acting with its knowledge to any person in Minnesota.

Mac Tools Division of Stanley Black & Decker, Inc. has no advertising directed at potential franchisees in the State of Minnesota to disclose at this time.

The fiscal year end for Stanley Black & Decker, Inc. is the Saturday closest to December 31st.

Please contact me if you have any comments or questions concerning this application. Thank you in advance for your attention to this matter.

Very truly yours,



Deanna R. Cook

DRC/lmh
Enclosures

cc: Herbert A. Hedden, Esq. (via email, w/o encls.)



FRANCHISE DISCLOSURE DOCUMENT

**Mac Tools,
A Division of Stanley Black & Decker, Inc.,
A Connecticut Corporation
505 North Cleveland Avenue
Westerville, Ohio 43082
(614) 755-7000
www.mactools.com**

Brief Description of the Franchised Business: The franchisee will receive the right to operate a business involving the mobile sale of professional automotive tools and similar products manufactured and/or distributed by Mac Tools and bearing the MAC Tools® trademarks. The franchisee may also be permitted to purchase and distribute certain other products sold by Mac Tools. The franchisee will be assigned a route of assigned stops with approximately 325 potential customers of Mac Tools products. The franchisee will regularly visit the stops with a truck equipped with displays of the tool inventory. The stops will include automotive aftermarket businesses, service stations, independent garages, car and truck dealerships, and non-automotive businesses such as cycle shops, lawn mower shops, airports, marinas, machine shops, factories, farm implement dealers or repairers, commercial agricultural businesses and other commercial users of tools and shop equipment. The customers at the stops are professional mechanics and others who will use the products in business. The franchise is granted for an initial term of 5 years with the right, upon compliance with certain conditions, to renew for two additional successive 5 year renewal terms.

- (1) The total investment necessary to begin operation of a Mac Tools franchise ranges from \$89,340 to \$209,225. This includes the \$55,450 to \$56,185 that must be paid to Mac Tools. The estimated initial investment for a Mac Tools distributor converting to a Mac Tools franchisee ranges from \$0 to \$3,950. This includes the \$0 to \$2,450 that must be paid to Mac Tools. The estimated initial investment for a franchisee or distributor of another mobile tool distribution system converting to a Mac Tools franchisee ranges from \$76,400 to \$206,435. This includes the \$55,450 to \$56,185 that must be paid to Mac Tools.
- (2) This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying 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.
- (3) The terms of your contract will govern your 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.
- (4) 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, N.W., 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.

- (5) There may also be laws on franchising in your state. Ask your state agencies about them.
- (6) Issuance Date: August 11, 2011.

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.

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	On file and pending
Hawaii	On file and pending
Indiana	On file and pending
Maryland	On file and pending
Michigan	On file and pending
Minnesota	On file and pending
North Dakota	On file and pending
Rhode Island	On file and pending
South Dakota	On file and pending
Virginia	On file and pending
Washington	On file and pending
Wisconsin	On file and pending
Illinois	Exempt from Registration
New York	Exempt from Registration

DISCLOSURES REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchisee prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such a failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than five years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of the franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards;
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in a manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

The Michigan Franchise Investment Law also provides:

A franchisor whose most recent financial statements are unaudited and which show a net worth of less than One Hundred Thousand Dollars (\$100,000) shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in the place of escrow.

The escrow agent shall be a financial institution authorized to do business in the State of Michigan. The escrow agent may release to the franchisor that amount of the escrowed funds applicable to a specific franchisee upon presentation of an affidavit executed by the franchisee and an affidavit executed by the franchisor stating that the franchisor has fulfilled its obligation to provide real estate, improvements, equipment, inventory, training or other items. This sub-section does not prohibit a partial release of escrowed funds upon receipt of affidavits of partial fulfillment of the franchisor's obligation.

Franchisees should direct any questions concerning this offering to:

Suzanne Hassan
Assistant Attorney General
Consumer Protection Division, Franchise Unit
525 W. Ottawa Street
G. Mennen Williams Building, First Floor
Lansing, MI 48933
(517) 373-7117

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EXHIBITS

- A. Financial Statements for Stanley Black & Decker, Inc.
- B. Mac Tools Franchise Agreement
- C. Confidentiality Agreement and Acknowledgment of Ownership
- D. Conversion Addenda to Mac Tools Franchise Agreement
- E. Mac Tools Purchase Agreement
- F. Mac Tools Security Agreement
- G. Mac Tools Franchisee Business Entity Worksheet
- H. Certificates of Resolutions
- I. Guaranty of Payment and Performance of an Entity Mac Tools Franchisee
- J. Guaranty of Indebtedness of a Mac Tools Franchisee
- K. Insurance Loss Payee Form
- L. Mac Tools Pay By Phone Form
- M. Mobile Business Assistant Software License Agreement
- N. Mac Tools Government Franchise Agreement
- O. Mac Tools Direct Debit Authorization Agreement
- P. Mac Tools Extended Trade Program (ETP) Terms and Conditions Agreement
- Q. Rider to Mac Tools Franchise Agreement
- R. Investor Guarantor Acknowledgment
- S. List of Mac Tools Franchisees

- T. List of State Administrators
- U. List of Agents for Service of Process
- V. Acknowledgment of Receipt of FTC Consent Orders
- W. State Addenda
- X. List of Mac Tools Distributors
- Y. General Release of All Claims

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

Mac Tools, a Division of Stanley Black & Decker, Inc.

The name of the franchisor is Mac Tools, a Division of Stanley Black & Decker, Inc., which is referred to in this disclosure document as "Mac Tools," the "Mac Tools Division", "we" or "us". Stanley Black & Decker, Inc., a Connecticut corporation, was formed on June 4, 1901. "You" means the person who buys the Mac Tools franchise. A business commenced under the MAC Tools® name is referred to in this disclosure document as a "Mac Tools Business." If you elect to acquire a Mac Tools franchise through a corporation, limited liability company, partnership or other business entity, the word "you" also includes the shareholders, members, partners or other owners of that business entity. The Mac Tools Division has its principal business offices located at 505 North Cleveland Avenue, Westerville, Ohio 43082. Stanley Black & Decker, Inc. has its principal business offices located at 1000 Stanley Drive, New Britain, Connecticut 06053. Our agents for service of process are listed in Exhibit U.

Predecessors

Stanley Black & Decker, Inc. changed its name from The Stanley Works on March 12, 2010 upon its acquisition of The Black & Decker Corporation on the same date. The Black & Decker Corporation is a wholly owned subsidiary of Stanley Black & Decker, Inc.

There are no predecessors or affiliates to be disclosed in this disclosure document.

Description of the Mac Tools Division's Business

Mac Tools has manufactured products and offered distributorships for the mobile distribution of professional hand tools and equipment to professional mechanics for over 70 years. Until March 2007, Mac Tools offered its traditional tool distributorship in all states. The traditional Mac Tools distributorship is not a franchise, in that no franchise fee is required to be paid to Mac Tools. In March 2007, Mac Tools began offering franchises for Mac Tools Businesses within Kentucky, while continuing to offer its traditional distributorship in other states. In November 2011, Mac Tools began offering franchises for its Mac Tool Businesses in all states and ceased offering new non-franchised traditional distributorships. While Mac Tools no longer offers its traditional tool distributorship, many existing distributors continue in operation.

Description of the Mac Tools Franchise

You will conduct a Mac Tools Business by operating a truck or van (referred to in this disclosure document as the "truck") equipped with displays of the tool inventory on a route of assigned stops with approximately 325 potential customers of the products. The stops will involve automotive aftermarket businesses, service stations, independent garages, car and truck dealerships, and non-automotive businesses such as cycle shops; lawn mower shops, airports, marinas, machine shops, factories, farm implement dealers or repairers, commercial agricultural businesses and other commercial users of tools and shop equipment. The customers at the stops are professional mechanics and others who will use the products in business. The franchise is granted for an initial term of 5 years, with the right, upon demonstrating compliance with certain conditions, to renew for two additional successive 5 year renewal terms. The products to be sold include products and equipment manufactured by Mac Tools or its affiliate(s) for sale under the MAC Tools® name and trademarks (the "Manufactured Products") and products manufactured by others and distributed by Mac Tools (the "Distributed Products"). The Manufactured Products and the Distributed Products are collectively referred to in this disclosure document as the "Products." Mac Tools may periodically provide a franchisee with the opportunity to

purchase and distribute certain products sold under other brands owned by Stanley Black & Decker, Inc. (the "SBD Products").

You and your employees, if any, may only sell the Products, the SBD Products, items that are traded-in by your customers, and other products and merchandise to ensure the satisfaction of your customers if you are unable to obtain such other products and/or merchandise from Mac Tools within the required time period.

You will be required to operate your Mac Tools Business in accordance with the Mac Tools Franchise Agreement (the "Franchise Agreement") and our standards and specifications. The Franchise Agreement is attached to this disclosure document as Exhibit B. You will also be required to execute with us the Mac Tools Purchase Agreement (the "Purchase Agreement") and the Mac Tools Security Agreement (the "Security Agreement") (see Exhibit E and Exhibit F).

Franchisees that we authorize to distribute the Products and the SBD Products to certain governmental agencies, governmental corporations and governmental contractors will also be required to execute the Mac Tools Government Franchise Agreement (attached as Exhibit N).

A franchisee who executes the Franchise Agreement as an individual and who is married may be asked to arrange for his or her spouse to execute the personal guaranty of the franchisee's indebtedness to Mac Tools (Exhibit J) if the spouse's income and/or assets were considered among the qualifications in the application process to become a Mac Tools franchisee. A third party, including a family member or spouse, may be required to execute an Investor Guarantor Acknowledgment (see Exhibit R) if any of the following apply: (a) the third party's income and assets are considered among the qualifications in the franchisee candidate's application to become a Mac Tools franchisee; (b) the third party agrees to invest money or other resources in the franchisee candidate's Mac Tools® Business; or (c) the third party signs an individual guaranty to Mac Tools of the obligations of the franchisee candidate's Mac Tools® Business.

A franchisee who decides to form a corporation, limited liability company or other business entity ("Entity") to operate his or her Mac Tools Business must execute a personal guaranty of the Entity's obligations to Mac Tools (Exhibit I) and must complete certain additional documents (Exhibit G and Exhibit H). Each owner of the Entity franchisee, including an owner who is the spouse of the individual who is the principal operator of the Mac Tools Business, must execute a personal guaranty of the Entity's obligations to Mac Tools (Exhibit I). The Entity must be owned and controlled (control to be determined by ownership of at least 51% or more of the ownership interests in the Entity) by the natural person who will direct the Mac Tools Business. If a franchisee decides to form an entity to operate the Mac Tools Business, certain conforming modifications may be made to reflect this in the forms of the agreements attached as Exhibits.

Prior Business Experience of the Mac Tools Division

Mac Tools has manufactured products and offered distributorships for the mobile distribution of professional hand tools and equipment to professional mechanics for over 70 years. In 1980, The Stanley Works (now known as Stanley Black & Decker, Inc.) acquired Mac Tools, Inc., which became a division of The Stanley Works. Since 1980, the Mac Tools Division has continued to grant Mac Tools distributorships for the mobile sale of professional automotive tools and similar products. Mac Tools distributorships are not franchises, because no franchise fee was paid by the distributor to us. The Mac Tools Division began offering franchises for routes located within the State of Kentucky on March 31, 2007 for Mac Tools businesses of the same type as that to be operated by you. The Mac Tools Division and its predecessors have operated Mac Tools mobile tool distributorship businesses of the same type as that to be operated by you for over 60 years. Commencing in November 2011, Mac Tools began offering franchises for its Mac Tools Businesses in all states and ceased offering new non-franchised

distributorships. Mac Tools has never offered franchises in any other line of business. Mac Tools is not engaged in other business activities. Stanley Black & Decker, Inc. has never offered franchises in any line of business. A corporate affiliate of Stanley Black & Decker, Inc., Mac Tools Canada Inc., offers Mac Tools distributorships in Canada that are regulated as franchises under the laws of several provinces. Another subsidiary of Stanley Black & Decker, Inc., Stanley Convergent Security Solutions, Inc. is the franchisor of the Sonitrol franchise system of businesses offering the sale and servicing of electronic security products.

Market and Competition

The market for the sale of professional automotive tools and similar products is well developed. The sale of tools is a year-round business with little seasonality. If you become a Mac Tools franchisee, you must compete with franchisees and distributors of other established companies offering professional tools, many of which may have been in business for a significant period of time, as well as retail stores selling the same and/or similar products. You should consult the classified telephone directory under "Tool Distributors", "Tool Dealers", and "Tools - Manufacturing" to determine the number of competitors in the area.

Laws or Regulations Applicable to the Mac Tools Business

A Mac Tools Business is subject to numerous laws and governmental regulations that apply to businesses generally. Before you purchase a Mac Tools franchise, we suggest that you check on the existence and the requirements of such laws and regulations in your area.

ITEM 2. BUSINESS EXPERIENCE

STANLEY BLACK & DECKER, INC.

Board of Directors

Executive Chairman: Nolan D. Archibald

Mr. Archibald has served as Executive Chairman of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He served as President and Chief Executive Officer of The Black & Decker Corporation in Towson, Maryland, from March 1987 to March 2010 and as its Chairman of the Board from December 1986 to March 2010.

Director: John G. Breen

Mr. Breen has served as a Director of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since July 2000 and was elected Lead Director of the Board on March 12, 2010.

Director: George W. Buckley

Mr. Buckley has served as a Director of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He served as a Director of The Black & Decker Corporation in Towson, Maryland from April 2006 to March 2010. He has held the position of Chairman, President, and Chief Executive Officer of 3M Company in St. Paul, Minnesota since December 2005.

Director: Anthony Luiso

Mr. Luiso has served as a Director of Stanley Black & Decker, Inc. in New Britain, Connecticut since May 2010. He served as a director of The Black & Decker Corporation in Towson, Maryland from 1988 until March 2010.

Director: Patrick D. Campbell

Mr. Campbell has served as a Director of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since October 2008. Mr. Campbell has held the position of Senior Vice President and Chief Financial Officer of 3M Company in St. Paul, Minnesota since February 2002.

Director: Carlos M. Cardoso

Mr. Cardoso has served as a Director of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since October 2007. In addition to his duties as President and Chief Executive Officer of Kennametal, Inc., located in Latrobe, Pennsylvania, positions held since January 2006, as of January 2008, Mr. Cardoso was elected Chairman of the Board of Kennametal, Inc.

Director: Virgis W. Colbert

Mr. Colbert has served as a Director of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since July 2003. Mr. Colbert retired in December 2005 as Executive Vice President, Miller Brewing Company located in Milwaukee, Wisconsin, a position he held since July 1997. Mr. Colbert has continued to serve as a Senior Advisor to Miller Coors since his retirement in December 2005.

Director: Robert B. Coutts

Mr. Coutts has served as a Director of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since July 2007. From June 2002, Mr. Coutts, who retired April 2008, served as Executive Vice President of the Lockheed Martin Corporation located in Bethesda, Maryland.

Director: Manuel A. Fernandez

Mr. Fernandez has served as a Director of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He served as a Director of The Black & Decker Corporation in Towson, Maryland from February 1999 to March 2010. Since 1998, he has been the managing director of SI Ventures, a venture capital firm located in Fort Myers, Florida.

Director: Benjamin H. Griswold, IV

Mr. Griswold has served as a Director of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He served as a Director of The Black & Decker Corporation in Towson, Maryland from July 2001 to March 2010. He has held the position of Chairman with Brown Advisory, an asset management and strategic advisory firm in Baltimore, Maryland since March 2005.

Director: Eileen S. Kraus

Ms. Kraus has served as a Director of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since October 1993.

Director: John F. Lundgren

Mr. Lundgren has served as a Director and as Chief Executive Officer of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since March 2004. He has held the position of President, Stanley Black & Decker, Inc. in New Britain, Connecticut, since March 2010, and he held the position of Chairman of The Stanley Works from March 2004 to March 2010.

Director: Marianne M. Parrs

Ms. Parrs has served as a Director of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since April 2008. Ms. Parrs, who retired December 2007, served as Executive Vice President from 1999 to December 2007, and as Chief Financial Officer from November 2005 to December 2007, of International Paper Company, located in Memphis, Tennessee.

Director: Robert L. Ryan

Mr. Ryan has served as a Director of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He served as a Director of The Black & Decker Corporation in Towson, Maryland from October 2005 to March 2010.

Director: Lawrence A. Zimmerman

Mr. Zimmerman has served as a Director of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since July 2005. Mr. Zimmerman is currently Vice Chairman of Xerox Corporation, located in Norwalk, Connecticut, a position he has held since June 2002. He held the position of Chief Financial Officer, Xerox Corporation from June 2002 until his retirement in February 2011.

Officers:

President and Chief Executive Officer: John F. Lundgren

Mr. Lundgren has served as a Director and as Chief Executive Officer of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since March 2004. He has held the position of President, Stanley Black & Decker, Inc. in New Britain, Connecticut, since March 2010, and he held the position of Chairman of The Stanley Works from March 2004 to March 2010.

Senior Vice President & Chief Financial Officer: Donald Allan, Jr.

Mr. Allan has served as Senior Vice President of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since March 2010 and as Chief Financial Officer since January 2009. He served as Vice President of The Stanley Works in New Britain, Connecticut from August 2002 until March 2010. He served as Corporate Controller of The Stanley Works in New Britain, Connecticut from September 2000 to December 2008.

Senior Vice President & Group Executive, Construction and DIY: Jeffrey D. Ansell

Mr. Ansell has served as Senior Vice President & Group Executive, Construction and DIY of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He served as Vice President of The Stanley Works (now known as Stanley Black & Decker, Inc.) in New Britain, Connecticut from February 2006 to March 2010 and as President, Consumer Tools Group from June 2004 to March 2010.

Vice President, Corporate Tax: Michael A. Bartone

Mr. Bartone has served as Vice President, Corporate Tax of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since January 2002.

Senior Vice President, General Counsel and Secretary: Bruce H. Beatt

Mr. Beatt has served as Senior Vice President of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He has served as General Counsel and Secretary of Stanley Black & Decker, Inc. in New Britain, Connecticut since October 2000. He held the position of Vice President of

The Stanley Works (now known as Stanley Black & Decker, Inc.), located in New Britain, Connecticut, from October 2000 to March 2010.

Chief Accounting Officer: Jocelyn S. Belisle

Ms. Belisle has served as Chief Accounting Officer of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since July 2009. Prior to joining The Stanley Works, she held the position of Chief Accounting Officer and Director of Tax of Cello Tissue Holdings, Inc. from July 2004 to July 2009.

Senior Vice President & Group Executive, Security Solutions: D. Brett Bontrager

Mr. Bontrager has served as Senior Vice President & Group Executive, Security Solutions of Stanley Black & Decker, Inc. in New Britain, Connecticut since February 2011. From March 2010 to February 2011 he served as Senior Vice President & Group Executive, Convergent Security Solutions of Stanley Black & Decker, Inc. in New Britain, Connecticut. He served as Vice President, Corporate Business Development of The Stanley Works (now known as Stanley Black & Decker, Inc.) in New Britain, Connecticut from April 2004 to March 2010 and as President, Convergent Security Solutions, located in Noblesville, Indiana, from January 2007 to March 2010.

Senior Staff Executive: Justin C. Boswell

Since April 2011, Mr. Boswell has served as Senior Staff Executive of Stanley Black & Decker, Inc., and from March 2010 to April 2011, he served as Senior Vice President and Group Executive, Mechanical Security of Stanley Black & Decker, Inc., both positions located in New Britain, Connecticut. Mr. Boswell served as Vice President of The Stanley Works (now known as Stanley Black & Decker, Inc.) in New Britain, Connecticut from July 2005 to March 2010 and as President, Mechanical Access Solutions from January 2007 to March 2010.

Vice President, Corporate Controller: Kristina Cerniglia

Ms. Cerniglia has served as Vice President, Corporate Controller of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2011. She served as Corporate Controller of Stanley Black & Decker, Inc. from December 2008 to March 2011 and as Assistant Controller of The Stanley Works, located in New Britain, Connecticut, from July 2006 to December 2008.

Vice President and President, Asia: Jeff Hung-Tse Chen

Mr. Chen has served as Vice President of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut and as President, Asia in Bangkok, Thailand since June 2006. From April 2005 to November 2006, he held the position of Vice President, Global Operations, The Stanley Works, located in Bangkok, Thailand.

Senior Vice President & Chief Information Officer/SFS: Hubert W. Davis, Jr.

Mr. Davis has served as Senior Vice President of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since November 2006 and as Chief Information Officer/SFS since March 2010. He served as Chief Information Officer of The Stanley Works in New Britain, Connecticut from November 2006 to March 2010. From June 2000 to November 2006, he served as Vice President, Chief Information Officer of The Stanley Works in New Britain, Connecticut.

Assistant Secretary: John D. DelPonti

Mr. DelPonti has served as Assistant Secretary of Stanley Black & Decker, Inc. in New Britain, Connecticut since April 2010. He has served as General Patent Counsel of Stanley Black & Decker, Inc.

since March 2010. He served as General Patent Counsel of The Black & Decker Corporation, located in Towson, Maryland, from 1989 to March 2010.

Vice President and Treasurer: Craig A. Douglas

Mr. Douglas has served as Vice President and Treasurer of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since April 2002. He has served as Treasurer of Stanley Black & Decker, Inc. in New Britain, Connecticut since January 1998.

Assistant Treasurer: Catherine S. Ennis

Ms. Ennis has served as Assistant Treasurer of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since September 2008 and previously held the positions of Director of Financial Shared Services from May 2008 to September 2008, and North American Controller from June 2005 to May 2008.

President, Industrial & Automotive Repair: Massimo Grassi

Mr. Grassi has served as President, Industrial & Automotive Repair of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since January 2010. He has also served as President, Industrial & Automotive Tools, Stanley Black & Decker, Inc. in Diegem, Belgium since July 2009 and has held the positions of President, Stanley Europe in Mechelen, Belgium and President Directeur General, Facom of Stanley Black & Decker, Inc. in Morangis, France since July 2007. Prior to joining The Stanley Works, Mr. Grassi served as President of Pentair Water EMEA (Pentair Inc. – PNR) located in Milan, Italy from October 2003 to June 2006.

Assistant Secretary and Vice President Legal Europe: Corinne M. Herzog

Ms. Herzog has served as Assistant Secretary of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since April 2006 and also has served as Vice President Legal Europe, located in Diegem, Belgium since October 2004.

Executive Vice President and Chief Operating Officer: James M. Loree

Mr. Loree has held the position of Executive Vice President since September 2002 and as Chief Operating Officer since January 2009 of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut. He held the position of Chief Financial Officer of The Stanley Works in New Britain, Connecticut from July 1999 to January 2009.

Senior Vice President, Human Resources: Mark J. Mathieu

Mr. Mathieu has served as Senior Vice President, Human Resources of Stanley Black & Decker, Inc. in New Britain, Connecticut from March 2010. Mr. Mathieu served as Vice President, Human Resources of The Stanley Works (now known as Stanley Black & Decker, Inc.) in New Britain, Connecticut from September 1997 to March 2010.

Assistant General Counsel and Assistant Secretary: Theodore C. Morris

Mr. Morris has served as Assistant General Counsel and Assistant Secretary of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since January 2004.

President Construction & DIY, Latin America: Jaime A. Ramirez

Mr. Ramirez has served as President Construction & DIY, Latin America of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He served as President-Latin America in the Power Tools and Accessories business of The Black & Decker Corporation, located in Towson,

Maryland, from September 2008 to March 2010, Vice President and General Manager from May 2007 to September 2008, and as Vice President and General Manager – Andean Region from July 2000 to May 2007.

Corporate Counsel and Assistant Secretary: Donald J. Riccitelli

Mr. Riccitelli has served as Corporate Counsel and Assistant Secretary of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since January 2006.

Assistant General Counsel and Assistant Secretary: Kathryn P. Sherer

Ms. Sherer has served as Assistant General Counsel and Assistant Secretary of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since January 2004.

President, Emerging Markets and Pacific Group: Ben S. Sihota

Mr. Sihota has served as President, Emerging Markets and Pacific Group of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He served as President-Asia/Pacific of the Power Tools and Accessories business of The Black & Decker Corporation, located in Towson, Maryland, from February 2006 to March 2010.

President, Professional Power Tools & Products: William S. Taylor

Mr. Taylor has served as President, Professional Power Tools & Products of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He served as Vice President-Global Product Development of the Industrial Products Group of The Black & Decker Corporation, located in Towson, Maryland, from January 2009 to March 2010 and as Vice President-Industrial Product Group Development, The Black & Decker Corporation, located in Towson, Maryland, from July 2008 to January 2009. Mr. Taylor served as Vice President-Industrial Products Group Product Development from April 2008 to July 2008, as Vice President/General Manager Industrial Accessories Business from June 2005 to April 2008, both with The Black & Decker Corporation in Towson, Maryland.

President, Engineered Fastening: Michael A. Tyll

Mr. Tyll has served as President, Engineered Fastening of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He served as President, Fastening and Assembly Systems of The Black & Decker Corporation, located in Towson, Maryland, from April 2006 to March 2010.

President, Construction & DIY EMEA: John H. Wyatt

Mr. Wyatt has served as President, Construction & DIY EMEA of Stanley Black & Decker, Inc. in New Britain, Connecticut since March 2010. He served as President-Europe, Middle East, and Africa of the Power Tools and Accessories business of The Black & Decker Corporation, located in Towson, Maryland, from May 2008 to March 2010 and as Vice President-Consumer Products (Europe, Middle East and Africa), The Black & Decker Corporation, located in Towson, Maryland from October 2006 to September 2008. He also served as Managing Director Scotts UK and Iceland for Scotts Miracle Gro in Marysville, Ohio, from January 2002 to October 2006.

Vice President, Internal Audit: Gregory S. Waybright

Mr. Waybright has served as Vice President, Internal Audit of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in New Britain, Connecticut since August 2003. He held the position of Interim Vice President, Investor Relations for The Stanley Works from April 2008 until October 2008.

Mac Tools Division

Business Controller, Industrial and Automotive Repair, North America: Patricia Pieper

Ms. Pieper has served as Business Controller of Industrial and Automotive Repair, North America in Westerville, Ohio since March 2009. She served as Chief Financial Officer, Mac Tools Division of The Stanley Works (now known as Stanley Black & Decker, Inc.) in Westerville, Ohio from January 2007 to March 2009, and Chief Financial Officer, Hydraulic Tools Division of The Stanley Works in Milwaukie, Oregon from July 2004 to December 2006.

Vice President, Sales and Marketing, Mac Tools Division: Brett Shaw

Since May 2010, Mr. Shaw has served as Vice President, Sales and Marketing of the Mac Tools Division of Stanley Black & Decker, Inc. in Westerville, Ohio, with reporting responsibility for all Sales, Promotions, Distribution, Recruiting, Training and Customer Service associates. Mr. Shaw served as Vice President of Field Sales, Independent Channel for The Black & Decker Corporation in Towson, Maryland from July 2008 to May 2010. From January 2006 to June 2008, Mr. Shaw served as Director of National Accounts, Independent Channel for The Black & Decker Corporation in Towson, Maryland.

Director of Sales, Mac Tools Division: Michael A. Brubaker

Mr. Brubaker has served as Director of Sales of the Mac Tools Division of Stanley Black & Decker, Inc. in Westerville, Ohio, since March 2010. Previously he held the position of Director, Distributor Services from March 2009 to March 2010 and Director, Distributor Development, Mac Tools Division, in Westerville, Ohio, from July 2005 to March 2009.

Director of Sales, Mac Tools Division: Louis J. Calabrese

Mr. Calabrese has been the Director of Sales of the Mac Tools Division of Stanley Black & Decker, Inc. (formerly known as The Stanley Works) in Westerville, Ohio since November 2008. Mr. Calabrese was a Regional Manager for the Mac Tools Division of The Stanley Works in Westerville, Ohio from January 2006 to November 2008.

Human Resources Manager, Mac Tools Division: Jayson A. Slabach

Since April 2010, Mr. Slabach has served as the Human Resources Manager for the Mac Tools Division of Stanley Black & Decker, Inc. in Westerville, Ohio. From October 2006 to April 2010 Mr. Slabach served as the Human Resources Manager for GE Lighting's Bucyrus Lamp Plant, located in Bucyrus, Ohio, and GE Lighting's Logan Glass Plant, located in Logan, Ohio. From February 2006 to October 2006 Mr. Slabach served as a Production Supervisor for GE Lighting's Circleville Lamp Plant in Circleville, Ohio.

Director, Human Resources, Industrial and Automotive Repair, North America: Anthony Buffum

Since December 2009, Mr. Buffum has served as Director of Human Resources for Industrial and Automotive Repair, North America for Stanley Black & Decker, Inc. (formerly known as The Stanley Works), in Westerville, Ohio, with direct responsibility for the Mac Tools Division as well as the Vidmar, Proto Tools and Stanley Supply Services businesses. Mr. Buffum served as Director of Human Resources for Industrial and Automotive Supply for The Stanley Works in Westerville, Ohio from March 2009 to December 2009. From January 2008 to March 2009, Mr. Buffum served as Human Resources Manager for the Stanley Engineered Storage Solutions (ESS) Division of The Stanley Works, based at the Stanley Vidmar Plant in Allentown, Pennsylvania. From October 2006 to December 2007 he worked as the Organization and Staffing Manager for GE Lighting Manufacturing, North America and Plant Human Resources Manager in Goldsboro, North Carolina. From May 2004 to September 2006, Mr. Buffum worked for General Electric as an HR Generalist in their Human Resources Leadership Program in Bridgeville, Pennsylvania, Bloomington, Illinois and Billerica, Massachusetts. From October 2006 to

December 2007, he worked as the Organization and Staffing Manager for GE Lighting Manufacturing, North America and Plant Human Resources Manager in Goldsboro, North Carolina.

President, Industrial and Automotive Repair, North America: James J. Cannon

Mr. Cannon was appointed President of Industrial and Automotive Repair, North America, located in Westerville, Ohio in January 2010. He served as President, Industrial Automotive Supply, in Columbus, Ohio, from February 2009 to January 2010. He served as President and General Manager of Stanley Engineered Storage Solutions, in Allentown, Pennsylvania from July 2007 until February 2009, and General Manager of Stanley Vidmar Storage Technologies, in Allentown, Pennsylvania, from October 2005 to July 2007.

ITEM 3. LITIGATION

Certain Pending Actions

Ceballo v. Mac Tools, et al., (Case No. MID-L-479011), Superior Court of New Jersey Law Division Middlesex County. On June 29, 2011, Elba Maria Ceballo ("Ceballo"), the wife of former Mac Tools distributor Andy Diaz filed suit against Mac Tools, Stanley Black & Decker, Inc., and a former employee of Mac Tools (collectively, "Mac Tools"), alleging that Mac Tools intentionally, recklessly or negligently misrepresented or omitted material facts to fraudulently induce Ceballo into investing money so that her husband could enter a distributor agreement, and violated the New Jersey Consumer Fraud Act. Ceballo sought damages for loss of investment capital, loss of income allegedly projected by Mac Tools, loss of assets sold or encumbered to raise money paid, loss incurred in order to obtain and maintain the distributorship, loss of savings, severe emotional distress, and loss of credit standing. Ceballo also sought interest on all losses, treble damages, punitive damages, attorney's fees, costs and disbursements. This matter is pending.

McNeil v. The Stanley Works, (Action No. 9803-00921), Court of Queen's Bench of Alberta, Judicial District of Edmonton. On January 16, 1998, Phil McNeil ("McNeil"), a former Mac Tools distributor located in Canada, filed a Statement of Claim against Stanley Canada Inc. ("Stanley Canada"), alleging that Stanley Canada breached its contract with McNeil, and breached a statutory duty of fair dealing under the Alberta Franchises Act. McNeil sought special and general damages of \$250,000 (Canadian dollars), interest, and costs. Stanley Canada obtained an Order from a Master in the Alberta Court of Queen's Bench on April 3, 1998, staying the court proceeding pending further order of the Court and remitting the dispute in the Statement of Claim to arbitration in accordance with the Credit Assignment Agreement between McNeil and Stanley Canada. Stanley Canada delivered to McNeil a Notice to Negotiate in 1999 and a Notice to Arbitrate dated February 29, 2000. The Notice to Arbitrate included a counterclaim by Mac Tools against McNeil for approximately \$34,000 due from McNeil with respect to unpaid amounts for tool purchases, plus interest, and \$50,000 for breach of the Distributorship Agreement by McNeil. The parties mediated the case, without resolution, in December 2000. Stanley Canada obtained an Order from the Ontario Court of Justice dated September 23, 2002 appointing an arbitrator to arbitrate the dispute between the parties. The matter was never arbitrated on its merits. Stanley Canada withdrew its Notice of Arbitration by letter to McNeil dated May 20, 2005. No further action has been taken by McNeil to pursue the Statement of Claim since that time, though the matter has not been discontinued.

Certain Concluded Civil Actions

Aisenbrey, et al. v. Mac Tools, Inc., et al., (Civil Action No. H-97-1953), United States District Court for the Southern District of Texas. On May 16, 1997, John Aisenbrey and Andrew Lively (collectively, "Aisenbrey and Lively"), former Mac Tools distributors located in Texas, filed suit against Mac Tools

and Stanley, alleging that Mac Tools and Stanley made fraudulent material misrepresentations of fact to induce Aisenbrey and Lively to enter into distributor agreements with Mac Tools and that certain actions of Mac Tools and Stanley violated the Texas Deceptive Trade Practices-Consumer Protection Act (the "Texas Act"). Aisenbrey and Lively in the action sought actual damages in an unstated amount, treble damages for alleged violations of the Texas Act, attorney's fees, pre and post-judgment interest, and court costs. On March 17, 1998 the Court entered an order granting Mac Tools' and Stanley's motion to stay the court proceedings pending arbitration in accordance with the terms of the distribution agreements signed by Mr. Aisenbrey and Mr. Lively. On November 15, 2001, Mac Tools and Mr. Aisenbrey entered into a Settlement, General Release and Indemnification Agreement (the "Aisenbrey Agreement"). Under the terms of the Aisenbrey Agreement, Mac Tools agreed to pay Mr. Aisenbrey \$2,500 and to release and discharge him from any amount owed to Mac Tools. Mac Tools was given the right to any credit or reserve balance created or established by Mac Tools in favor of Mr. Aisenbrey, and Mac Tools retained the right to collect any money owed to Mr. Aisenbrey by his customers for tool purchases. Mac Tools and Mr. Lively agreed to enter into a Settlement, General Release and Indemnification Agreement (the "Lively Agreement"). Under the terms of the Lively Agreement, Mac Tools agreed to pay Mr. Lively \$2,500 and to release and discharge him from any amount owed to Mac Tools. Mac Tools was given the right to any credit or reserve balance created or established by Mac Tools in favor of Mr. Lively and Mac Tools retained the right to collect any money owed to Mr. Lively by his customers for tool purchases.

Alexander, et al. v. The Stanley Works, et al., (Case No. 6:06-cv-0045 HL), United States District Court for the Middle District of Georgia, Albany Division. On June 29, 2006, Jeramy D. Alexander, a Mac Tools distributor located in Georgia, and his spouse, Jennifer Alexander (collectively, the "Alexanders"), filed suit against Stanley and American Express Co., alleging that Stanley and American Express Co., through its subsidiary American Express Business Finance Corporation, the assignee of Stanley of certain obligations of the Alexanders, made false and fraudulent misrepresentations and negligent misrepresentations, committed legal or constructive fraud to induce the Alexanders to enter into distributor agreements with Stanley, breached an alleged fiduciary duty to the Alexanders, converted funds of the Alexanders, was unjustly enriched, breached its contract with the Alexanders, and tortiously interfered with the Alexanders' business relations. The Alexanders in the action sought declaratory relief regarding the mandatory alternative dispute resolution clauses of the distribution agreement, a refund of monies for sales of tools to the Alexanders, disgorgement of profits for alleged unlawful schemes, unjust enrichment, an accounting, punitive damages, compensatory damages in an amount exceeding \$75,000 for each of the Alexanders, pre-judgment interest, attorney's fees and costs. In October 2006, the parties agreed to mediate the case and further agreed that if the mediation were not successful, the Court could dismiss Mrs. Alexander's claims without prejudice and order Mr. Alexander's claims to binding arbitration, which the Court did in an order entered on March 12, 2007. As of the date of this disclosure document, the Alexanders have not initiated an arbitration proceeding.

Heard v. Mac Tools Corporation, et al., (Case No. 02-08014-NM), United States District Court for the Central District of California. On October 16, 2002 Brent Heard ("Heard"), a former Mac Tools distributor, filed suit against Mac Tools, alleging that Mac Tools breached its contract with Heard, breached the implied covenant of good faith and fair dealing, breached an alleged fiduciary duty to Heard, intentionally interfered with economic advantage, intentionally inflicted emotional distress, negligently inflicted emotional distress, and committed fraud. Heard sought lost profits, amounts paid for invoices, lost revenue, reimbursement for remaining inventory at the end of Heard's distributorship, lost goodwill, lost future profits, damages for mental suffering and emotional distress, attorney's fees and costs, and punitive damages. On December 10, 2003, the parties entered into a General Mutual Release and Settlement Agreement (the "Heard Agreement"). Under the terms of the Heard Agreement, Mac Tools agreed to pay Heard \$20,000 and to release and discharge Heard from any amount owed Mac Tools. Mac Tools was given the right to any credit or reserve balance created or established by Mac Tools in favor of Heard, and Mac Tools retained the right to collect any money owed to Heard by his customers for tool purchases.

Lockett v. The Stanley Works, (Case No. 02-293J), United States District Court for the Western District of Pennsylvania. On November 15, 2002 Ronald Lockett ("Lockett"), a former Mac Tools distributor located in Pennsylvania, filed suit against Mac Tools, alleging that Mac Tools breached its distributor agreement with Lockett, breached an alleged statutory duty of fair dealing under the Pennsylvania Franchise Act, breached the implied covenant of good faith and fair dealing under the Pennsylvania Consumer Protection Act, and made material misrepresentations to Lockett constituting fraud. Lockett sought damages in excess of \$75,000 for compensatory and punitive damages, plus attorney's fees and interest. Mac Tools counterclaimed against Lockett for damages of \$3,234.46 related to unpaid amounts for the purchase of inventory. On October 3, 2003, the parties entered into a Settlement Agreement and Release of All Claims (the "Lockett Agreement"). Under the terms of the Lockett Agreement, Mac Tools agreed to pay Lockett \$1,500 and to forgive his debt to Mac Tools in the amount of \$3,234.46.

Perry v. Stanley Mechanics Tools, et al, (Case No. CV030248), Superior Court of California for the County of San Luis Obispo. On March 17, 2003, Kurt Perry ("Perry"), a Mac Tools former distributor, filed suit against Stanley, Mac Tools, and a district manager of Mac Tools (collectively, the "Mac Tools Defendants"); alleging that the Mac Tools Defendants made intentional and negligent misrepresentations and/or concealed facts in regard to a particular distributorship territory in order to induce Perry to enter into a distributor agreement with Mac Tools for that territory. The complaint further alleged breach of the implied covenant of good faith and fair dealing and intentional interference with economic relations. Perry sought special damages in an amount in excess of \$200,000 and damages from the cost of changing territories. Perry also sought damages for lost sales, lost future sales, lost goodwill, loss of revenue, loss of future revenue, lost profits, loss of future profits, injury to his personal credit, inability to participate in Mac Tools' credit programs and failure to credit his business account. Perry also sought punitive and exemplary damages. On or about August 23, 2004, the parties entered into a Settlement Agreement and Release in Full of All Claims (the "Perry Agreement"). Under the terms of the Perry Agreement, Mac Tools agreed to pay \$15,000 to the bankruptcy trustee of Perry's estate and agreed to relinquish its claim for unpaid amounts for the purchase of inventory against Perry in the amount of \$22,000. Under the Perry Agreement, Perry agreed to satisfy all outstanding liens or charges connected to his relationship with Mac Tools. On October 29, 2004, the Court dismissed the action.

Briseno v. Stanley Mechanics Tools, Corp., (Case No. 03 CV 1056 JM (JFS)), United States District Court for the Southern District of California. On May 27, 2003, Guillermo Briseno ("Briseno"), a current Mac Tools distributor located in California, filed suit against Mac Tools, alleging that Mac Tools breached its distributor agreement with Briseno by failing to properly account for certain tool sales and credits, breached the implied covenant of good faith and fair dealing, breached its alleged fiduciary duty to Briseno, and used fraud to induce Briseno to enter into the distributor agreement. Briseno sought special damages in excess of \$75,000, punitive damages, and attorney's fees and costs. On August 19, 2003, the Court entered an order granting Mac Tools' motion to stay the court proceedings pending arbitration in accordance with the terms of the distributor agreements signed by Briseno. On March 4, 2004, Briseno requested, and the court entered, an order dismissing the case with prejudice.

Jean, et al. v. The Stanley Works, et al., (Case No. 1:04-cv-01904-CAB), United States District Court for the Northern District of Ohio, Eastern Division. On September 20, 2004 Robert Jean, Kenny Hankins, Glenn Perkinson, Michael Brown and Curtis Freyermuth, Mac Tools distributors, on behalf of themselves and other similarly situated Mac Tools distributors (the "Mac Tools Distributors"), filed suit (which suit the Mac Tools Distributors amended on December 28, 2004) against Mac Tools, The Stanley Works (now known as Stanley Black & Decker, Inc.) ("Stanley") and American Express Co., alleging that Stanley and American Express Co., through its subsidiary American Express Business Finance Corporation, the assignee of Stanley of certain obligations of the Mac Tools Distributors, made false and fraudulent misrepresentations and negligent misrepresentations, committed legal or constructive fraud to induce the Mac Tools Distributors to enter into distributor agreements with Mac Tools, Mac Tools breached an alleged fiduciary duty to the Mac Tools Distributors, converted funds of the Mac Tools Distributors, was

unjustly enriched, breached its contract with the Mac Tools Distributors, and tortiously interfered with the Mac Tools Distributors' business relations. The Mac Tools Distributors also claimed defamation, false imprisonment and fraudulent concealment. At the time of the filing, with the exception of Robert Jean who was a current Mac Tools distributor, all of the Mac Tools Distributors were former Mac Tools distributors. The Mac Tools Distributors in the action sought declaratory relief regarding the mandatory alternative dispute resolution clauses of the distribution agreement, a refund of monies for sales of tools to the Mac Tools Distributors, disgorgement of profits for alleged unlawful schemes, unjust enrichment, an accounting, punitive damages, compensatory damages in an amount exceeding \$75,000 for each of the Mac Tools Distributors, pre-judgment interest, attorney's fees and costs, and a constructive trust. Mac Tools moved to compel arbitration and dismiss the suit with respect to 93 of the 103 named Mac Tools Distributors whose distributor agreement contained a mandatory arbitration provision. As to the remaining 10 Mac Tools Distributors, Mac Tools moved to dismiss the suit in its entirety on the basis that it failed to state any cause of action against Mac Tools upon which relief could be granted. On July 11, 2006, the Court granted in part and denied in part Mac Tools' motion to dismiss the suit. On August 29, 2006, the Court granted Mac Tools' motion to compel as to the majority of the 93 Mac Tools Distributors who had signed a distributor agreement with an arbitration provision and referred the specific issues relating to a subset of the Mac Tools Distributors to the Magistrate for an evidentiary hearing, which was held on November 16 and 17, 2006. On April 3, 2007, the Magistrate recommended that Mac Tools' Motion to Compel Arbitration be granted as to the 93 Mac Tools Distributors. On April 16, 2007 the Mac Tools Distributors filed an objection to the recommended decision, and on May 3, 2007 Mac Tools filed its response to the objection. On July 14, 2008, the Court issued an Opinion and Order adopting the Magistrate's recommendation. On November 11, 2008, the Mac Tools Distributors filed a motion for a protective order, to sever claims and to stay discovery. On January 23, 2009, the Court denied the Mac Tools Distributors' motion, set a case management schedule including a discovery cut-off of March 23, 2009 and a summary judgment motion date of April 23, 2009, stayed the claims of the parties ordered to arbitration, and ordered the parties to submit arbitration status reports to the Court. On March 11, 2009, the Mac Tools Distributors filed a Stipulation of Voluntary Dismissal of the claims of the remaining Mac Tools Distributors, except for the claims of Mr. Robert Jean and Mr. Kenneth Hankins. On March 12, 2009, the Court granted the stipulation, and accordingly, only Mr. Jean and Mr. Hankins remained as plaintiffs in the case. On April 23, 2009, Stanley filed a motion for summary judgment on all remaining claims, which was granted on June 14, 2010. A final judgment terminating all claims was entered by the Court on June 22, 2010.

Lott v. Mac Tools, et al., (Case No. L-1891-07), Superior Court of New Jersey Law Division Monmouth County. On April 16, 2007, Susan Lott ("Lott"), the wife of former Mac Tools distributor Michael Lott (collectively, the "Lotts"), filed suit against Mac Tools and an employee of Mac Tools, alleging that Mac Tools intentionally or negligently misrepresented or omitted material facts to induce Lott into investing money so that her husband could enter a distributor agreement, intentionally inflicted emotional distress on Lott, acted maliciously, negligently, carelessly, wrongfully, recklessly, and otherwise engaged in gross, wanton and willful behavior and morally culpable conduct, and violated the New Jersey Consumer Fraud Act. Lott sought damages for loss of investment capital, loss of income allegedly projected by Mac Tools, loss of assets sold or encumbered to raise money paid, loss incurred in order to obtain and maintain the distributorship, loss of savings, severe emotional distress, and loss of credit standing. Lott also sought interest on all losses, treble damages, punitive damages, attorney's fees, costs and disbursements. On September 10, 2007, the parties entered into a Settlement, General Release and Indemnification Agreement (the "Lott Agreement"). Under the terms of the Lott Agreement, Mac Tools agreed to pay the Lotts \$40,000 and to release and discharge the Lotts from any amount then owed to Mac Tools. Mac Tools was given the right to any credit or reserve balance created or established by Mac Tools in favor of Mr. Lott, and Mac Tools retained the right to collect any money owed to Mr. Lott by his customers for tool purchases. Additionally, Mr. Lott agreed to the return of any property belonging to Mac Tools.

Rose v. Mac Tools, et al., (Case No. L-1907-07), Superior Court of New Jersey Law Division Monmouth County. On April 16, 2007, Shari Rose ("Rose"), the wife of former Mac Tools distributor David Rose (collectively, the "Roses"), filed suit against Mac Tools and an employee of Mac Tools, alleging that Mac Tools intentionally or negligently misrepresented or omitted material facts to induce Rose into investing money so that her husband could enter a distributor agreement, intentionally inflicted emotional distress on Rose, acted maliciously, negligently, carelessly, wrongfully, recklessly, and otherwise engaged in gross, wanton and willful behavior and morally culpable conduct, and violated the New Jersey Consumer Fraud Act. Rose sought damages for loss of investment capital, loss of income allegedly projected by Mac Tools, loss of assets sold or encumbered to raise money paid, loss incurred in order to obtain and maintain the distributorship, loss of savings, severe emotional distress, and loss of credit standing. Rose also sought interest on all losses, treble damages, punitive damages, attorney's fees, costs and disbursements. On September 10, 2007, the parties entered into a Settlement, General Release and Indemnification Agreement (the "Rose Agreement"). Under the terms of the Rose Agreement, Mac Tools agreed to pay the Roses \$40,000 and to release and discharge the Roses from any amount then owed to Mac Tools. Mac Tools was given the right to any credit or reserve balance created or established by Mac Tools in favor of Mr. Rose, and Mac Tools retained the right to collect any money owed to Mr. Rose by his customers for tool purchases. Additionally, Mr. Rose agreed to the return of any property belonging to Mac Tools.

Bixby, et al. v. Stanley Mechanics Tools, Inc., et al., (Case No. 51-2006-CA-1307-WS), Circuit Court of the Sixth Judicial Circuit in and for Pasco County, Florida. On or about May 9, 2006, Jane Bixby, Diana Floyd and Patricia Harrell, spouses of former Mac Tools distributors located in Florida, and Rose DiSimone, sister to a former Mac Tools distributor located in Florida (collectively, the "Bixby Plaintiffs"), filed suit (which suit the Bixby Plaintiffs first amended on or about September 26, 2007) against Mac Tools and certain employees of Mac Tools. In response to the Bixby Plaintiffs' first amended complaint, on or about October 25, 2007, Mac Tools filed a Motion to Dismiss the Amended Complaint or to Compel Arbitration. On or about January 7, 2008, the Bixby Plaintiffs amended the suit for a second time. In response to the Bixby Plaintiffs' second amended complaint, on or about January 25, 2008, Mac Tools filed a Motion to Dismiss. On or about March 10, 2008, the Court issued an Order on Defendant's Motion to Dismiss, denying Mac Tools' Motion to Dismiss as to Count II of the complaint (based on the Florida Deceptive and Unfair Trade Practices Act), dismissing with prejudice the Bixby Plaintiffs' claims under the Florida Franchise Act, and dismissing without prejudice the Bixby Plaintiffs' fraudulent inducement claims and deceptive trade practices claims.

On or about May 16, 2008, Jane Bixby, David R. DiSimone (as personal representative of Rose DiSimone), Diana Floyd, Patricia Harrell and David Harrell (a former Mac Tools distributor) (the "3rd Amended Complaint Plaintiffs") filed a 3rd Amended Complaint, naming as additional defendants, Michael Bixby and Lyle Floyd (both former Mac Tools distributors). The complaint alleged that Mac Tools sold undisclosed franchises, violated the Florida Deceptive and Unfair Trade Practices Act and the Florida Franchise Act, misrepresented distributor's potential income, intentionally and fraudulently misrepresented certain facts and obtained an agreement entered into by Mac Tools and a distributor through fraud and deceit. The 3rd Amended Complaint Plaintiffs sought an injunction preventing Mac Tools from entering into distributor agreements until Mac Tools registered as a franchise, and requiring certain information be made available to distributors; they also sought damages for loss of investment capital, loss of income allegedly projected by Mac Tools, loss of personal assets, loss incurred in obtaining and maintaining the distributorship, loss of savings, loss of credit rating, and emotional distress. The 3rd Amended Complaint Plaintiffs further sought interest on all damages, attorney's fees and costs, rescission of the distributor agreement and return of any royalties paid, as well as a declaratory judgment defining the scope of assignments by Michael Bixby and Lyle Floyd to their respective spouses of their interests in damages from the action. In addition, Mr. Harrell sought a declaratory order that the Mac Tools Franchise Agreement entered into by Mr. Harrell was a franchise.

On October 26, 2008, former Mac Tools distributor Michael Bixby, his wife Jane Bixby (collectively, the "Bixbys"), and Mac Tools entered into a Settlement, General Release and Indemnification Agreement with Attached Stipulation of the Parties (the "Bixby Agreement"). Under the terms of the Bixby Agreement, Mac Tools agreed to pay the Bixbys \$35,000 and to release and discharge the Bixbys from any amount owed to Mac Tools. Mac Tools was given the right to any credit or reserve balance created or established by Mac Tools in favor of Mr. Bixby, and Mac Tools retained the right to collect any money owed the Bixbys by customers for tool purchases. On May 12, 2009, the Bixbys' claims were dismissed with prejudice.

On December 1, 2008, former Mac Tools distributor David Harrell, his wife Patricia Harrell (collectively, the "Harrells"), and Mac Tools entered into a Settlement, General Release and Indemnification Agreement with Attached Stipulation of the Parties (the "Harrell Agreement"). Under the terms of the Harrell Agreement, Mac Tools agreed to pay the Harrells \$35,000 and to release and discharge the Harrells from any amount owed to Mac Tools. Mac Tools was given the right to any credit or reserve balance created or established by Mac Tools in favor of Mr. Harrell, and Mac Tools retained the right to collect any money owed the Harrells by customers for tool purchases. On May 12, 2009, the Harrells' claims were voluntarily dismissed with prejudice.

On December 4, 2008, former Mac Tools distributor Frank DeMartino, David R. DiSimone as the Personal Representative of the Estate of Rose DiSimone (the "Estate of Rose DiSimone"), and Mac Tools entered into a Settlement, General Release and Indemnification Agreement with Attached Stipulation of the Parties (the "DiSimone Agreement"). Under the terms of the DiSimone Agreement, Mac Tools agreed to pay the Estate of Rose DiSimone \$35,000 and to release and discharge Mr. DeMartino and the Estate of Rose DiSimone from any amount owed to Mac Tools. Mac Tools was given the right to any credit or reserve balance created or established by Mac Tools in favor of Mr. DeMartino and Mac Tools retained the right to collect any money owed Mr. DeMartino by customers for tool purchases. The Estate agreed to dismiss Ms. DiSimone's claims with prejudice, and on April 29, 2009, the final order of dismissal with prejudice was entered by the Court.

Former Mac Tools distributor Lyle Floyd, his wife Diana Floyd, and Mac Tools verbally agreed to settle the Floyds' claims against Mac Tools but the Floyds did not sign a settlement agreement. On or about May 25, 2010, Mac Tools filed a Motion to Dismiss for Lack of Prosecution requesting that the Court dismiss the Floyds' claims against Mac Tools, and on December 3, 2010, the Court granted Mac Tools' motion and dismissed the Floyds' claims without prejudice.

Injunctions; Restrictive Orders and Decrees

During the first six months of 1999, Stanley entered into consent decrees with the Federal Trade Commission ("FTC") and the States of Connecticut and Missouri, pursuant to which Stanley agreed to meet the very latest FTC guidelines for Made in U.S.A. labeling on its mechanics tools. The guidelines require that products may be marked "Made in U.S.A." if, and only if, those products have all or virtually all domestic content. The guidelines were announced by the FTC in December 1997. Almost all of Stanley's products met the guidelines even before they were announced. Immediately following the change in the guidelines, Stanley voluntarily took steps to ensure that all of its products would comply with the change. Those steps had already been taken when the consent decrees were agreed to in 1999, and, as a result, Stanley was not required to make any additional changes.

In June 2006, Stanley entered into an additional consent decree and order with the U.S. Department of Justice and the FTC to settle charges regarding representations made with respect to the origin of components of its Zero Degree ratchets. The consent decree provided for payment by Stanley of a \$205,000 civil penalty and a prohibition on violating the FTC order issued in connection with the 1999 consent decrees described above.

Except for the matters described above, no litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this item.

ITEM 5. INITIAL FEES

In order to acquire a Mac Tools franchise, you must pay to us an initial franchise fee of \$3,000, which, unless financed by us in circumstances as described in Item 10 of this disclosure document, is due in full upon your execution of the Franchise Agreement. The initial franchise fee is not refundable. As disclosed below, you will be required to purchase product inventory, equipment, and other items from Mac Tools.

A payment is required to be made to Mac Tools by a franchisee for the initial inventory of tools purchased for resale (the "Starter Inventory"). Inventory purchased for resale is sold to the franchisee at Mac Tools' published prices established from time to time by Mac Tools. Occasionally, an existing Mac Tools tool inventory located in the vicinity of the route to be served by a new franchisee will become available for purchase, and a new franchisee in the area may desire to purchase the existing tool inventory to serve as the Starter Inventory. In this event, Mac Tools reserves the right to determine whether the existing inventory can reasonably be substituted in place of the usual Starter Inventory package and, if it agrees to permit this, the new franchisee will be required to execute documentation to reflect the franchisee's request and Mac Tools' approval of the request.

The current Starter Inventory package is offered at a price in an amount of up to \$50,000. The Starter Inventory package consists of various components, a toolbox and a tool cart. Each component includes a standard core assortment ("SCA") of products. (For example, a SCA may include soft-line products with air-tools, parts, electronics, pliers, striking tools and accessories, and another SCA may include hard-line products with screwdrivers and striking tools.) From time to time, in Mac Tools' sole discretion, each component may be updated to ensure that the mix of tools in the SCA reflects a collection of the most popular products which Mac Tools is selling at that time. Regardless of how the mix of products within SCAs is changed, the Starter Inventory as a whole will be priced at an amount which is no more than \$50,000. The franchisee also has the option, in addition to the Starter Inventory, to purchase from Mac Tools internal tool displays for use inside its truck for \$1,500. Payment for the Starter Inventory and any merchandising displays purchased by the franchisee is made at the successful conclusion of the initial training program in Ohio. The Franchise Agreement and other agreements and forms (copies of which are attached) are typically executed by franchisees during the initial training program, as described in Item 11 of this disclosure document. Franchisees may pick up the Starter Inventory at Mac Tools' distribution center in Columbus, Ohio or at an address specified by the franchisee. If sent to the address specified by the franchisee, the Starter Inventory is generally received by the week following completion by the franchisee of the initial training program. Any refunds of payments by the franchisee for the Starter Inventory are subject to Mac Tools' then applicable Tool Returns policy.

Mac Tools reserves the right to offer other Starter Inventory packages, and to change prices and credit terms, as it deems appropriate.

The franchisee is required to purchase or lease a new or used truck for the operation of the Mac Tools Business. The franchisee can purchase the truck from any vendor, provided that the truck is one of the models approved by Mac Tools and meets Mac Tools' current specifications. Mac Tools provides the names of businesses that sell or lease approved models of trucks that meet Mac Tools' specifications and that can equip the trucks with the appropriate fixtures. Occasionally, Mac Tools may have used trucks for sale to franchisees. The prices of such trucks vary depending on the condition of the particular trucks. We estimate the range of prices of trucks to be \$10,000 to \$120,000. These estimates include amounts paid or reimbursed to us or to other suppliers by the franchisee for truck delivery, truck condition reports, sales taxes, expenses of vehicle registration, and document fees related to purchase or lease of the truck and registration with state and local jurisdictions. (See Items 7 and 8 of this disclosure document for further information.)

If the franchisee obtains a truck that has not yet had a decal package installed and if the supplier of the truck is not including the decal package as part of the purchase price of the truck, the franchisee must purchase the decal package from Mac Tools at the price paid by Mac Tools for the decal package (the price is \$735 as of the date of this disclosure document).

A franchisee may, at his or her option, decide to purchase from Mac Tools a Mobile Merchant machine to enable the franchisee to accept customers' charges of purchases using the GreenSky Trade Credit, LLC ("GreenSky") Mac Tools Card and other major credit cards. The cost for the Mobile Merchant machine can be paid in a single payment charged to the franchisee's trade account or as a series of debits charged to the franchisee's trade account. The cost of the Mobile Merchant, if paid in full, will be \$450, and the cost will be \$525 if paid in 3 monthly equal installments of \$175 each. There is no interest charged on monthly installments. Mobile Merchant is not required; however, it is highly recommended to improve the efficiency of customers' purchase transactions. The ongoing wireless broadband charges and credit card administration and handling fees associated with this option are not included in these totals and vary by provider.

In addition, the franchisee may, but is not obligated to, purchase business, promotional and merchandising supplies which are offered at competitive prices through Mac Tools or from independent suppliers approved by Mac Tools.

Generally, none of the fees or payments disclosed above are refundable.

Conversion by Existing Mac Tools Distributor to Mac Tools Franchisee

Current Mac Tools distributors in good standing who desire to convert to become a Mac Tools franchisee will be required to sign a Mac Tools Franchise Agreement, a copy of which is attached as Exhibit B to this disclosure document, as well as the Distributor to Franchisee Conversion Addendum to Mac Tools Franchise Agreement, a copy of which is included in Exhibit D to this disclosure document. As is reflected in the Addendum, conversion franchisees will not be required to pay an initial franchise fee to Mac Tools. The term of the Franchise Agreement for conversion franchisees will be 20 years. Conversion franchisees will presumably already have a truck and Mac Tools product inventory and, thus, will not be required to make these purchases, or have expenses related to decals for the truck. If the conversion franchisee has not already obtained the optional items described above in this Item 5, it will have the option to obtain them.

Conversion by Franchisee from Competitive Tool Distribution Franchise System to Mac Tools Franchisee

Mac Tools typically offers incentives to franchisees from competitive tool distribution franchise systems who meet Mac Tools' then-effective qualifications regarding sales and experience and who convert from being a franchisee or distributor in another system to become a Mac Tools franchisee. Mac Tools reserves its rights at any time to change its qualifications applicable to conversion candidates. The terms of the incentives, if any, are negotiable between Mac Tools and the converting franchisee, but may, for example, involve trade account credits in the amount of the converting franchisees expenses to have their truck painted to reflect Mac Tools' colors and to have Mac Tools decals applied, trade account credits conditioned on attaining specific required inventory purchase target amounts, requirements that the converting franchisee attend Tool Fair, and other revisions to the converting franchisee's obligations under the Mac Tools Franchise Agreement. The converting franchisee will sign with Mac Tools a Mac Tools Franchise Agreement, a copy of which is attached as Exhibit B to this disclosure document, as well as the Franchisee Conversion Addendum to Mac Tools Franchise Agreement, a copy of which is included in Exhibit D to this disclosure document, as modified to reflect any negotiated terms. Such conversion franchisees will be required to pay an initial franchisee fee to Mac Tools. Such conversion franchisees may already have a truck that is satisfactory to Mac Tools and, thus, will not be required to make this purchase, but will likely be required to have the truck repainted to reflect Mac Tools' colors and to purchase the decal package and have it installed. The conversion franchisee must purchase a Starter Inventory from Mac Tools. If the conversion franchisee has not already obtained the optional items described above in this Item 5, it will have the option to obtain them.

ITEM 6. OTHER FEES

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Annual Fee	\$900, if paid on or before January 15 th ; \$990 if paid in monthly installments of \$82.50 on or before the fifteenth of each month. The Annual Fee is payable beginning with the first full calendar year during the Term.	Monthly installment on or before the fifteenth day of each month of the calendar year or a single payment on or before January 15 th of each calendar year.	Payable in the form of debit(s) to your trade account in monthly installments of \$82.50 on or before the fifteenth of each month during the calendar year, or a single total (discounted) payment of \$900 if paid in full on or before January 15 th of each calendar year.
On-going purchases of products to replenish tool inventory (See Note 1)	Variable, depending upon sales by franchisee	Payable weekly (See Note 1)	Total price of product, less 2% if paid in full within 10 days or full price if paid within 30 days.

Type of Fee	Amount	Due Date	Remarks
Late Charge	1.5% per month (18% per year) or the highest rate permitted by law (whichever is lower), based on the cash price of products purchased on a trade account and not paid when due	Payable upon demand	Mac Tools may start applying the charge under the Purchase Agreement when purchase on a trade account is at least 10 days past due and may continue to apply it to the unpaid balance until such purchase is paid in full.
Costs and Legal Fees	Will vary under the circumstances	Payable upon demand	We are entitled to recover damages, costs and expenses, including attorneys' fees and disbursements, that we incur (1) as a result of (a) default under the Franchise Agreement, or any related agreement (b) enforcement of rights under the Franchise Agreement concerning confidential information, (c) enforcement of rights under the Security Agreement, (d) our efforts to collect amounts owed under the Purchase Agreement, (e) your assertion in arbitration or litigation that the representations and warranties made by you in the Franchise Agreement are not true or accurate, and (2) because we were required to compel arbitration.
Indemnity	Will vary under the circumstances	Payable upon demand	The franchisee indemnifies Mac Tools from certain claims and liabilities connected with the Mac Tools Business and listed in Section 3.17(a) of the Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
GreenSky Customer Credit Program Charge-Offs	Will vary under the circumstances	Payable upon demand	The franchisee will pay 25% of the amount of an account that Mac Tools reimburses GreenSky for the franchisee's customers' accounts that are charged-off (See Note 2)
Extended Trade Program administrative fee	\$25 is due to Mac Tools each time that a franchisee participates in the Extended Trade Program	Payable upon demand	(See Note 1)

Except as provided in the following notes, the fees and payments listed above are uniformly imposed by us, collected by us, and payable to us. These fees and payments are nonrefundable.

Note 1: On-going purchases of products to replenish inventory: As disclosed in Item 5 of this disclosure document, the franchisee must purchase from us the Starter Inventory package prior to operating the Mac Tools Business. (See Item 5 for more details.) After commencing operation of the Mac Tools Business, the franchisee must purchase its on-going inventory of the Products from Mac Tools, which Products are sold at the prices and on the terms in effect from time to time. During each year of the term of the Franchise Agreement, unless you are currently complying with a written business improvement plan approved by Mac Tools, you must purchase a quantity of Products having a total dollar value (calculated based on the prices paid for Products and the net of the dollar value of returns) greater than or equal to at least 80% of the National Franchisee Average and multiplied by the number of Routes assigned to you. (The National Franchisee Average is defined in the Franchise Agreement as the amount of purchases determined at least annually by Mac Tools by dividing the total number of Routes operated by Mac Tools franchisees and distributors into the total dollar amount of the Products purchased by such franchisees and distributors during the applicable period of time used to determine the average). Mac Tools will advise you (either in hard copy or electronically by a posting on a Mac Tools website) of the National Franchisee Average.

Although not obligated to do so, Mac Tools may provide for the purchase of inventory of the Products and the SBD Products on credit, by giving the franchisee extended terms for payment. (See the Purchase Agreement attached as Exhibit E.) (See Item 10 for additional information.)

In addition, Mac Tools may periodically make certain Products available to certain Mac Tools franchisees to purchase on extended repayment terms. If Mac Tools invites a franchisee to participate in the Extended Trade Program, it is the franchisee's option regarding whether to participate. The types of Products made available, the inventory of products that must be purchased, the costs for the Products, the repayment term, which franchisees are eligible to participate in the Program, and other additional limitations on the Extended Trade Program are in the sole discretion of Mac Tools. Each time that a franchisee participates in the Extended Trade Program, the franchisee must pay Mac Tools a \$25 administrative charge. (See Item 10 for additional information.)

A new franchisee, at his or her option, may participate in the Mac Tools Pay By Phone program, a program for making payments on the franchisee's trade account. (Mac Tools also accepts payment from franchisees made by credit card and ePay.) Pay By Phone is an electronic transfer of funds system that is provided to franchisees at no cost. In order to make a payment on the franchisee's trade account, the

franchisee simply calls an 800 number (available 7 days a week and 24 hours a day) and schedules a payment to the Mac Tools trade account. Payments will be withdrawn from the franchisee's account on the next business day (assuming the franchisee calls before 7:00 p.m. EST) and will be posted to Mac Tools' account on the following business day (except that payments withdrawn from the franchisee's account on Friday morning will be posted to Mac Tools' account on Friday afternoon). If the franchisee calls on Saturday or Sunday, the payment will be withdrawn from the franchisee's account on Tuesday and posted to Mac Tools' account on Wednesday. In order to enroll, the franchisee must complete the Mac Tools Pay By Phone form (Exhibit L to this disclosure document), attach a voided check from the account that the franchisee wishes to be debited for payments to the franchisee's trade account and submit it on the first day of the initial training program. The directions, access code and password will be mailed to the franchisee's home address. Mac Tools' then current payment terms for the franchisee's trade account will apply to payments made via Pay By Phone.

A new franchisee, at his or her option, may participate in the ePay program, an online program by which a franchisee can access a password protected website maintained by Mac Tools in order to make payments on the franchisee's trade account. The ePay program is an electronic transfer of funds system that is provided to a franchisee at no cost, following the franchisee's voluntary online enrollment in the ePay program. Participating franchisees receive a quarterly rebate of least 1% of all payments made through the ePay program, as long as the franchisee is in good standing with Mac Tools and current on all payments due to Mac Tools.

Return of Goods Purchased. During the term of the Franchise Agreement, Products, and if applicable, SBD Products, may be returned to Mac Tools in accordance with the terms of Mac Tools' then-current Tool Returns policy contained in the Field Operations Manual or as otherwise provided by Mac Tools in writing. If the Franchise Agreement is terminated or expires either because the franchisee has terminated the Agreement without giving Mac Tools notice of a default by Mac Tools, or because Mac Tools has given the franchisee notice of a default but the franchisee has failed to cure the default, then, for 15 days following the termination or expiration effective date, Mac Tools will have the option (but not the obligation unless otherwise required by state law) to purchase all or any portion of the franchisee's inventory of the Products and/or the SBD Products for the following purchase prices: for truck-worn inventory, in an amount equal to fifty percent (50%) of the most recent franchisee net price(s) for such inventory, and, for new inventory in restockable condition, in an amount equal to ninety percent (90%) of the most recent franchisee net price(s) for such inventory. Discontinued inventory is not to be returned to Mac Tools, no credit will be issued by Mac Tools for discontinued inventory, and Mac Tools will have the right to dispose of any discontinued inventory that is returned to Mac Tools. Mac Tools' determination of the condition of the inventory for these purposes is final and binding, with no recourse.

If the Franchise Agreement is terminated or expires, authorization from Mac Tools is required before any Product or SBD Product returns of any type will be accepted. Mac Tools will pay for the freight to return the Product or the SBD Product provided the return is handled by the carrier Mac Tools specifies when the return authorization is issued. The Product and/or SBD Product returned should be sent in-bound freight collect via the specified carrier. Failure to follow this procedure will result in the freight cost being deducted from the credit.

No handling charge will be made if termination is due to the franchisee's death, disability or qualified retirement. The return policy is subject to change. Final settlement with the franchisee will be made only after all outstanding balances owed to Mac Tools are satisfied. Mac Tools may apply the repurchase credit against any amount owed to it by the franchisee for services or inventory purchases.

Note 2: GreenSky Customer Credit Program: You have the option to participate in a program where GreenSky Trade Credit LLC will advance credit to certain of your customers as described in more detail in Item 8 of this disclosure document. GreenSky has agreed to lower its normal underwriting standards if

we agree to reimburse GreenSky for the charge-off losses GreenSky incurs with respect to your customers who obtain credit from GreenSky to purchase the Product and/or the SBD Product. If you wish to participate in the GreenSky program, you must agree to pay GreenSky 25% of the charge-offs made by GreenSky. The amount of the reimbursement obligation will vary based on the amount of GreenSky's charge-offs under this program. You are also required to reimburse us for any payments we make to GreenSky for charge-off losses related to your customers.

There are no purchasing cooperatives required to be disclosed in Item 6.

ITEM 7. ESTIMATED INITIAL INVESTMENT

New Franchise

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (See Note 1)	\$3,000	Lump sum	At signing of Franchise Agreement	Mac Tools
Travel And Living Expenses While Training (See Note 2)	\$1,100 to \$1,500	Lump sum	As arranged by you	Airlines, hotels, & restaurants
Initial (Starter) Inventory (See Note 3)	\$50,000	Lump sum	Upon execution of the Franchise Agreement	Mac Tools
Vehicle Purchase (See Note 4)	\$10,000 to \$120,000	As required by suppliers	As required by suppliers	Truck suppliers
Equipment (See Note 5)	\$2,450	Lump sum	Prior to opening	Mac Tools and other suppliers
Computer System (See Note 6)	\$1,600 to \$3,000	Lump sum	Prior to opening	Suppliers
Signs and Graphics (vehicle decals) (See Note 7)	\$0 to \$735	Lump sum	Upon execution of the Franchise Agreement	Mac Tools
Professional Fees (See Note 8)	\$850 to \$1,800	As arranged by you	As arranged by you	Your professional advisors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Insurance (See Note 9)	\$340 per month; \$2,040 for first 6 months	Lump sum	Prior to opening	Insurance company or companies
Uniforms (See Note 10)	\$200	Lump sum	Prior to opening	Approved suppliers
Advertising Associated With Commencement of Business (See Note 11)	\$50 to \$250	As incurred	Upon receipt of invoice	Suppliers
Licenses, Permits and Authorizations (See Note 12)	\$50 to \$250	Lump sum	Prior to opening	Government agencies
Additional Funds: 3 To 6 Months (Working Capital) (See Note 13)	\$18,000 to \$24,000	As incurred	As incurred	Various suppliers, employees and others
TOTAL	\$89,340 to \$209,225			

All figures in Item 7 are estimates only. Actual amounts will vary for each franchisee and each location depending upon a number of factors. Generally, none of the amounts presented in this Item 7 is refundable.

Note 1 The initial franchise fee covers some of our expenses of offering and selling Mac Tools franchises and training and assisting new franchisees with matters related to preparing to commence operation of their Mac Tools Businesses.

Note 2 This estimate includes airfare, meals and hotel for one person while attending the initial training in Columbus, Ohio. The range of estimates presented above reflects that transportation expenses will vary according to the distance, mode of transportation and market for airline transportation. This estimate does not include personal expenses.

Note 3 The amount due for Starter Inventory can be paid in cash or other readily available funds by the franchisee or financed by a third party lender. (See Item 10 for more information.)

This is the minimum required inventory for all starting franchisees. Inventory must be replenished on a weekly basis to serve customers. This payment is nonrefundable, except as such inventory may be subject to then-current Tool Returns policy, including a restocking charge.

Note 4 This estimate will vary significantly depending upon whether a new or used vehicle is purchased. A new vehicle may cost between \$70,000 and \$120,000 and a used vehicle between \$10,000 and \$70,000. Purchase or lease of a model of a vehicle approved by Mac Tools is required for the operation of the Mac Tools Business. These estimates

include amounts paid or reimbursed to us or to other suppliers for truck delivery, truck condition reports, sales taxes, expenses of vehicle registration, and document fees related to purchase or lease of the truck and registration with state and local jurisdictions. This estimate does not include an estimate of the cost of outfitting the truck to display the MAC Tools® logo, decals and other display requirements. (See Note 7 for more information.) The franchisee can purchase the truck from any vendor. Mac Tools provides the names of businesses that sell or lease approved models of trucks that meet Mac Tools' specifications and that can equip the trucks with the appropriate fixtures. Prospective franchisees are encouraged to contact the companies listed below and other companies to discuss the costs and terms of sale or lease of a truck. Used trucks may be available from these vendors or other sources. Further information is available from the franchisee's District Manager. Currently, the companies on this list are:

Bush Specialty Vehicles
80 Park Drive
Wilmington, Ohio 45177
Contact: Ron Victor (866) 604-2874, Ext. 11

DNJ Upfitters
1812 Sutton Road
Jamestown, Ohio 45335
Contact: David Leslie (877) 687-9685

Note 5

This estimate is for the cost of a Mobile Merchant machine to enable the franchisee to accept customers' charges of purchases using the GreenSky MAC Card and other major credit cards. This machine is not required; however, it is highly recommended to improve the efficiency of purchase transactions. The cost for the Mobile Merchant machine can be paid in a single payment charged to the franchisee's trade account or as a series of debits charged to the franchisee's trade account. The cost of the Mobile Merchant, if paid in full, will be \$450, and the cost will be \$525 if paid in 3 monthly equal installments of \$175 each. There is no interest charged on monthly installments. (The ongoing wireless broadband charges and credit card administration and handling fees are not included in this estimate (\$24.95 per month plus 1.69% of the amount of charged transactions plus \$0.30 per transaction for MasterCard, Visa and Discover; American Express charges are dependent upon the franchisee's credit as evaluated by American Express; manually keyed transactions for American Express card purchases have credit card administration and handling fees of 3.25% and \$0.30 per transaction). These amounts are paid to Advance Merchant Solutions.) Also included in this cost is the one time cost of tool displays required for display of inventory inside the truck. Purchase of these displays is required. The estimate does not include other optional equipment which many franchisees elect to use in their business, such as a fax machine, cell phone and credit card machine.

Note 6

The franchisee must purchase or lease for use in the Mac Tools Business either the computer hardware designated by Mac Tools to run Mac Tools' Mobile Business Assistant software or other computer hardware that, after consultation with Mac Tools, is determined to be compatible with and capable of running the Mobile Business Assistant software and communicating with the internal computers at Mac Tools. (See Item 11 of this disclosure document for additional disclosures related to the computer system and related hardware and software that franchisees are required to obtain for their Mac Tools Businesses.)

- Note 7 This estimate covers only the cost of the required truck decal package (this may be included by the supplier as part of the cost of the acquisition of the truck) and does not include the cost of installation of the required truck decal package. If the franchisee obtains a used truck, the decal package may already have been installed). The decal is purchased from Mac Tools, and installation can be performed by the franchisee or a third party, at the franchisee's option.
- Note 8 This is an estimate of your expenses to have an attorney review the franchise documents, as well as the costs of forming a business entity to be the franchisee business entity, should you decide to do so. This estimate does not include the possible expenses of a review of the documents by an accountant or business advisor.
- Note 9 The estimate of business insurance costs will vary by locality, local taxes and your personal loss experience. The estimate provided is for the first six months' coverage. Coverage limits assumed in the estimate are as follows: truck coverage - \$1,000,000; general liability coverage - \$1,000,000; inventory and equipment - \$50,000; and business interruption - \$35,000. We reserve the right to require you to obtain additional types of insurance and coverages, as provided under the Franchise Agreement.
- Note 10 This estimate covers three uniforms for one individual.
- Note 11 Advertising expenditures in connection with commencement of the business are not required. Generally, franchisees have business cards printed for their Mac Tools Business. These amounts are generally not refundable. (See Item 11 of this disclosure document for details.)
- Note 12 This is an estimate of various types of business permits and licenses that may be required in your locality, such as truck licenses, sales tax permits and vendor licenses. You may also be required to obtain other types of licenses, permits or authorizations. The number and amounts of such fees varies from locality to locality. You must comply with all federal, state and local statutes, ordinances and regulations affecting the conduct of your Mac Tools Business.
- Note 13 This is an estimate only of the range of initial start-up expenses that you may incur. The actual amount of additional funds that you will need depends upon a variety of factors, including the time of year when you start your business, your own management skills and economic conditions. This estimate is based on our management's experience and expertise in the Mac Tools Business and our experience with businesses opened before the date of this disclosure document and the working capital needs of those businesses. The estimate is for a period of 3 to 6 months.

You may be able to finance all or part of the initial investment from third parties. (See Item 10 of this disclosure document for additional information.)

Conversion by Existing Mac Tools Distributor to Mac Tools Franchisee

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Equipment (See Note 1)	\$0 to \$2,450	Lump sum	Prior to opening	Mac Tools and other suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Professional Fees (See Note 2)	\$0 to \$1,300	As arranged by you	As arranged by you	Your professional advisors
Uniforms (See Note 3)	\$0 to \$200	Lump sum	Prior to opening	Approved suppliers
TOTAL	\$0 to \$3,950			

All figures in Item 7 are estimates only. Actual amounts will vary for each franchisee and each location depending upon a number of factors. Generally, none of the amounts presented in this Item 7 is refundable.

Note 1 This estimate is for the cost of a Mobile Merchant machine to enable the franchisee to accept customers' charges of purchases using the GreenSky MAC Card and other major credit cards. This machine is not required; however, it is highly recommended to improve the efficiency of purchase transactions. The cost for the Mobile Merchant machine can be paid in a single payment charged to the franchisee's trade account or as a series of debits charged to the franchisee's trade account. The cost of the Mobile Merchant, if paid in full, will be \$450, and the cost will be \$525 if paid in 3 monthly equal installments of \$175 each. There is no interest charged on monthly installments. (The ongoing wireless broadband charges and credit card administration and handling fees (\$24.95 per month plus 1.69% of the amount of charged transactions plus \$0.30 per transaction for MasterCard, Visa and Discover; American Express charges are dependent upon the franchisee's credit as evaluated by American Express; manually keyed transactions for American Express card purchases have credit card administration and handling fees of 3.25% and \$0.30 per transaction) are not included in this estimate. These amounts are paid to Advance Merchant Solutions.) Also included in this cost is the one time cost of tool displays required for display of inventory inside the truck. Purchase of these displays is required. The estimate does not include other optional equipment which many franchisees elect to use in their business, such as a fax machine, cell phone and credit card machine. If the converting distributor already has purchased the Mobile Merchant machine and tool displays for use in the Mac Tools Business, then the range of estimates assumes no further purchase.

Note 2 This is an estimate of your expenses to have an attorney review the franchise documents should you choose to engage an attorney to do so. This estimate does not include the possible expenses of a review of the documents by an accountant or business advisor.

Note 3 If the converting distributor already has purchased uniforms for use in the Mac Tools Business, then the range of estimates assumes no further purchase. Otherwise, this estimate covers three uniforms for one individual.

You may be able to finance all or part of the initial investment from third parties. (See Item 10 of this disclosure document for additional information.)

Conversion by Franchisee from Competitive Tool Distribution Franchise System to Mac Tools Franchisee

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (See Note 1)	\$3,000	Lump sum	At signing of Franchise Agreement	Mac Tools
Travel And Living Expenses While Training (See Note 2)	\$1,100 to \$1,500	Lump sum	As arranged by you	Airlines, hotels, & restaurants
Initial (Starter) Inventory (See Note 3)	\$50,000	Lump sum	Upon execution of the Franchise Agreement	Mac Tools
Vehicle Purchase (See Note 4)	\$0 to \$120,000	As required by suppliers	As required by suppliers	Truck suppliers
Equipment (See Note 5)	\$2,450	Lump sum	Prior to opening	Mac Tools and other suppliers
Computer System (See Note 6)	\$1,600 to \$3,000	Lump sum	Prior to opening	Suppliers
Signs and Graphics (vehicle decals) (See Note 7)	\$0 to \$735	Lump sum	Upon execution of the Franchise Agreement	Mac Tools
Professional Fees (See Note 8)	\$0 to \$1,300	As arranged by you	As arranged by you	Your professional advisors
Uniforms (See Note 9)	\$200	Lump sum	Prior to opening	Approved suppliers
Advertising Associated With Commencement of Business (See Note 10)	\$50 to \$250	As incurred	Upon receipt of invoice	Suppliers
Additional Funds: 3 To 6 Months (Working Capital) (See Note 11)	\$18,000 to \$24,000	As incurred	As incurred	Various suppliers, employees and others
TOTAL	\$76,400 to \$206,435			

All figures in Item 7 are estimates only. Actual amounts will vary for each franchisee and each location depending upon a number of factors. Generally, none of the amounts presented in this Item 7 is refundable.

Note 1 The initial franchise fee covers some of our expenses of offering and selling Mac Tools franchises and training and assisting new distributors with matters related to preparing to commence operation of their Mac Tools Businesses.

Note 2 This estimate includes airfare, meals and hotel for one person while attending the initial training in Columbus, Ohio. The range of estimates presented above reflects that transportation expenses will vary according to the distance, mode of transportation and market for airline transportation. This estimate does not include personal expenses.

Note 3 The amount due for Starter Inventory can be paid in cash or other readily available funds by the distributor or financed by a third party lender. (See Item 10 for more information.)

This is the minimum required inventory for all starting franchisees. Inventory must be replenished on a weekly basis to serve customers. This payment is nonrefundable, except as such inventory may be subject to then-current Tool Returns policy, including a restocking charge.

Note 4 In the event that the converting franchisee has a truck that Mac determines is suitable for use in operating a route for a Mac Tools Business, no purchase of a truck may be necessary. This estimate will vary significantly depending upon whether a new or used vehicle is purchased. A new vehicle may cost between \$70,000 and \$120,000 and a used vehicle between \$10,000 and \$70,000. Purchase or lease of a model of a vehicle approved by Mac Tools is required for the operation of the Mac Tools Business. These estimates include amounts paid or reimbursed to us or to other suppliers for truck delivery, truck condition reports, sales taxes, expenses of vehicle registration, and document fees related to purchase or lease of the truck and registration with state and local jurisdictions. This estimate does not include an estimate of the cost of outfitting the truck to display the MAC Tools® logo, decals and other display requirements. (See Note 7 for more information.) The franchisee can purchase the truck from any vendor. Mac Tools provides the names of businesses that sell or lease approved models of trucks that meet Mac Tools' specifications and that can equip the trucks with the appropriate fixtures. Prospective franchisees are encouraged to contact the companies listed below and other companies to discuss the costs and terms of sale or lease of a truck. Used trucks may be available from these vendors or other sources. Further information is available from the franchisee's District Manager. Currently, the companies on this list are:

Bush Specialty Vehicles
80 Park Drive
Wilmington, Ohio 45177
Contact: Ron Victor (866) 604-2874, Ext. 11

DNJ Upfitters
1812 Sutton Road
Jamestown, Ohio 45335
Contact: David Leslie (877) 687-9685

Note 5 This estimate is for the cost of a Mobile Merchant machine to enable the franchisee to accept customers' charges of purchases using the GreenSky MAC Card and other major credit cards. This machine is not required; however, it is highly recommended to improve the efficiency of purchase transactions. The cost for the Mobile Merchant machine can

be paid in a single payment charged to the franchisee's trade account or as a series of debits charged to the franchisee's trade account. The cost of the Mobile Merchant, if paid in full, will be \$450, and the cost will be \$525 if paid in 3 monthly equal installments of \$175 each. There is no interest charged on monthly installments. (The ongoing wireless broadband charges and credit card administration and handling fees are not included in this estimate (\$24.95 per month plus 1.69% of the amount of charged transactions plus \$0.30 per transaction for MasterCard, Visa and Discover; American Express charges are dependent upon the franchisee's credit as evaluated by American Express; manually keyed transactions for American Express card purchases have credit card administration and handling fees of 3.25% and \$0.30 per transaction). These amounts are paid to Advance Merchant Solutions.) Also included in this cost is the one time cost of tool displays required for display of inventory inside the truck. Purchase of these displays is required. The estimate does not include other optional equipment which many franchisees elect to use in their business, such as a fax machine, cell phone and credit card machine.

- Note 6 The franchisee must purchase or lease for use in the Mac Tools Business either the computer hardware designated by Mac Tools to run Mac Tools' Mobile Business Assistant software or other computer hardware that, after consultation with Mac Tools, is determined to be compatible with and capable of running MBA and communicating with the internal computers at Mac Tools. (See Item 11 of this disclosure document for additional disclosures related to the computer system and related hardware and software that franchisees are required to obtain for their Mac Tools Businesses.)
- Note 7 This estimate covers only the cost of the required truck decal package (this may be included by the supplier as part of the cost of the acquisition of the truck) and does not include the cost of installation of the required truck decal package. If the franchisee obtains a used truck, the decal package may already have been installed). The decal is purchased from Mac Tools, and installation can be performed by the franchisee or a third party, at the franchisee's option.
- Note 8 This is an estimate of your expenses to have an attorney review the franchise documents should you choose to engage an attorney to do so. This estimate does not include the possible expenses of a review of the documents by an accountant or business advisor.
- Note 9 This estimate covers three uniforms for one individual.
- Note 10 Advertising expenditures in connection with commencement of the business are not required. Generally, franchisees have business cards printed for their Mac Tools Business. These amounts are generally not refundable. (See Item 11 of this disclosure document for details.)
- Note 11 This is an estimate only of the range of initial start-up expenses that you may incur. The actual amount of additional funds that you will need depends upon a variety of factors, including the time of year when you start your business, your own management skills and economic conditions. This estimate is based on our management's experience and expertise in the Mac Tools Business and our experience with businesses opened before the date of this disclosure document and the working capital needs of those businesses. The estimate is for a period of 3 to 6 months.

You may be able to finance all or part of the initial investment from third parties. (See Item 10 of this disclosure document for additional information.)

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We place restrictions on the sources of products and services that you sell or otherwise use in the operation of your Mac Tools Business. In addition, certain products and services that you sell or otherwise use in the operation of your Mac Tools Business must meet our specifications and standards. You may only offer products and services, and use products and equipment, authorized by us, including any new services and products which may be developed, and you must provide those products and services in accordance with our requirements, as established periodically. The source of these obligations is the Franchise Agreement, and the purpose of these requirements is to maintain the Mac Tools image, the MAC Tools® trademarks and service marks to insure the identification of Mac Tools Businesses and products by the public, to preserve and enhance the goodwill associated with Mac Tools, and to fulfill the expectations of our customers.

We do not issue specifications and standards for goods and services to our franchisees and/or approved suppliers. We do not permit you to contract with alternative suppliers when we have designated or approved a supplier.

In order to determine whether you are complying with the requirements of the Franchise Agreement, our representatives may inspect your Mac Tools Business.

Items and Services Which Must Meet Mac Tools' Specifications

Truck Used in the Operation of the Mac Tools Routes

The franchisee is required to purchase or lease a new or used truck for the operation of each of the Routes that the franchisee has been assigned in connection with its Mac Tools Business. The franchisee can purchase the truck from any vendor, provided that the truck is one of the models approved by Mac Tools and meets Mac Tools' current specifications. (See Note 4 of Item 7 of this disclosure document for more information.)

Computer Hardware and Software

The franchisee must purchase for use in the Mac Tools Business a computer system or systems meeting Mac Tools' specifications, including without limitation, the capability to run the Mobile Business Assistant software ("MBA software"), and to communicate with the internal computers at Mac Tools. The franchisee may purchase such hardware from any source provided it meets Mac Tools' specifications. (See Item 11 for more information regarding the computer system and software required for use in the Mac Tools Business.)

Insurance

Mac Tools requires franchisees to maintain comprehensive liability and property insurance with at least \$2,000,000 of coverage, covering the franchisee, his or her inventory of the Products and the SBD Products, each of the trucks, and the franchisee's employees, if any; you must also maintain workers' compensation insurance at not less than the minimum amount required by law. The property insurance covering the inventory of the Products and the SBD Products must insure against fire, theft and extended coverage, must contain a "lenders loss payable" clause identifying Mac Tools as the "lender", and must be in an amount at least equal to the lesser of (i) the full replacement cost of the inventory or (ii) the total amount of any indebtedness owed by the franchisee to Mac Tools. This policy must also name Mac Tools as the "loss payee."

You must also maintain comprehensive general liability insurance coverage and commercial auto liability coverage. The liability insurance must insure against a person suffering personal injury (including death) or damage to their property, caused by any product sold by the franchisee (including the Products and the SBD Products), or the franchisee's employees, or caused by the use of any such product (including the Products and the SBD Products) or caused by the truck(s) or any motor vehicle being operated by the franchisee, or the franchisee's employees, in the conduct of the Mac Tools Business, or in any other way as a result of or in connection with the operation of the Mac Tools Business.

You must maintain at least the following types and amounts of insurance coverage: (i) comprehensive general liability insurance in an amount of not less than \$2,000,000 per occurrence and combined single limit bodily injury and property damage, \$2,000,000 in the aggregate for each policy, (ii) commercial automobile liability insurance for each truck with minimum limits of \$1,000,000 per accident for bodily injury and property damage, and minimum limits of \$1,000,000 for uninsured and underinsured motorist statutory personal injury protection, and (iii) automobile physical damage insurance, including earthquake and flood coverage, on each truck (in an amount equal to the lesser of the actual cash value or the cost of repair, minus a maximum deductible of \$500). Mac Tools must be included as an "additional insured" on the comprehensive general liability insurance and as an "additional insured grantor of franchise" and, if applicable, an "additional insured lessor" on the automobile liability insurance.

In addition to the minimum insurance coverage described above, you must obtain and maintain additional insurance coverage as Mac Tools may require from time to time during the term of the Franchise Agreement. The franchisee must complete the Insurance Loss Payee form (Exhibit K) in favor of Mac Tools.

This coverage can be obtained from any company or agent chosen by the franchisee and meeting Mac Tools' specifications. Alternatively, Mac Tools has approved a special insurance policy that is tailored to meet its specifications and which is administered through Marsh U.S. Consumer, a service of Seabury & Smith, Inc. In addition, a comprehensive business insurance package (general liability, fire, casualty, automobile liability and physical damage, inventory and computer equipment, optional business interruption coverage and theft insurance) for the franchisee and the truck is available. Charges for these programs will be quoted on an individual basis depending upon the franchisee's needs. You may contact the administrator at Marsh U.S. Consumer, a service of Seabury & Smith, Inc., P.O. Box 9314, Des Moines, Iowa 50306, (1-800-847-4003).

In addition to the mandatory insurance coverage requirements discussed above, the franchisee may wish to purchase disability insurance from an insurance company or agent providing such coverage to cover him or her in the event that he or she is unable to operate the Mac Tools Business due to sickness or disability. Because the Mac Tools franchisee is an independent business owner, workers compensation is not available. Thus, a privately purchased disability insurance policy can provide varying levels of income replacement during a period in which the franchisee cannot operate the business.

Uniforms

You and your employees must wear an approved Mac Tools uniform purchased from an approved supplier while operating your Route(s).

Items and Services Which Must Be Purchased From a Designated Supplier

Products and SBD Products

All Products, and, if applicable, the SBD Products, offered by you in the operation of your Mac Tools Business must meet our specifications, as periodically established, and must be purchased from us. We are the sole designated supplier of Products and SBD Products.

Mobile Business Assistant Software

Mac Tools is also the sole designated supplier of the Mac Tools MBA software or other software that Mac Tools identifies for use by its franchisees in the operation of their Mac Tools Businesses. The MBA software is a special software program for product ordering, inventory control, record keeping and communication with Mac Tools. (See Items 7 and 11 of this disclosure document for additional disclosures regarding this software.) A franchisee must ensure that it has obtained any license or necessary computer hardware components needed to permit the franchisee's employees to use the MBA software.

Business Forms

Mac Tools is also a supplier of various business forms and supplies designed specifically for use in connection with the Mac Tools Business. Business cards and stationary must be obtained only through a supplier designated by Mac Tools, with the supplier subject to change at any time. As of the date of this disclosure document, the designated supplier is Finlay Printing.

Customer Credit Program

Currently, through an optional program with GreenSky, GreenSky offers to the franchisee a financing program whereby a customer of the franchisee who qualifies may be able to finance purchases of Products from the franchisee (the "Customer Credit Program"). Mac Tools franchisees are not permitted to obtain a credit account within the Customer Credit Program for personal or business use. GreenSky is the sole designated supplier of the Customer Credit Program.

Under the Customer Credit Program, GreenSky offers a credit card to approved customers for the purchase of Products from any enrolled Mac Tools franchisee. Franchisees must qualify for the Customer Credit Program under GreenSky's guidelines and rules. All franchisees enrolled in the Customer Credit Program must sign a separate written agreement directly with GreenSky and a Rider to the franchisee's Mac Tools Franchise Agreement (See Exhibit Q). Mac Tools may earn certain fees based upon its referrals of franchisees to GreenSky for participation in the Customer Credit Program or other programs. Franchisees must comply with GreenSky's guidelines and rules governing merchants. Customers must qualify for the Customer Credit Program under GreenSky's guidelines and rules. Mac Tools does not represent or guaranty that any franchisee will be enrolled as a merchant for the Customer Credit Program nor can Mac Tools affect whether a customer will qualify to participate in the Customer Credit Program. As a merchant participating in the Customer Credit Program, the franchisee may desire to consider obtaining mobile credit card scanning equipment to accept credit card purchase transactions with customers. (See Item 6, Note 5 of Item 7 and Item 10 of this disclosure document for additional information.)

GreenSky has agreed to lower its normal underwriting standards for the Customer Credit Program if we agree to reimburse GreenSky for the charge-off losses GreenSky incurs with respect to sales to customers obtaining credit from GreenSky to purchase Product. If you wish to participate in the Customer Credit Program, you must sign an agreement with GreenSky where you agree to pay GreenSky

25% of the charge-offs made by GreenSky. You must also reimburse us for any payments we make to GreenSky for charge-off losses related to your customers.

Other than as disclosed above, you are not required to purchase or obtain items or services from designated suppliers or approved suppliers. There may be multiple sources available to you from which you can obtain the items and services described above. If we revoke our approval of an approved supplier or the list of approved suppliers is otherwise amended, we will communicate with you in writing by regular mail and/or email communication. Except for confidential and proprietary specifications, our criteria for supplier approval are available to you.

Revenue Derived by Mac Tools from Sales to Franchisees

The Mac Tools Division of Stanley Black & Decker, Inc. will derive revenue from your purchases of tools from us. We estimate that the Mac Tools Division will receive, on average, approximately \$101,000 in purchases of inventory, supplies and services from each franchisee each year. During its 2010 fiscal year, Stanley Black & Decker, Inc. received revenues from required purchases by Mac Tools franchisees of \$806,215 and also received revenues of \$120,375,463 from its non-franchised U.S. Mac Tools distributors. Stanley Black & Decker, Inc. had total revenues of \$8,409,600,000 during its 2010 fiscal year. The percentage of Stanley Black & Decker, Inc.'s total revenues represented by required purchases by franchisees is 0.0096%. Mac Tools has no affiliates that sell or lease products to franchisees.

We estimate that the required Mac Tools Business purchases from designated suppliers and approved suppliers will constitute 82% to 97% of your cost to establish a Mac Tools Business, and 64% to 80% of your total operating expenses thereafter.

Mac Tools may, but is not obligated to, negotiate volume discounts and purchase agreements with suppliers for the benefit of Mac Tools franchisees. No purchasing or distribution cooperatives have been established as of the date of this disclosure document.

Mac Tools may receive rebates and/or discounts on product promotions from certain suppliers to Mac Tools Businesses. Mac Tools received no such rebates during 2010 related to Mac Tools franchises. Generally, Mac Tools extends discounts on product promotions to its franchisees and uses other amounts received on catalogs provided to franchisees and franchisee meetings (such as Tool Fair).

Except for your Mac Tools franchise, Mac Tools does not provide material benefits, such as franchise renewals or additional franchises, based upon your use of suppliers.

Neither Mac Tools, nor any officers of Mac Tools nor any officers of Stanley Black & Decker, Inc., own an interest in any non-Stanley Black & Decker, Inc. supplier listed in Item 8.

ITEM 9. FRANCHISEE'S OBLIGATIONS**FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Franchise Agreement, Purchase Agreement, Security Agreement and Government Franchise Agreement

Obligation	Section(s) in Franchise Agreement, Purchase Agreement, Security Agreement and Government Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable	Not applicable
b. Pre-opening purchases/leases	Sections 3.4, 3.11, 3.12 and 3.16 of the Franchise Agreement	Not applicable
c. Site development and other pre-opening requirements	Not applicable	Not applicable
d. Initial and ongoing training	Section 3.3 of the Franchise Agreement	Items 6 and 11 of this disclosure document
e. Opening	Exhibit A of the Franchise Agreement	Item 11 of this disclosure document
f. Fees	Sections 1.2, 1.3 and 3.4 of the Franchise Agreement; Article 3 of the Purchase Agreement	Items 5, 6, 7, 8, 11 and 17 of this disclosure document
g. Compliance with standards and policies/Operations Manual	Section 3.19 of the Franchise Agreement; Article 6 of the Purchase Agreement	Items 6, 8, 11, 15 and 16 of this disclosure document
h. Trademarks and proprietary information	Section 3.11 and Article 7 of the Franchise Agreement	Items 12, 13, 14 and 15 of this disclosure document
i. Restrictions on products/services offered	Section 3.9 and Article 4 of the Franchise Agreement	Items 6, 8 and 16 of this disclosure document
j. Warranty and customer service requirements	Section 3.14 and Article 6 of the Franchise Agreement; Article 12 of Purchase Agreement	Item 16 of this disclosure document

Obligation	Section(s) in Franchise Agreement, Purchase Agreement, Security Agreement and Government Franchise Agreement	Disclosure Document Item
k. Territorial development and sales quotas	Articles 3 and 4 of the Franchise Agreement	Item 12 of this disclosure document
l. Ongoing product/service purchases	Section 5.8 of the Franchise Agreement; Purchase Agreement	Items 6, 8 and 16 of this disclosure document
m. Maintenance, appearance and remodeling requirements	Sections 3.1, 3.11 and 3.19 of the Franchise Agreement	Item 17 of this disclosure document
n. Insurance	Section 3.16 of the Franchise Agreement	Items 6, 7 and 8 of this disclosure document
o. Advertising	Section 7.7 of the Franchise Agreement	Items 6, 7, 8 and 11 of this disclosure document
p. Indemnification	Section 3.17 of the Franchise Agreement; Article 8 of Government Franchise Agreement	Item 6 of this disclosure document
q. Owner's participation/management/staffing	Sections 3.1 and 3.2 of the Franchise Agreement	Items 11 and 15 of this disclosure document
r. Records and reports	Section 3.12 of the Franchise Agreement; Article 7 of the Purchase Agreement; Article 2 of the Security Agreement; Section 3.3 and Article 4 of Government Franchise Agreement	Item 6 of this disclosure document
s. Inspections and audits	Section 3.8 and 3.12 of the Franchise Agreement; Article 2 of the Security Agreement	Items 6 and 11 of this disclosure document
t. Transfer	Article 9 of the Franchise Agreement; Article 9 of Purchase Agreement	Items 6 and 17 of this disclosure document
u. Renewal	Section 2.2 of the Franchise Agreement	Items 6 and 17 of this disclosure document
v. Post-termination obligations	Article 11 of the Franchise Agreement; Article 7 of the Government Franchise Agreement	Item 17 of this disclosure document

Obligation	Section(s) in Franchise Agreement, Purchase Agreement, Security Agreement and Government Franchise Agreement	Disclosure Document Item
w. Non-competition covenants	Sections 3.9 and 11.3 of the Franchise Agreement	Items 15 and 17 of this disclosure document
x. Dispute resolution	Article 19 of the Franchise Agreement; Articles 13 and 14 of Purchase Agreement	Item 17 of this disclosure document
y. Payment of accounts	Section 3.6 of the Franchise Agreement; Articles 1 and 3 of Purchase Agreement	Item 6 of this disclosure document
z. Compliance with statutory obligations	Section 3.15 of the Franchise Agreement; Section 3.3.3 of the Government Franchise Agreement	Item 1 of this disclosure document
aa. Wearing an approved Mac Tools uniform while operating the Route	Section 3.1 of the Franchise Agreement	Items 7 and 8 of this disclosure document
bb. Maintaining a level of inventory of the Products at all times	Section 5.8 of the Franchise Agreement	Items 6, 7 and 8 of this disclosure document

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Mobile Business Assistant Software License Agreement

Obligation	Section(s) in Mobile Business Assistant Software License Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable	Not applicable
b. Pre-opening purchases/leases	Not applicable	Not applicable
c. Site development and other pre-opening requirements	Not applicable	Not applicable

Obligation	Section(s) in Mobile Business Assistant Software License Agreement	Disclosure Document Item
d. Initial and ongoing training	Article 4 of the Mobile Business Assistant Software License Agreement	Items 6 and 11 of this disclosure document
e. Opening	Not applicable	Not applicable
f. Fees	Not applicable	Not applicable
g. Compliance with standards and policies/Operations Manual	Not applicable	Not applicable
h. Trademarks and proprietary information	Not applicable	Not applicable
i. Restrictions on products/services offered	Not applicable	Not applicable
j. Warranty and customer service requirements	Article 6 of the Mobile Business Assistant Software License Agreement	Item 16 of this disclosure document
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Not applicable	Not applicable
m. Maintenance, appearance and remodeling requirements	Article 5 of the Mobile Business Assistant Software License Agreement	Item 17 of this disclosure document
n. Insurance	Not applicable	Not applicable
o. Advertising	Not applicable	Not applicable
p. Indemnification	Not applicable	Not applicable
q. Owner's participation/management/staffing	Not applicable	Not applicable
r. Records and reports	Not applicable	Not applicable
s. Inspections and audits	Not applicable	Not applicable

Obligation	Section(s) in Mobile Business Assistant Software License Agreement	Disclosure Document Item
t. Transfer	Article 13 of the Mobile Business Assistant Software License Agreement	Item 17 of this disclosure document
u. Renewal	Article 1 of the Mobile Business Assistant Software License Agreement	Item 17 of this disclosure document
v. Post-termination obligations	Article 2 of the Mobile Business Assistant Software License Agreement	Item 17 of this disclosure document
w. Non-competition covenants	Not applicable	Not applicable
x. Dispute resolution	Not applicable	Not applicable
y. Payment of accounts	Not applicable	Not applicable
z. Compliance with statutory obligations	Not applicable	Not applicable

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Mac Tools Extended Trade Program (ETP) Terms and Conditions Agreement

Obligation	Section(s) in Mac Tools Extended Trade Program (ETP) Terms and Conditions Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable	Not applicable
b. Pre-opening purchases/leases	Not applicable	Not applicable
c. Site development and other pre-opening requirements	Not applicable	Not applicable
d. Initial and ongoing training	Not applicable	Not applicable
e. Opening	Not applicable	Not applicable
f. Fees	Paragraphs 2 and 4	Item 10

Obligation	Section(s) in Mac Tools Extended Trade Program (ETP) Terms and Conditions Agreement	Disclosure Document Item
g. Compliance with standards and policies/Operations Manual	Not applicable	Not applicable
h. Trademarks and proprietary information	Not applicable	Not applicable
i. Restrictions on products/services offered	Not applicable	Not applicable
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Not applicable	Not applicable
m. Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
n. Insurance	Not applicable	Not applicable
o. Advertising	Not applicable	Not applicable
p. Indemnification	Not applicable	Not applicable
q. Owner's participation/management/staffing	Not applicable	Not applicable
r. Records and reports	Not applicable	Not applicable
s. Inspections and audits	Not applicable	Not applicable
t. Transfer	Not applicable	Not applicable
u. Renewal	Not applicable	Not applicable
v. Post-termination obligations	Not applicable	Not applicable
w. Non-competition covenants	Not applicable	Not applicable
x. Dispute resolution	Not applicable	Not applicable
y. Payment of accounts	Paragraphs 2, 3 and 4	Item 10

ITEM 10. FINANCING

Financing for Establishing the Mac Tools Business:

Mac Tools has a contractual relationship with Wells Fargo under which Wells Fargo offers financing for the purchase of the Starter Inventory and/or the truck to certain qualified applicants seeking to become a franchisee. If you are interested in making application for such financing, you must submit the application to Wells Fargo, which will make an independent decision regarding such financing. Wells Fargo generally finances the purchase of inventory for a term of 60 months at 8.99% interest. Wells Fargo generally finances the purchase of a truck for a term that varies depending upon the vehicle financed and its purchase price and at 9.99% interest. If the applicant is approved for financing of both the Starter Inventory and the truck, these are documented as separate transactions.

Wells Fargo uses an agreement entitled "Combination Loan and Security Agreement" (the "Loan Agreement") to evidence both types of loans. The Loan Agreement contains certain material terms of which you should be aware. These include the following: (1) You have the right to prepay the loan, with the following prepayment premiums: 3% of the principal amount prepaid if paid during months 1-36, 2% during months 37-48, 1% during months 49-60, and 0% thereafter. (Loan Agreement, second paragraph under "Additional Provisions"); (2) If you do not pay on time, Wells Fargo has the right to declare the entire amount of the loan to be due by accelerating the loan, and to bring legal proceedings to collect the amount due. If this happens, you will also be liable for the applicable prepayment premium, 12% interest and Wells Fargo's expenses incurred in collecting the loan, including our attorney's fees. (Loan Agreement, Section 6); (3) After the maturity date of the note, the interest rate increases to the post-maturity interest rate (12%). (Loan Agreement, Section 6); (4) The Loan Agreement contains a provision by which you waive your right to a trial by jury (Loan Agreement, Section 7(o)); (5) Wells Fargo approves the financing transactions with the individual franchisee or the individual principal of the franchisee business entity as the debtor (and not a franchisee business entity); and (6) Wells Fargo requires the debtor to grant it a security interest in the collateral and proceeds (Loan Agreement, Section 3). If you are approved by Wells Fargo for a loan or loans, you should request review copies of the Loan Agreement and other documents.

Mac Tools Trade Account Credit:

Mac Tools may provide inventory on credit, such that the franchisee is given extended terms for payment. (See the Mac Tools Purchase Agreement (the "Purchase Agreement") at Exhibit E.) The purchase price for the products purchased on credit will be due and payable in the amounts and on the dates shown on each balance forward statement or other transaction document. At the time you enter the Purchase Agreement, the terms for credit purchases are: the total price shown, less 2% of that amount if you pay in full within 10 days of the date of the balance forward statement, or the full price within 30 days of the date of the balance forward statement. We can change the terms of purchase in our discretion, and we will notify you of any change. The extension of credit and the continuation of credit is at our sole discretion. (Purchase Agreement, Article 1.) If you do not pay an invoice in full when due, we may charge you a late charge which is calculated by applying a percentage rate to the unpaid cash price for the period of time that the purchase is past due. The percentage rate will be equal to the lower of (a) 1½% per month and (b) the highest rate permitted for such late charges, in the state(s) where you conduct your Mac Tools Business. We may apply the percentage rate when your account is at least 10 days past due and continue to apply it to the unpaid balance until the purchase is paid in full. The late charge is not a finance charge, but should be considered a delinquency charge. We will and do take active steps to collect late accounts. (Purchase Agreement, Article 3.)

Your indebtedness to Mac Tools in connection with the Mac Tools Business will be secured by a security interest on certain of your business personal property. (Mac Tools Security Agreement (the

"Security Agreement"); Article 8). You grant us this security interest in order to secure any and all amounts which you owe to us of whatever nature, now or at any time in the future. (Security Agreement, Article 8.)

Any such indebtedness will also be guaranteed by the natural person who will oversee operation of the Mac Tools Business (in the case of a franchisee which is a business entity), or may (in the case of a franchisee who is a natural person) at the option of Mac Tools be guaranteed by the spouse or other relative, friend, or business associate of such franchisee. (See the Guarantee of Payment and Performance and the Guarantee of Indebtedness at Exhibit I and Exhibit J, respectively.) A franchisee who executes the Franchise Agreement as an individual and who is married may be asked to arrange for his or her spouse to execute the personal guaranty of the franchisee's indebtedness to Mac Tools (Exhibit J) if the spouse's income and assets were considered among the qualifications in the application process to become a Mac Tools franchise. A third party, including a family member or spouse, may be required to execute an Investor Guarantor Acknowledgment (see Exhibit R) relating to this Franchise Disclosure Document and the Franchise Agreement if any of the following apply: (a) the third party's income and assets are considered among the qualifications in the franchisee candidate's application to become a Mac Tools franchisee; (b) the third party agrees to invest money or other resources in the franchisee candidate's Mac Tools® Business; or (c) the third party signs an individual guaranty to Mac Tools of the obligations of the franchisee candidate's Mac Tools Business. A franchisee who decides to form a corporation, limited liability company or other business entity ("Entity") to operate his or her Mac Tools Business must execute a personal guaranty of the Entity's obligations to Mac Tools (Exhibit I) and must complete certain additional documents (Exhibit G and Exhibit H). Each owner of the Entity, acting as the franchisee (including an owner who is the spouse of the individual who is the principal operator of the Mac Tools Business) must execute a personal guaranty of the Entity's obligations to Mac Tools (Exhibit I). The Entity must be owned and controlled (control to be determined by ownership of at least 51% or more of the ownership interests in the Entity) by the natural person who will oversee operation of the Mac Tools Business. If a franchisee decides to form an Entity to operate the Mac Tools Business, certain conforming modifications may be made to reflect this in the forms of the agreements attached as Exhibits.

If you do not make any payment owed to us under the Purchase Agreement or otherwise when the payment is due, or if you do not follow the provisions of the Purchase Agreement, or if you are in default under the Franchise Agreement or the Security Agreement or any other agreement between you and us, we may declare you in default under the Purchase Agreement. If you are in default under the Purchase Agreement, all sums under the Purchase Agreement will become immediately due and payable by you. (Purchase Agreement, Article 10.) You agree to pay us the costs of collecting what you owe us, including reasonable attorney's fees and disbursements, costs of collection agencies, and costs of arbitration, and any other costs related to collection as allowed by law. (Purchase Agreement, Article 11.)

The Purchase Agreement contains certain material terms of which you should be aware. These include the following: (1) the Purchase Agreement will be interpreted and construed under Ohio law (Purchase Agreement, Section 13.1.); (2) the Purchase Agreement contains a jury waiver provision (Purchase Agreement, Section 14.7.); (3) with limited exceptions, all claims, controversies, or disputes arising out of or relating to the Purchase Agreement must be settled by arbitration (Purchase Agreement, Section 14.4.); (4) with limited exceptions, all claims controversies, or disputes arising out of or relating to the Purchase Agreement must be brought within one year from the occurrence of the facts that give rise to the claim, controversy or dispute (Purchase Agreement, Section 14.6.); (5) neither we nor you is liable to the other for punitive, exemplary, incidental, consequential, indirect or special damages arising from the sale of products, the performance of any obligation under the Purchase Agreement or any other agreement between you and us (Purchase Agreement, Article 16.); and (6) we and you waive, to the fullest extent permitted by law, any right to punitive, exemplary, indirect, special, consequential or incidental damages (Purchase Agreement, Section 15.1.).

It is not our practice to assign the Purchase Agreement. However, Mac Tools has the right to assign the Purchase Agreement to a third party without your consent. If we do so, the third party may become immune under the law to any defenses to payment you may have against us. If a Purchase Agreement is assigned to a third party, as long as the Franchise Agreement is effective, we will remain primarily obligated to provide the assistance to you for which we are obligated under the Franchise Agreement.

Mac Tools Extended Trade Program: Mac Tools may also periodically make certain Products available to certain Mac Tools franchisees to purchase on extended repayment terms. If Mac Tools invites a franchisee to participate in the Extended Trade Program, it is the franchisee's option regarding whether to participate. The types of Products made available, the inventory of products that must be purchased, the prices of the products, the repayment term, which franchisees are eligible to participate in the Program, and other additional limitations on the Extended Trade Program are in the sole discretion of Mac Tools. Currently, Mac Tools considers, among other factors, a franchisee's credit and payment history with Mac Tools and historical performance when determining whether a franchisee is eligible to participate in the Extended Trade Program. A franchisee's length of time with Mac Tools will affect the level at which the franchisee may participate in the Program. In order to participate in the Extended Trade Program, a franchisee must agree in writing to make weekly direct debit payments to Mac Tools from the franchisee's bank account. Weekly payment amounts may vary based on actual shipments and the actual amount financed. In the past, the extended repayment term has ranged from 36 weeks to 50 weeks, however, the repayment term is subject to Mac Tools' sole discretion, and in the future may not be for the same term as previously offered by Mac Tools. Mac Tools does not charge interest on payments made by a franchisee, but each time that a franchisee participates in the Extended Trade Program, the franchisee must pay Mac Tools a \$25 administrative charge. A franchisee that participates in the Extended Trade Program must sign a Mac Tools Extended Trade Program (ETP) Terms and Conditions Agreement, in a form similar to the form agreement attached as Exhibit P to this disclosure document and must sign a Mac Tools Direct Debit Authorization Agreement, in a form similar to the form agreement attached as Exhibit O to this disclosure document.

Mac Tools Card Program: Currently, through an optional program with GreenSky, a third-party provider, GreenSky offers to the franchisee a financing program whereby a customer of the franchisee who qualifies may be able to finance purchases of Products from the franchisee (the "Customer Credit Program"). Under the Customer Credit Program, GreenSky offers to approved customers of participating franchisees a credit card for the purchase of Products from the franchisee. If the franchisee wishes to participate in the Customer Credit Program, he or she must enter into a Rider to the Franchise Agreement, in a form similar to the form agreement attached as Exhibit Q to this disclosure document, and must sign a separate written agreement directly with GreenSky. The franchisee and his or her customers must qualify for the Customer Credit Program under GreenSky's guidelines and rules. Mac Tools does not represent or guarantee that any franchisee or customer will qualify to participate in the Customer Credit Program. Mac Tools may earn certain fees from GreenSky based upon its referrals of franchisees to GreenSky for participation in the Customer Credit Program or otherwise.

Other than as disclosed above, neither Mac Tools nor Stanley Black & Decker, Inc. offers direct or indirect financing to you. Other than as disclosed above, we do not receive direct or indirect payments for placing financing. We do not guarantee any loan or lease that you may obtain or any obligation that you may incur in your Mac Tools Business.

From time to time, Mac Tools may provide prospective new franchisees with information regarding lenders that are willing to enter into financing arrangements for the Mac Tools Business with Mac Tools franchisees.

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not **required** to provide you with any assistance.

Obligations Before Opening

Before you begin operation of your Mac Tools Business, we will provide the following assistance:

- 1) Grant you a limited non-exclusive license to use the trade names and trademarks associated with Products in connection with your marketing and sale of Products. (Franchise Agreement – Section 7.1).
- 2) Provide you with an initial training program including training materials. (Franchise Agreement – Section 3.3).
- 3) Assign you a route, or routes including a list of stops with one or more potential customers at each stop and approximately 325 potential customers overall. (Franchise Agreement – Section 3.1(a)). Mac Tools customarily provides the route assignment to the franchisee at the same time that the franchisee signs the Franchise Agreement.
- 4) Sell our products to you in accordance with the terms and procedures in the Franchise Agreement and the Field Operations Manual and at Mac Tools' prices as published to you from time to time. (Franchise Agreement – Article 5).
- 5) Provide you with use of our Field Operations Manual in hard and/or electronic copy containing the current rules, policies and procedures to be followed by you in operating your business. (Franchise Agreement – Section 3.1(b)).
- 6) Provide a limited warranty on the products that we have manufactured for the published warranty period against defects in material or workmanship. (Franchise Agreement – Article 6).
- 7) Indemnify you against claims and losses arising out of defects in or design of products that we manufacture. (Franchise Agreement – Section 3.18).

We generally do not provide equipment, signs, fixtures or supplies (other than inventory) directly. We are generally not in the practice of providing you with written specifications for these items. We do not deliver or install those items for use by you in the operation of your Mac Tools Business. We occasionally may provide you with the names of approved suppliers offering these items to the extent that they are typically used in a Mac Tools Business.

Obligations After Opening

After commencement, and during the operation, of your Mac Tools franchise, we will:

- 1) Sell our products to you in accordance with the terms and procedures in the Franchise Agreement and the Field Operations Manual and at Mac Tools' prices as published to you from time to time. (Franchise Agreement – Article 5).
- 2) Accept returns of products in accordance with the Franchise Agreement and our Tool Returns policy. (Franchise Agreement – Section 5.6).

- 3) Provide notice to you of the minimum product purchase requirement, including the National Franchisee Average. (Franchise Agreement – Section 5.8).
- 4) Advise you of our decision regarding any requested change in your Route and providing 30 days written notice of our proposed changes to your Route. (Franchise Agreement – Section 4.3).
- 5) Cooperate with you in resolving customer complaints. (Franchise Agreement – Section 3.14).
- 6) Provide a limited warranty on the products that we have manufactured for the published warranty period against defects in material or workmanship. (Franchise Agreement – Article 6).
- 7) Indemnify you against claims and losses arising out of defects in or design of products that we manufacture. (Franchise Agreement – Section 3.18).

While, at any given time, each and every Product and/or SBD Product may not be carried by a franchisee on its truck, in order for a franchisee to meet the obligations under its Franchise Agreement, the franchisee must offer for purchase by its customers all products and services as provided for in the Field Operations Manual or as otherwise designated by us. (Franchise Agreement – Section 3.1(b)).

We do not have an obligation, either before or after opening, to hire or train your employees. You must obtain our consent if you plan to hire an employee to operate one or more of your Routes. For each employee, you must conduct a background check and prepare a background check report. You must submit a written proposal to Mac Tools to hire the employee, including a background check report. Mac Tools may object to the proposed employee if the proposed employee fails to meet Mac Tools' qualifications. (Franchise Agreement – Section 3.1(c)).

Although we do not have an obligation to do so, we are significantly involved in improving and developing the franchised Mac Tools Business and developing products that you will offer your customers. We endeavor to make available to you, for purchase by your customers, a wide variety of product inventory. It is our right to make ultimate decisions concerning the products and/or services that we make available to you for resale to your customers, and we have the right to add to, discontinue or modify the products and services from the list of available products and/or services at our discretion. There are no limits on this right to make changes.

We do not have an obligation to establish prices but may suggest prices to you from time to time. (Franchise Agreement – Section 5.2).

As disclosed below in this Item 11, we require you to use the MBA software in your Mac Tools Business, which we may, in our sole discretion, provide to you at our expense. This software provides you with administrative, bookkeeping, accounting and inventory control software tools. (Franchise Agreement – Section 3.12)

Although we do not have an obligation to resolve operating problems you encounter, we are in the practice of providing you with advice and consultation in connection with the operation of your Mac Tools Business.

Advertising

We do not require franchisees to spend money on advertising. Some franchisees purchase business cards for their Mac Tools Business.

Mac Tools produces promotional flyers and catalogs from time to time and may provide some copies to franchisees without requiring payment. Franchisees may purchase additional copies of such materials from Mac Tools. We were paid \$2,182.70 by franchisees for these purchases in 2010. Franchisees may purchase their own items used to promote brand awareness from other sources, but any use of the MAC Tools® trademarks on these promotional items will require approval by Mac Tools. A sample or graphic representation of the item must be submitted. All items must be in good taste and representative of the values of our brand. The sale of these items may be governed by state consumer sales acts. You should check whether any laws in your state apply to the sale of these items before you sell them to your retail customers. Promotional supplies may be ordered in the same manner as regular product. Subject to the requirement that all advertising materials must be approved in advance by us, you are free to prepare your own materials and to contract with agencies and suppliers of your choice.

Mac Tools is not obligated to conduct advertising, but if it elects to do so, Mac Tools may use the services of various outside agencies to assist its own in-house staff in producing promotional flyers and catalogs for the Mac Tools franchise system for advertising on a local level. We do not generally advertise in other media or on a regional or national level.

We have no obligation to spend any money for advertising in the geographic area of your Route. We have not appointed an advertising council composed of franchisees that advises us on advertising policies. You are not required to participate in any advertising cooperative or advertising fund.

Computer System

All franchisees are required to use the MBA software (see Exhibit M) or other software that Mac Tools identifies for use by its franchisees in the operation of their business. MBA is a special software program for product ordering, inventory control, record keeping and communication with Mac Tools. At Mac Tools' option, the MBA software or other software will be provided to the franchisee at no expense to the franchisee. Unless you have obtained our written permission to use alternative software, you must obtain licenses and necessary computer system hardware to permit your employees to use the MBA software (or other designated software). The franchisee must purchase for use in the business a computer system that meets our specifications. We estimate that it will cost you \$1,600 to \$3,000 to purchase the computer hardware system. The computer system will be used to store word processing data and financial information.

Franchisees may purchase the computer hardware system from any source; including a vendor approved by Mac Tools, whose contact information is as follows:

Abetech
12560 Fletcher Lane, Suite 100
Roger, MN 55374
Telephone number: 800-478-8644

The franchisee must transmit to Mac Tools on, at a minimum, a twice weekly basis the information generated by, and stored on, the franchisee's computer system for each of the franchisee's Routes.

As of the date of this disclosure document, you must license, at your expense, Windows XP (Home or Professional) or Windows 2007. This software product is the proprietary property of Microsoft Corporation, One Microsoft Way, Redmond, Washington 98052-6399, (425) 882-8080. This software has been approved by us for your use. We are not aware of the availability of any support programs available for this software.

You must purchase at your own expense all system maintenance, repairs, upgrades or updates for hardware and operating system software, except that Mac Tools will provide you with any required updates to the MBA software.

Except as disclosed above, we do not provide technical assistance for the computer hardware or software components. Under the terms of the Franchise Agreement, you must periodically upgrade and/or update the hardware components and/or software programs that make up your computer system to meet our then-current minimum specifications and list of required capabilities. There are no contractual limitations on the frequency or cost of this obligation. We estimate that the annual cost of options or required upgrades will be between \$0 and \$250.

We will have independent access to the information generated or stored on your computer system through the MBA software.

It is requested and recommended that you establish and maintain an e-mail account with a reputable e-mail service provider which meets the specifications we provide periodically and that you provide us with that e-mail address.

Field Operations Manual

Mac Tools makes available to each franchisee a copy of a manual, in hard and/or electronic copy, which contains mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by us, as well as information relative to your other obligations under the Franchise Agreement and the operation of the Mac Tools Business (the "Field Operations Manual"). Mac Tools may revise and update this Field Operations Manual from time to time. The Field Operations Manual is Mac Tools' property and is proprietary to Mac Tools, and the franchisee must keep the Field Operations Manual confidential and must return (or destroy) it to Mac Tools when he or she ceases being a franchisee.

As of the date of this disclosure document, the table of contents of our Field Operations Manual and the number of pages (out of a total of 57 pages) on each subject within the Field Operations Manual is as follows:

Mac Tools Field Operations Manual

Table of Contents

Chapter & Description	Number of Pages
MAC TOOLS	
• Introduction	1
• Who We Are.....	1
TRAINING	
• Our Training Philosophy.....	1
• Training Overview	1
• Tool School	1
• Two Week Field Start	1
• Mentor Program	2
• Masters Program	1

Mac Tools Field Operations Manual

Table of Contents

Chapter & Description	Number of Pages
• Field Training.....	1
SERVICE AND SUPPORT	
• Mobile Business Assistant (MBA).....	2
• Virtual Customer Service (VCS).....	1
• Customer Service	
– Overview	1
– Placing an Order.....	2
– Order Shipping Schedule.....	1
– Shortages/Overages.....	1
• Tool Returns.....	3
• Repairs.....	2
• Warranty Policy.....	3
• Open Route Warranty.....	1
• Tool Box Warranty and Freight Claims	4
• Freight Claims	2
• Insurance Replacement	1
• UPS Account Setup.....	1
• Gift Certificates.....	1
CREDIT AND FINANCE	
• Trade Account.....	1
• Balance Forward	2
• Pay By Phone	1
• Mac ePay (U.S. Franchisees)	1
• Mac eCheque (Canadian Franchisees)	1
• Credit Review/Hold.....	1
• Franchisee Financing.....	1
• Mac Card.....	1
FRANCHISEE PROGRAMS	
• Tool Fair.....	1
• Mac Performance Rewards (MPR) Program.....	1
• Student Tech Program (STP)	1
• Flyer Program.....	1
• Our Brand.....	1

Mac Tools Field Operations Manual

Table of Contents

Chapter & Description	Number of Pages
FRANCHISEE MARKET COVERAGE	
• Your Tool Truck.....	2
• Route Changes.....	1
• Route Transfer.....	2
• Multi-Route	2

The Field Operations Manual must remain confidential and is our property. We will have the right to add to and otherwise modify the Field Operations Manual periodically as it deems necessary.

Business Location

A Mac Tools Business is largely operated out of the truck or van in which the tool displays and product inventory are transported to stops on the Route assigned by Mac Tools to your Mac Tools Business. Most Mac Tools franchisees use an office in their home to support the business. We do not select a business location for you, and we are not required to provide any assistance to you in selecting a location. Although we assign the Route(s) to your Mac Tools Business, we do not approve the geographic or other area in which your business is located. We do not assist you in conforming any business location to local ordinances and building codes and/or obtaining any required permits. We are not responsible for constructing, remodeling or decorating any business location you may use for operation of your Mac Tools® Business.

Time Before Opening

We estimate that the typical length of time between the execution of the Franchise Agreement and commencing operation of your Mac Tools Business is, in most cases, less than 14 days, but this period could be shorter depending upon several factors. Factors affecting the length of time usually include obtaining the necessary financing arrangements and the time needed by you to conclude your current business occupation.

Training

It is required that a franchise candidate accompany an existing Mac Tools franchisee or distributor, selected by Mac Tools, on the franchisee's or distributor's route ("Mentor Ride"). The only exception to this requirement is if there is no mentor in the area. This Mentor Ride lasts approximately five business days and occurs approximately one week before the initial training described below. Following the Mentor Ride, unless otherwise notified by Mac Tools, a franchise candidate may attend the initial training program.

The initial training program includes a mandatory classroom training program that generally lasts approximately eight days (depending upon training class size) held in Columbus, Ohio. This initial training program is held approximately 12 to 20 times per calendar year and must be successfully completed by the franchise candidate. New franchise candidates are required to sign a Confidentiality Agreement and Acknowledgment of Ownership (see Exhibit C). Upon successful completion of the initial training program to Mac Tools' satisfaction, the franchise candidate may elect, at Mac Tools' invitation, to sign the Franchise Agreement and become a Mac Tools franchisee. If a franchise candidate fails to successfully complete the initial training program, he or she will not become a Mac Tools franchisee.

Following a franchisee's signing of the Franchise Agreement, he or she receives additional training during the first five consecutive working days on his or her Route and at least five additional working days within the first 30 days on his or her Route with the franchisee's District Manager (or a representative of the District Manager). A franchisee must complete the one on one training in order to continue as a franchisee.

Training is currently provided in Mac Tools policy, sales, business management, collection and operating procedures, including training in merchandising, product knowledge, sales, the use of the MBA software, the tool truck, bookkeeping, credit, inventory control, tool repair and warranty and Mac Tools' policies and procedures.

As of the date of this disclosure document, the initial training program is as follows:

TRAINING PROGRAM

Subject/ Type of Training/ Objective	Hours of Classroom Training*	Hours of On the Job Training*	Location
Mentor Ride (Understanding of day to day operations; Sales experience; Introduction to computer systems)	Not applicable	40 – 60	In Region
Tool School (Selling Techniques; Computer Skills; Financial Management; Exposure and training on all fundamentals of the business)	60	Not applicable	Columbus, Ohio
DM Fast Start (Continued training; fundamentals of selling, servicing customers and computer systems on route)	Not applicable	80	On Your Route
Field Excellence Meetings (On-going product and best practice training at District level)(Optional)	Up to 3 hours per event	Not applicable	In District

Subject/ Type of Training/ Objective	Hours of Classroom Training*	Hours of On the Job Training*	Location
DM Work-With (One on One training with DM. DM works side by side with franchisee on his/her route to address any selling, service, financial or process issues.)	Up to 12 hours per event	Not applicable	On Route
Event Training (On-going training provided at National and International Events – focused on sales and product)(Optional)	Up to 5 hours per event	Not applicable	At Event Location

* The hours of classroom training and on the job training are estimates, and more or less training may be necessary to gain proficiency in the various subject areas depending upon your prior experience with these subject areas.

Training will take place either at our offices in Columbus, Ohio, at a location near you where another Mac Tools franchisee or distributor is operating, or, if acceptable to both us and the individual franchisee, at the individual franchisee's location and/or in the franchisee's truck on the Route. The instructional materials will include the Field Operations Manual.

The training instructors have the following numbers of years of experience in the field for which they will provide instruction and the following numbers of years experience with Mac Tools: Guy DeCara, Seminar Training Manager, has 18 years experience in the field and 32 years experience with Mac Tools; and Jason Gardner, Field Trainer, has 3 years experience in the field and 14 years experience with Mac Tools.

Prior to communications with your customers, each of your employees must successfully complete the initial orientation and training classes for a franchisee's employees as well as successfully completing any follow-up training conducted by your District Manager. A franchisee may attend, but is not required to attend, the annual Tool Fair conference presented by Mac Tools.

Mac Tools may provide optional supplemental training courses, all as Mac Tools deems necessary. Ongoing training will be held at the facilities of Mac Tools in Columbus, Ohio or at another location designated by Mac Tools. Mac Tools will cover the expenses related to providing such training. You must pay for transportation and room and board for you and/or your employees associated with any optional supplemental training programs in which you decide to participate.

The training sessions, whether initial training programs or additional training programs, will be conducted as often as required and will be presented at our expense. Unless Mac Tools notifies you otherwise, you are responsible for your transportation and living expenses and those of your employees

incurred in connection with any and all training. Neither you nor your employees will receive any compensation from us while attending the initial training program. All franchisees must attend and successfully complete the initial training program within the time period agreed upon by the parties at the time of the signing of the Franchise Agreement and prior to commencing the business.

Periodically, and on an as-needed basis, we may provide mandatory follow-up training programs that you must attend in a location designated by us. Mac Tools covers the expenses related to providing such training. You must pay for transportation and room and board for you and/or your employees associated with any mandatory follow-up training programs.

Franchisee Advisory Council

Mac Tools has plans to establish a Franchisee Advisory Council in the future. When established, the Franchisee Advisory Council will meet periodically to discuss issues of importance to you, other Mac Tools franchisees and Mac Tools. The Franchisee Advisory Council will be composed of franchisee representatives and representatives of Mac Tools as determined by Mac Tools.

ITEM 12. TERRITORY

The franchisee is granted the right to distribute the Products, and, if applicable, the SBD Products in connection with the operation at its Mac Tools Business. The operation of the franchisee's Mac Tools Business includes the operation of at least one assigned Route, and upon the agreement of the franchisee and Mac Tools, on one or more additional Routes. Each Route assigned by Mac Tools consists of a list of stops ("Stops"). The location and territory which make up a Route is outlined in Exhibit A of the Franchise Agreement. It is Mac Tools' policy initially to assign approximately 325 potential customers ("Customers") per Route. Mac Tools makes no representation with respect to whether these potential Customers will purchase the Products or, if applicable, the SBD Products. The appointment of the franchisee, and the assignment of the Stops and the Route to the franchisee, is nonexclusive, except that Mac Tools will not assign any Stops assigned to any of the franchisee's Route(s) to another franchisee, distributor or Mac Tools employee distributors. The franchisee does not have any ownership interest in any of the franchisee's Route(s) or the Stops and Customers assigned, or the franchisee's employees to the Route(s). The Franchise Agreement provides that the franchisee, or the franchisee's employees, may only service Customers located at Stops on each of the franchisee's Route(s). You are not permitted to use other channels of distribution, including the Internet, catalog sales, telemarketing, or direct marketing to solicit sales outside of your assigned Route(s). You are not permitted to use the Internet to offer the Products or, if applicable, the SBD Products for sale.

The appointment of the franchise is made on a nonexclusive basis, and Mac Tools and any of its affiliates may, either by itself or through another entity (or under other trademarks), use other means, including without limitation through the Internet, catalogue sales, telemarketing, direct marketing, direct mail solicitation, telemarketing, sale of Products and SBD Products at automotive racing venues and through retail automotive products stores to sell the Products and the SBD Products to any customers, including to Customers on your Route(s), except that we will not do so using distributors or franchisees. We will not assign any of the Stops on your Route(s) to any other franchisee or Mac Tools employee distributor.

Other than your right to personally solicit Customers on your Route(s), you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Mac Tools also reserves the right, in its sole discretion, to sell directly to customers in areas that are not being serviced by a Mac Tools

franchisee. Neither Mac Tools nor any of its affiliates, including Stanley, must pay you for soliciting or accepting orders in your territory.

A franchisee may request that Mac Tools add new Stops to, or delete Stops from any of his or her Route(s). We will advise you in writing within 30 days after we receive your request whether or not we approve it. If the number of Stops and/or the number of Customers at Stops on the Route is such that Mac Tools reasonably believes that the franchisee, or the franchisee's employees, cannot effectively make the number of minimum personal contacts required under the Franchise Agreement (as disclosed above), then Mac Tools has the right, with at least 30 days written notice to the franchisee, to adjust the number of Stops on any of the franchisee's, the Route(s) and/or to designate different Stops as part of each Route, so that the Route is, in Mac Tools' opinion, more manageable by the franchisee or the franchisee's employees. Additionally, Mac Tools reserves the right to make other additions, deletions and/or other changes in any of the Route(s) as Mac Tools reasonably believes is necessary and equitable under the circumstances to insure an adequate Customer base, to insure the proper level of Customer service and to balance conflicting considerations for local, regional and national accounts. The franchisee is responsible for keeping his or her Route assignment list, for each of his or her Routes, current with accurate shop information, including the complete shop name, shop address, and the number of potential customers, and for submitting to Mac Tools annually on or before December 1st, for each of the Routes, a current Route assignment list approved, signed and dated by the franchisee in the required format prescribed by Mac Tools.

Products and SBD Products are not to be sold to any person who the franchisee knows will use the products primarily for personal, family, household, or other consumer purposes.

If Mac Tools determines that the franchisee, or the franchisee's employees, has failed to provide consistent service (including, without limitation, the conduct of consistent sales and/or collection activities) to the Customers at a Stop during any period of 30 consecutive days, Mac Tools may remove the Stop from the applicable Route.

In addition, Mac Tools may alter the number of Stops if Mac Tools reasonably believes that the franchisee has not complied with the following requirements: (a) visiting a weekly average of at least 80% of the Customers at the Stops on each of the franchisee's Route(s) and (b) visiting all of the franchisee's Customers on each of the Route(s) at least once per calendar month. The Route may also be altered in order to ensure an adequate Customer base, to insure the proper level of Customer service and to balance considerations for local, regional and national accounts.

The Franchise Agreement does not grant to you options, rights of first refusal or similar rights to acquire additional franchises within contiguous areas to the Route, and you will not be provided such rights except in a separate written agreement. We have not established, nor do we have plans to establish, another franchise, company-owned method of distribution or another channel of distribution selling or leasing similar products or services under a different trademark.

ITEM 13. TRADEMARKS

As a Mac Tools franchisee, you will be granted in the Franchise Agreement a limited, non-exclusive license (the "Trademark License") to use certain of our trademarks, service marks, trade names, logos and symbols, as designated by us, only in connection with the advertising, promotion and sale of Products in accordance with the terms of your Franchise Agreement. Consult the Franchise Agreement for the terms and conditions of the Trademark License. The Marks are owned by Stanley Logistics, LLC, an affiliate of Stanley Black & Decker, Inc. Stanley Logistics, LLC has licensed to us the right to use

these Marks (as defined below) and the right to sublicense the use of these Marks to you solely in connection with the operation of your Mac Tools Business.

Among the trademarks licensed to you in the Franchise Agreement are the following four principal trademarks (the "Marks"), which are registered with United States Patent and Trademark Office (the "USPTO"):

Mark:	"MAC TOOLS" (Words in stylized form)
Registration No.:	2,193,059
Registration Date:	October 6, 1998

Mark:	"MAC TOOLS (and Design)"
Registration No.:	1,783,842
Registration Date:	July 27, 1993

Mark:	"MAC"
Registration No.:	1,974,452
Registration Date:	May 21, 1996

Mark:	"MAC QUALITY TOOLS and (Design)"
Registration No.:	1,347,213
Registration Date:	July 9, 1985

As of the date of this disclosure document, Stanley Logistics, LLC has filed all required affidavits needed to maintain the registrations of the Marks.

All of the Marks have been renewed at least once.

All of the Marks are registered on the Principal Register of the USPTO.

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings, that affects the ownership, use, or licensing of the Marks in a manner material to the franchise.

There is no pending material federal or state court litigation regarding our use or Stanley Logistics, LLC's ownership rights in the Marks.

There are no currently effective third party agreements that significantly limit our right to use or license the use of the Marks in a manner material to the franchise. As discussed above, we have been granted a license to use and to sublicense the use of certain of the Marks through a license agreement (the "License Agreement") with Stanley Logistics, LLC. The License Agreement is unlikely to affect the franchisee to any significant extent. The License Agreement's duration 10 years from the effective date of this Agreement and automatically is renewed from year to year unless prior to the expiration of the preceding term, either Licensee or Licensor gives the other party at least sixty (60) days' written notice of its intention to terminate the Agreement. The License Agreement may be terminated only upon a breach or default by the other party that is not cured within 60 days of written notice of the breach or default.

The Franchise Agreement does not obligate us to protect your use of the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks.

The Franchise Agreement requires that, if you become aware of any infringement of any of the trademarks, you must promptly notify us of such infringement. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims.

Under the Franchise Agreement, we have the right to control any administrative proceedings or litigation involving the Marks.

The Franchise Agreement does not require us to participate in your defense and/or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark, or if a proceeding involving a Mark is resolved unfavorably to you.

Under the Franchise Agreement, if we discontinue or modify any of the Marks, we may require you to discontinue or similarly modify your use of that Mark.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks in the state where your franchise will be located.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not currently own any patents or copyrights that are material to the Mac Tools Business. Certain of our products may be patented. We do not currently have any pending patent applications that are material to the Mac Tools Business. However, we do own proprietary rights in our confidential information and trade secrets. The Field Operations Manual and various other bulletins and directives, which we publish to our franchisees periodically and which relate to the standards, procedures and specifications for operation of the Mac Tools Business, are proprietary and confidential. Section 3.20 of the Franchise Agreement provides that the any information, knowledge, know-how, and techniques which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. We grant you a limited license to use our trade secrets and proprietary know-how relating to the operation of your Mac Tools Business (the "Confidential Information"). You acquire no interest in the Confidential Information provided to you other than the right to utilize it in development and operation of your Mac Tools Business in accordance with, and during the term of, the Franchise Agreement. You agree that certain confidential information is confidential, proprietary and a trade secret of Mac Tools and that you will not communicate, disclose, or use for your benefit (other than for the operation of your Mac Tools Business during the term of the Franchise Agreement) or the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the Mac Tools Business which are trade secrets, including without limitation the MBA software, your electronic business records, any electronic records which we may provide to you, and the Field Operations Manual. You agree that you are prohibited from disclosing, copying, duplicating, recording, reproducing or otherwise making available the contents of the Field Operations Manual to any unauthorized person without our consent.

You must promptly notify us of any use of, or claim of right to, the Confidential Information and any litigation instituted by any third party against us or you involving the Confidential Information. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We may, in our sole discretion, undertake the defense, prosecution or settlement of any litigation relating to the Confidential Information and we have the right to control those proceedings. We have no obligation to indemnify you for expenses or damages in a proceeding involving the Confidential Information. If we discontinue or modify any of the Confidential Information, we may require you, at your expense, to discontinue or similarly modify your use of that Confidential Information. We may terminate your rights under the Franchise Agreement if you fail to modify or discontinue use of Confidential Information when notified by us.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are obligated under the Franchise Agreement to participate and use your best efforts in your Mac Tools Business, but you are not required to operate the Route(s). Each Route assigned to you by Mac Tools must be operated by either you or by one of your employees under your direct supervision and control. There must be a minimum of one person assigned to operate each Route and you must keep Mac Tools informed at all times of the name of the individual assigned to operate each Route.

In the event that you decide to hire an employee to operate one or more Routes, for each such employee, you must conduct a background check and prepare a background check report. You must submit to Mac Tools a written proposal to hire the proposed employee, including a copy of the background check report. Mac Tools may object to your proposal (i) if any proposed employee fails to meet Mac Tools' qualifications, (ii) if the proposed employee was previously involved in any business or employment relationship with Mac Tools that, in Mac Tools' view, was not satisfactory, (iii) if the proposed employee has within the last year been either an employee of Mac Tools or a Mac Tools' franchisee or distributor, or if Mac Tools has evidence that the proposed employee has previously committed (x) any act constituting fraud or misrepresentation, (y) crimes involving moral turpitude, financial dishonesty, assault or battery, or (z) engages in behavior damaging to the Mac Tools' name and business reputation. Other than as disclosed above, there are no limitations on whom you can hire as an employee of your Mac Tools Business. An employee of your Mac Tools Business is not required to have any amount of equity interest in the franchised business.

You and your employees are obligated under the Franchise Agreement to attend and satisfactorily complete the initial orientation and initial training program disclosed in Item 11 of this disclosure document. Your employees must successfully complete any follow-up training conducted by your District Manager. You will ensure that your employees operate any Routes assigned to them in such a manner as will enhance Mac Tools' and your business reputation and goodwill.

Under the Franchise Agreement, you agree that certain confidential information is confidential, proprietary and a trade secret of Mac Tools and that you will not communicate, disclose, or use for your benefit (other than for the operation of your Mac Tools Business during the term of the Franchise Agreement) or the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the Mac Tools Business which are trade secrets, including without limitation the MBA software, your electronic business records, any electronic records which we may provide to you, and the Field Operations Manual. You must enter into a nondisclosure agreement in a form satisfactory to Mac Tools with your employees and you must provide us with a copy of each signed agreement.

Under the Franchise Agreement, you agree that during the term of the Franchise Agreement, you or your employee(s) may not be engaged in, connected with, or own an interest in a competing business.

Under the Franchise Agreement, you agree that during the term of the Franchise Agreement and or one year after the termination or expiration of the Franchise Agreement, you may not, at any location within three miles of any Stop on any Route assigned to you under the Franchise Agreement, engage in any business involving the sale of products by certain of our competitors or be engaged in or have an interest in any business that supplies products to substantially similar customers as those under your Franchise Agreement. You must enter into a non-competition and confidentiality agreement in a form satisfactory to Mac Tools with your employees and you must provide us with a copy of each signed agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Restrictions on the Sale of Goods: You, and, if applicable, your employees, may not sell products other than Products or, if applicable, the SBD Products, unless the other product is obtained: (1) by accepting a trade-in from a customer; or (2) at the request of a customer and you are unable to obtain such product from Mac Tools within the required time period. You must make available for purchase by the customers of your Mac Tools Business all of the Products that we offer. You must discontinue selling or offering for sale from your Mac Tools Business any products or services that we disapprove in writing from time to time. We have the right to add to, discontinue or modify the required products and services at our discretion. There are no limits on this right to make changes.

Restrictions as to whom the Franchisee May Sell Goods: You must sell, and supervise the sale by your employees, the Products and the SBD Products, if applicable, only at Stops on the Route(s) to customers who are users of the Products and, as applicable, the SBD Products in the automotive after-market, service stations, independent garages, car and truck dealerships, non-automotive accounts such as cycle shops, lawn mower shops, airports, marinas, machine shops, factories, farm implement dealers or repairers, commercial agricultural use, and other commercial users of tools and shop equipment. You or your employees may not knowingly sell the Products or the SBD Products, (1) to any person(s) who is/are, or who you and/or your employees have reason to know is/are, in the business of reselling tools and equipment or (2) to individuals who are going to use them primarily for personal, family, household or other consumer purposes. Sales may only be made to customers located at designated Stops along the franchisee's assigned Route(s).

Mac Tools may enter into agreements with customers, including the government, to create local, regional or national accounts and/or government accounts. If so, the franchisee must provide service to such customers in compliance with such agreements.

(See Items 8 and 12 of this disclosure document for additional information.)

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1	The term continues for 5 years unless terminated earlier under the terms of the Franchise Agreement. For Mac Tools distributors converting to franchisees, the term of the Franchise Agreement is 20 years.
b. Renewal or extension of the term	Section 2.2	Two successive renewal terms of five years each, provided that renewal conditions are met. For Mac Tools distributors converting to franchisees, there are no renewal terms.

Provision	Section in Franchise Agreement	Summary
		The term renewal means that the franchise relationship is extended for an additional term of years under our then-current form of Franchise Agreement, which may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	Section 2.2	You must provide Mac Tools with timely notice of renewal; you are not in default under the Franchise Agreement or any other agreement between you and Mac Tools; you have been in full compliance with all material terms and conditions of the Franchise Agreement and any other agreement between you and Mac Tools during the term of the agreement(s); you sign the then-current form of Franchise Agreement, you execute a general release (a copy of the form of General Release of All Claims is included as Exhibit Y to this disclosure document); you comply with then-current qualifications and training requirements; and you agree to upgrade your truck to conform to then-current standards.
d. Termination by franchisee	Section 10.3	If we default under the Franchise Agreement and fail to cure the default within 60 days after written notice from you, you may terminate the Franchise Agreement. Any termination of the Franchise Agreement by you which is not related to a default by us must be preceded by at least 30 days written notice.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Article 10	We may terminate the Franchise Agreement upon your default.
g. "Cause" defined – curable defaults	Article 10	Defaults that can be cured include: misuse of the Mac Tools System, rights, trademarks, trade names or other actions that impair the goodwill associated with these; your failure to make payment to us when due; your failure to furnish us with any report or information required by the Franchise Agreement; your failure to operate the franchised Mac Tools Business in compliance with the Franchise Agreement and Field Operations Manual; your failure to perform any provisions of the Franchise Agreement or other agreements to which you and we are parties.
h. "Cause" defined – non-curable defaults	Article 10	Non-curable defaults include: your bankruptcy or insolvency (to the extent permitted by applicable law); any fraudulent act or misrepresentation by you in connection with any of your applications provided to us or agreements with us; any conviction of a felony or other crime involving moral turpitude or financial dishonesty, or any assault by you, or by one of your employees, on a Customer or other individual at a Stop, which, in our

Provision	Section in Franchise Agreement	Summary
		<p>opinion, may adversely affect our goodwill; our receipt of multiple or serious complaint(s) about your behavior, or the behavior of your employee(s), while conducting the business that breaches your Franchise Agreement and damages MAC Tools® name and business reputation and/or presents an unacceptable risk of claims against Mac Tools; any failure by you or by your employee(s) to successfully complete the initial training program required by us to our satisfaction; you or your employee(s) sell any products other than (i) products manufactured by us, (ii) products distributed by us, (iii) other products and merchandise to ensure Customer satisfaction if you are unable to obtain such other products and/or merchandise from Mac Tools within the required time, (iv) items that are traded-in by your Customers, or you fail to purchase from us all products that you or your employee(s) sell which are manufactured or distributed by us, or competition with us by you or your employee(s) without our consent, or your involvement in a business competitive with us; you fail to fully utilize a computer system and the MBA software in the business, or fail to transmit information generated by the computer system to us, in compliance with our requirements; you or your employee(s) fail to participate in collection efforts as directed by us; you fail to meet the requirements regarding the minimum levels of service to be provided to Customers; any disclosure by you or your employee(s) of confidential information; you fail to meet Mac Tools' minimum service requirements; the abandonment of the business by you or the failure to properly service the Customers on the Route(s); you or your employees sell the products, without our written consent, to customers not assigned to your Route(s); you fail, more than twice within a thirty day period, to pay invoices by the applicable payment due dates or otherwise fail to make a payment obligation to us; you fail (i) to purchase an amount of products greater than or equal to eighty percent (80%) of the applicable national average during any year, multiplied by the number of Routes assigned to you, or (ii) if instituted by us, you fail to meet the minimum product purchase requirement, as announced by us, during any two full fiscal quarters of Stanley Black & Decker, Inc. within a twelve (12) month period; any default by you or your employee(s) under the Franchise Agreement which occurs within 6 months after written notice of another default for the same reason; any default by you or your employee(s) which occurs at any time after notice of three other defaults for any reason; you fail to comply with any agreements</p>

Provision	Section in Franchise Agreement	Summary
		with GreenSky regarding your participation in the Customer Credit Program, you commit fraud with respect to the Customer Credit Program or your agreement(s) with GreenSky expire or are terminated; your death (regardless of whether or not you have formed an entity to operate the business) subject to Mac Tools then effective policy on franchisee survivorship; your disability, to the extent that you cannot perform your obligations for six consecutive months or for any six months within an eighteen month period (if you do not have an employee to perform your obligations); your failure to cure, within the applicable cure period, any default under agreement(s) with us, if we have provided financing to you.
i. Franchisee's obligations on termination/non-renewal	Article 11	Obligations include cessation of use of the Mac Tools System and the Marks and advertising; complete de-identification of the business, including the truck; return of all Mac Tools Business manuals, customer lists, computer files and other materials related to the franchised Mac Tools Business; payment to us of all amounts owed; and refrain from competing with us for a period of one year following termination.
ij. Assignment of contract by franchisor	Section 9.1	We have the right to assign our rights and obligations under the Franchise Agreement to anyone assuming our obligations under the Franchise Agreement.
k. "Transfer" by franchisee – defined	Section 9.2	A transfer includes any assignment of the Franchise Agreement, any right, responsibility or interest granted to the franchisee under the Franchise Agreement; the delegation of the franchisee's duties under the Franchise Agreement; the transfer of all or substantially of the franchisee's assets; the transfer of the Mac Tools Business to a business entity; any merger, consolidation, reorganization, or other action involving change in the franchisee's ownership or control of the Mac Tools Business; any sale, resale, pledge, assignment, transfer or encumbrance of voting stock of, or other ownership interest in any business entity, if the franchisee is a business entity.
l. Franchisor approval of transfer by franchisee	Sections 9.2 and 9.3	We must approve all transfers, but we will not unreasonably withhold our consent.
m. Conditions for franchisor approval of transfer	Sections 9.2 and 9.3	All obligations to Mac Tools, including monetary obligations, have been satisfied; you agree that your right to receive compensation is subordinate to Mac Tools' rights to receive any outstanding obligation, including monetary obligation, due from you; you sign a general release (a copy of the form of General Release of All Claims is included as Exhibit Y to this disclosure document); the transferee franchisee signs a written

Provision	Section in Franchise Agreement	Summary
		<p>assumption and agrees to fully repair, refurbish and update any equipment used in the Mac Tools Business in accordance with Mac Tools' most current specifications; the transferee franchisee meets Mac Tools' qualifications; the transferee franchisee signs the then-current Mac Tools Franchise Agreement and other ancillary agreements; at transferee franchisee's expense, the transferee franchisee completes the then-current initial training program.</p> <p>The preceding conditions to transfer do not apply to any transfer of the franchisee's interest in its Mac Tools Business to a business entity formed by the franchisee for the convenience of ownership of the Mac Tools Business, but Mac Tools may condition the transfer on the following requirements:</p> <p>The transferee entity is newly organized, and its governing documents provide that its activities are limited exclusively to the operation of the Mac Tools Business; legal and trade names of the entity must comply with the terms of the Franchise Agreement; the franchisee owns all of the ownership interest in the entity, except as required by law, and acts as its principal executive and operating officer; the franchisee unconditionally guarantees the payment and performance of the entity's obligations to Mac Tools; the face of each ownership certificate of the transferee entity is conspicuously endorsed with a legend regarding transfer of the certificate; copies of the entity's governing documents are provided to Mac Tools prior to transfer; and the name of the transferee entity does not consist of or contain the Proprietary Marks or any variation of the Proprietary Marks.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	Section 9.4	<p>If you receive a bona fide written offer to purchase your rights or interests under the Franchise Agreement, including the franchise granted to you under the Franchise Agreement, you must submit the offer to us. For a period of ten days, Mac Tools has the right to purchase the rights or interest. Any purchase by Mac Tools must be completed within 60 days of Mac Tools' delivery to you of written notice of its intent to exercise its right to purchase. If Mac Tools does not exercise its right of first refusal and if Mac Tools approves of the purchaser, you may complete the sale to the third party purchaser. If the sale is not completed within 120 days after delivery of the offer to Mac Tools, you must again provide Mac Tools with the offer to purchase, and Mac Tools may exercise its right of first refusal.</p>

Provision	Section in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Section 10.1	The Franchise Agreement automatically terminates upon your death, or the death of the individual signing the Franchise Agreement, regardless of whether you have formed an entity to operate the business subject to our then effective policy on franchisee survivorship.
q. Non-competition covenants during the term of the franchise	Section 3.9	<p>Except for limited circumstances, during the term of the Franchise Agreement, you must not individually nor in conjunction with any person, firm, partnership, corporation, limited liability company, or other third party as principal, agent, shareholder, director, officer, employee, consultant or guarantor or in any other manner whatsoever, directly or indirectly carry on or be engaged in or concerned with or interested in, financially or otherwise, or advise in the establishment or operation of, any business which consists substantially of the supply of products to users in the automotive after-market, service stations, independent garages, car and truck dealerships and to non-automotive accounts such as cycle shops, lawn mower shops, marinas, machine shops, factories, airports, farm implement dealers or repairers, commercial agricultural use and other commercial users of tools and shop equipment.</p> <p>During the term of the Franchise Agreement, you or your employee(s) may only sell (a) products manufactured by us, (b) products distributed by us, (c) other products and merchandise to ensure Customer satisfaction if you are unable to obtain such other products and/or merchandise from Mac Tools within the required time, and (d) items that are traded-in by your Customers. All products manufactured or distributed by us that you or your employee(s) sell must have been purchased by you from us unless such restrictions are invalid under the laws of the state(s) in which you conduct your business. You or your employee(s) will not compete with us, or with any of our other Mac Tools franchisees, distributors, or employee distributors, directly or indirectly, whether individually or as an officer, director, shareholder, employee, agent or affiliate of any competitor of ours or otherwise, without our prior written consent.</p>
r. Non-competition covenants after the franchise is terminated or expires	Section 11.3	Except for limited circumstances, for one year following termination of the Franchise Agreement for any reason, you may not, directly or indirectly, whether individually or as an officer, director, member, partner, principal, agent, or employee, at any location within three miles of any Stop on

Provision	Section in Franchise Agreement	Summary
		any assigned Route, the individual(s) signing the Franchise Agreement may not (i) engage in any business involving the sale of products manufactured or sold by Snap-On Incorporated, Mateo Tools subsidiary of Danaher Corporation, or The Cornwell Quality Tools Company, or any parent, successor, subsidiary or affiliate of any of them, or (ii) carry on or be engaged in or concerned with or interested in, financially or otherwise, or advise in the establishment or operation of, any business which consists substantially of the supply of products to users in the automotive after-market, service stations, independent garages, car and truck dealerships and to non-automotive accounts such as cycle shops, lawn mower shops, marinas, machine shops, factories, airports, farm implement dealers or repairers, commercial agricultural use and other commercial users of tools and shop equipment.
s. Modification of the agreement	Article 18	There may be no modifications generally unless they are in writing and signed by both parties, but the Field Operations Manual is subject to change by us in our sole discretion.
t. Integration/merger clause	Article 18	The terms of the Franchise Agreement are complete and none of the terms may be added to, modified, superseded or altered, except by written agreement or modification signed by you and us. However, nothing in the Franchise Agreement, or any related agreement, is intended to disclaim the representations made in the franchise disclosure document that we provided to you.
u. Dispute resolution by arbitration or mediation	Article 19	All disputes between you and us (and any parties making claims against us through you) will be resolved by a mandatory three-step process. We will both attempt in good faith to resolve promptly any controversy or claim by negotiation. The disputing party will give the other party written notice of the dispute, and, within 30 business days after receipt of the notice (the "Response Date"), the receiving party will provide a written response. The parties will meet and/or otherwise communicate within 30 days of the Response Date to attempt in good faith to resolve the dispute. If the matter is not resolved within 60 business days of the original notice of dispute or if the responding party will not meet or communicate within 30 days of the Response Date, either party may initiate mediation of the matter with JAMS, The Resolution Experts. New York New York is the location for mediation, unless otherwise agreed in writing by the parties. The mediator will be mutually selected by the franchisee and Mac Tools, but if one cannot be agreed to, then by the then-effective rules of JAMS. If the matter is not resolved within 60 business days of the institution of the mediation procedure, then the

Provision	Section in Franchise Agreement	Summary
		matter will be settled by a sole arbitrator in accordance with the then-effective JAMS Comprehensive Arbitration Rules and Procedures and the United States Arbitration Act, 9 U.S.C. §§ 1-16. New York New York is the location for arbitration, unless otherwise agreed in writing by the parties. The arbitrator will be mutually selected by the franchisee and Mac Tools, but if one cannot be agreed to, then by the then-effective rules of JAMS. The arbitrator may not award punitive, exemplary, indirect, special, consequential or incidental damages or any other damages in excess of actual direct damages or in excess of any limit on direct damages set out in the Franchise Agreement, whichever is lower. However, both parties will be entitled to reimbursement of costs and expenses, if any, incurred in compelling the other party to arbitrate. Arbitration may not be brought on a class-wide or multiple plaintiff basis. See State Addenda.
v. Choice of forum	Section 19.2	Courts of the State of Ohio or the U.S. District Court for the Southern District of Ohio will have sole jurisdiction over enforcement of arbitration and/or enforcement of the Franchise Agreement. You consent to mediation and arbitration in New York, New York. See State Addenda.
w. Choice of law	Section 19.1	Ohio law applies. See State Addenda.
x. Termination of a Route	Section 10.4	If the Franchise Agreement is terminated, all rights respecting each Route are automatically terminated. If you or your employee(s) breach the Franchise Agreement relating to a particular Route, Mac Tools may terminate the Agreement or terminate your rights regarding the particular Route. If you fail to service one or more of your Routes for a cumulative period of more than 30 days, Mac Tools may terminate your rights regarding that particular Route. Upon termination of any Route, you must, with respect to that Route, stop the use of the Mac Tools System and the Marks and advertising; de-identify of the business, including the truck used in connection with the Route; return of all Mac Tools Business manuals, customer lists, computer files and other materials related to the Route, pay to us of all amounts owed with respect to the Route; and refrain from competing with us.
y. Purchase of Inventory	Section 11.2	Within 15 days following the expiration or termination of the Franchise Agreement, Mac Tools may but is not obligated to purchase all or any portion of your inventory of the Products and/or the SBD Products for the following prices: for truck-worn inventory, in an amount equal to fifty percent (50%) of the most recent franchisee net price(s) for such inventory, and, for new inventory in restockable condition, in an amount equal to ninety percent

Provision	Section in Franchise Agreement	Summary
		(90%) of the most recent franchisee net price(s) for such inventory. Discontinued inventory may not be returned to Mac Tools and you will not receive a credit for discontinued inventory.

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Purchase Agreement

Provision	Section in Purchase Agreement	Summary
a. Length of the franchise term	Not applicable	Not applicable
b. Renewal or extension of the term	Not applicable	Not applicable The term renewal means that the franchise relationship is extended for an additional term of years under our then-current form of Franchise Agreement, which may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Not applicable	Not applicable
g. "Cause" defined – curable defaults	Not applicable	Not applicable
h. "Cause" defined – non-curable defaults	Not applicable	Not applicable
i. Franchisee's obligations on termination/non-renewal	Not applicable	Not applicable
j. Assignment of contract by franchisor	Section 9.1	We have the right to assign our rights and obligations under the Purchase Agreement to anyone assuming our obligations under the Purchase Agreement.
k. "Transfer" by franchisee – defined	Section 9.2	You may not assign the Purchase Agreement or any right, responsibility or interest granted by the Purchase Agreement without our written consent. You also may not delegate the duties under the Purchase Agreement, transfer all or substantially all of your assets, incorporate your

Provision	Section in Purchase Agreement	Summary
		business (if you are not already conducting the business through a corporation) or otherwise organize the business as any other form of entity, or participate in any merger, consolidation, reorganization, or other action involving any change in the undersigned individual's ownership or control of your business, without our prior written consent.
l. Franchisor approval of transfer by franchisee	Section 9.2	We have the right to approve the transferee which may be held for any bona fide business reason.
m. Conditions for franchisor approval of transfer	Section 9.2	We have the right to approve the transferee which may be held for any bona fide business reason.
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable
s. Modification of the agreement	Article 25	There may be no modifications generally unless they are in writing and signed by both parties.
t. Integration/merger clause	Article 25	The terms of the Purchase Agreement are complete and none of the terms may be added to, modified, superseded or altered, except by written agreement or modification signed by you and us.
u. Dispute resolution by arbitration or mediation	Articles 13 and 14	All disputes between you and us (and any parties making claims against us through you) will be resolved by a mandatory three-step process. We will both attempt in good faith to resolve promptly any controversy or claim by negotiation. The disputing party will give the other party written notice of the dispute, and, within 30 business days after receipt of the notice (the "Response Date"), the receiving party will provide a written response. The parties will meet and/or otherwise communicate within 30 days of the Response Date to attempt in good faith to resolve the dispute. If the matter is not resolved within 60 business days of the original notice of dispute or if the responding party will not meet or communicate within 30 days of the Response Date, either party may initiate mediation of the matter with JAMS, The Resolution Experts. If the matter is not resolved within 60 business days of the institution of

Provision	Section in Purchase Agreement	Summary
		the mediation procedure, then the matter will be settled by arbitration in accordance with the United States Arbitration Act, 9 U.S.C. §§ 1-16 and the arbitration must, unless otherwise agreed in writing, take place in Columbus, Ohio. The arbitrator may not award punitive, exemplary, indirect, special, consequential or incidental damages or any other damages in excess of actual direct damages or in excess of any limit on direct damages set out in the Franchise Agreement, whichever is lower. However, both parties will be entitled to reimbursement of costs and expenses, if any, incurred in compelling the other party to arbitrate.
v. Choice of forum	Section 14.4	Courts of the State of Ohio or any U.S. District Court located in Ohio will have sole jurisdiction over enforcement of arbitration and/or enforcement of the Purchase Agreement
w. Choice of law	Section 13.1	Ohio law applies.

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Security Agreement

Provision	Section in Security Agreement	Summary
a. Length of the franchise term	Not applicable	Not applicable
b. Renewal or extension of the term	Not applicable	Not applicable The term renewal means that the franchise relationship is extended for an additional term of years under our then-current form of Franchise Agreement, which may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Article 3	We may immediately terminate the Security Agreement and pursue any remedies available to us under the Security Agreement upon your default.
g. "Cause" defined – curable defaults	Not applicable	Not applicable

Provision	Section in Security Agreement	Summary
h. "Cause" defined -- non-curable defaults	Not applicable	<p>Non-curable defaults include: your failure to pay when due, whether by acceleration or otherwise, any part of the indebtedness owed to us; your failure or neglect to perform, keep or observe any other term, provision, condition, covenant, warranty or representation contained in the Security Agreement or in any other agreement which you at any time enter into for the purpose of providing us with additional security for the payment of any portion of the indebtedness; any warranty, representation or statement, report or certificate made or furnished to us by you or on your behalf that is not true and correct in any material respect when made or furnished; the occurrence of any material uninsured damage to or uninsured loss, theft or destruction of any of the collateral; the death of you (if a natural person) or (if you are an entity) the death of any individual executing the Security Agreement; the dissolution, termination of existence of business, insolvency, business failure, appointment of a receiver for any part of the property of, or the assignment for the benefit of creditors by you or any guarantor or surety for you; commencement of any bankruptcy, receivership, reorganization, insolvency or liquidation proceeding by or against you or a guarantor or surety for you; we, in good faith, deem ourselves insecure at any time for any commercially sound reason; you cease to conduct your business as it is currently being operated or are enjoined, restrained or in any way prevented by court order from conducting all or any material part of your business affairs; you become insolvent or are generally not paying your debts as they mature or the making of any transfer by you in an attempt to defraud creditors or any assignment by you for the benefit of your creditors; any default by you under, or termination of, any lease relating to any motor vehicle from which you sell products or any other property in which all or any part of the collateral may be stored; any repossession of any motor vehicle from which you sell products or any other property in which the collateral is stored; any transfer of all or substantially all of your assets, any incorporation of your business (or other organization of the business as any other form of entity) without our prior written permission, or any merger, consolidation, reorganization, or other action involving any change in the ownership or control of your business; the rendering of any judgment against you in the amount of Five Thousand Dollars (\$5,000.00) or more, or the initiation of any proceeding or the rendering of any judgment affecting the collateral which seeks to establish, attach, or foreclose any lien on the collateral, or on any part thereof, or which we</p>

Provision	Section in Security Agreement	Summary
		determine may affect our security interest in the collateral; and any default by you in, or termination of, the Franchise Agreement or the Purchase Agreement.
i. Franchisee's obligations on termination/non-renewal	Not applicable	Not applicable
j. Assignment of contract by franchisor	Section 10.3	We have the right to assign our rights under the Security Agreement to anyone.
k. "Transfer" by franchisee -- defined	Not applicable	Not applicable
l. Franchisor approval of transfer by franchisee	Not applicable	Not applicable
m. Conditions for franchisor approval of transfer	Not applicable	Not applicable
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Article 3	The Security Agreement automatically terminates upon your death, or the death of the individual signing the Security Agreement, regardless of whether you have formed an entity to operate the business.
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable
s. Modification of the agreement	Section 10.2	There may be no modifications generally unless they are in writing and signed by both parties.
t. Integration/merger clause	Section 10.2	The terms of the Security Agreement are complete and none of the terms may be added to, modified, superseded or altered, except by written agreement or modification signed by you and us.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable
v. Choice of forum	Not applicable	Not applicable
w. Choice of law	Article 5	Ohio law applies.

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Government Franchise Agreement

Provision	Section in Government Franchise Agreement	Summary
a. Length of the franchise term	Not applicable	Not applicable
b. Renewal or extension of the term	Not applicable	Not applicable The term renewal means that the franchise relationship is extended for an additional term of years under our then-current form of Franchise Agreement, which may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Article 7	We may terminate the Government Franchise Agreement upon your default with 30 days prior written notice (or such longer period as applicable state law may require) and failure by you to cure the default within the 30 days (or longer) period.
g. "Cause" defined – curable defaults	Not applicable	Not applicable
h. "Cause" defined – non-curable defaults	Article 7	Non-curable defaults include: your failure to adhere to the terms of the Government Franchise Agreement in accepting or fulfilling any order under the Government Franchise Agreement; your failure to maintain the records and reports identified in the Government Franchise Agreement; your failure to make any report identified in the Government Franchise Agreement; and your failure to make any records and reports identified in Government Franchise Agreement available for examination or audit.
i. Franchisee's obligations on termination/non-renewal	Not applicable	Not applicable
j. Assignment of contract by franchisor	Not applicable	Not applicable
k. "Transfer" by franchisee – defined	Not applicable	Not applicable
l. Franchisor approval of transfer by franchisee	Not applicable	Not applicable

Provision	Section in Government Franchise Agreement	Summary
m. Conditions for franchisor approval of transfer	Not applicable	Not applicable
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable
s. Modification of the agreement	Not applicable	Not applicable
t. Integration/merger clause	Not applicable	Not applicable
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable
v. Choice of forum	Not applicable	Not applicable
w. Choice of law	Not applicable	Not applicable

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Mobile Business Assistant Software License Agreement

Provision	Section in Mobile Business Assistant Software License Agreement	Summary
a. Length of the franchise term	Article 2	The term continues for the same term as the Franchise Agreement between you and us.

Provision	Section in Mobile Business Assistant Software License Agreement	Summary
b. Renewal or extension of the term	Not applicable	Not applicable The term renewal means that the franchise relationship is extended for an additional term of years under our then-current form of Franchise Agreement, which may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Article 2	We may terminate the Franchise Agreement immediately upon your default.
g. "Cause" defined – curable defaults	Not applicable	Not applicable
h. "Cause" defined – non-curable defaults	Article 2	Non-curable defaults include: you fail to comply with any of the terms and conditions of the Mobile Business Assistant Software License Agreement or any license granted under the Mobile Business Assistant Software License Agreement, which default is not cured within thirty (30) days after we have given written notice of such default to you; or the term of the Mobile Business Assistant Software License Agreement or of any license granted expires or terminates for any reason; or an event of default occurs under any other agreement between you and us, which default is not cured within any applicable cure period; or you cease to be an authorized Mac Tools franchisee for any reason.
i. Franchisee's obligations on termination/non-renewal	Article 2	Return to us the original and all copies of the MBA Software and all related documentation, erase the MBA Software from all storage media in your possession upon which it has been stored, return to us any computer equipment loaned by us in connection with the MBA Software, and certify in writing to us that each such action has been taken.
j. Assignment of contract by franchisor	Not applicable	Not applicable
k. "Transfer" by franchisee – defined	Not applicable	Not applicable

Provision	Section in Mobile Business Assistant Software License Agreement	Summary
l. Franchisor approval of transfer by franchisee	Not applicable	Not applicable
m. Conditions for franchisor approval of transfer	Not applicable	Not applicable
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable
s. Modification of the agreement	Article 14	There may be no modifications generally unless they are in writing and signed by both parties.
t. Integration/merger clause	Article 14	The terms of the Mobile Business Assistant Software License Agreement are complete and none of the terms may be added to, modified, superseded or altered, except by written agreement or modification signed by you and us.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable
v. Choice of forum	Not applicable	Not applicable
w. Choice of law	Article 12	Ohio law applies.

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Extended Trade Program Terms and Conditions Agreement

Provision	Section in Extended Trade Program Terms and Conditions Agreement	Summary
a. Length of the franchise term	Paragraphs 1 and 2	We determine the period of time during which your option to purchase products under the extended trade program begins and ends, in our discretion. The total number of weekly payments required under the extended trade program is determined by us, in our discretion.
b. Renewal or extension of the term	Not applicable	Not applicable The term renewal means that the franchise relationship is extended for an additional term of years under our then-current form of Franchise Agreement, which may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Not applicable	Not applicable
g. "Cause" defined – curable defaults	Not applicable	Not applicable
h. "Cause" defined – non-curable defaults	Not applicable	Not applicable
i. Franchisee's obligations on termination/non-renewal	Not applicable	Not applicable
j. Assignment of contract by franchisor	Not applicable	Not applicable
k. "Transfer" by franchisee – defined	Not applicable	Not applicable
l. Franchisor approval of transfer by franchisee	Not applicable	Not applicable
m. Conditions for franchisor approval of transfer	Not applicable	Not applicable

Provision	Section in Extended Trade Program Terms and Conditions Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable
s. Modification of the agreement	Not applicable	Not applicable
t. Integration/merger clause	Not applicable	Not applicable
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable
v. Choice of forum	Not applicable	Not applicable
w. Choice of law	Not applicable	Not applicable

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote the Mac Tools franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The Federal Trade Commission's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets (Mac Tools Businesses), 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 (Mac Tools Business) 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 (for a particular route) or under particular circumstances.

Those Mac Tools Businesses which were in operation for all of calendar year 2010 had total purchases of products from Mac Tools during calendar year 2010 in the amounts noted below. The amounts of purchases noted below represent the prices paid by franchisees and distributors to Mac Tools

for product inventory. 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. The information presented below includes information for distributors within the United States generally and for franchisees located within Kentucky. No information regarding Mac Tools employee distributors is included below.

Total Purchases of Products from Mac Tools during 2010	Number of Franchisees and Distributors Reporting Total Purchases Within This Category	Percentage of all Franchisees and Distributors
Less than \$50,000	55	6.1%
\$50,000 to \$74,999	75	8.3%
\$75,000 to \$99,999	105	11.6%
\$100,000 to \$124,999	122	13.5%
\$125,000 to \$149,999	122	13.5%
\$150,000 to \$174,999	95	10.5%
\$175,000 to \$199,999	88	9.7%
\$200,000 to \$224,999	70	7.7%
\$225,000 to \$249,999	54	6.0%
\$250,000 to \$274,999	33	3.6%
\$275,000 to \$299,999	24	2.6%
\$300,000 to \$324,999	10	1.1%
\$325,000 to \$349,999	12	1.3%
\$350,000 to \$374,999	7	0.8%
\$375,000 to \$399,999	9	1.0%
\$400,000 to \$424,999	4	0.4%
\$425,000 to \$449,999	5	0.6%
\$450,000 to \$474,999	2	0.2%
\$475,000 to \$499,999	4	0.4%
\$500,000 to \$524,999	1	0.1%
\$525,000 to \$549,999	0	0.0%
\$550,000 to \$574,999	1	0.1%
\$575,000 to \$599,999	0	0.0%
Over \$600,000	6	0.7%
TOTAL	904	100%

These actual product purchase totals are of all Mac Tools distributors and franchisees who were in business during all of calendar year 2010. They should not be considered as the actual or probable total product purchases that will be made by you. Some Mac Tools Businesses have purchased this amount. Your individual results may differ. There is no assurance that you'll purchase as much product inventory, and Mac Tools does not represent that you can expect to attain these amounts of purchases.

Other than the preceding financial performance representation, Mac Tools does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mac Tools, Attn: On-Boarding Manager, 505 North Cleveland Avenue, Westerville, Ohio 43082, the Federal Trade Commission, and the appropriate state regulatory agencies.

Substantiation of the data used in preparing the information above will be made available to you upon reasonable demand; provided, however, that this shall not be construed to require disclosure of the identity of a specific franchisee or to require the release of franchisee-specific data without the consent of the franchisee.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

As previously disclosed, we began offering Mac Tools franchises in Kentucky on March 31, 2007, and we began offering Mac Tools franchises in states other than Kentucky as of the date of this disclosure document. A list of our franchisees and the addresses and business telephone numbers is attached as Exhibit S to this disclosure document. Other than a small number of employee distributors handling special assignments, Mac Tools does not operate company-owned mobile tool distribution businesses that are similar to the Mac Tools Business disclosed in this disclosure document, and Mac Tools does not intend to establish additional company-owned Mac Tools businesses.

Following is information on franchised and company-owned Mac Tools Businesses as of the end of 2008, 2009 and 2010 fiscal years of Stanley Black & Decker, Inc.:

**ITEM 20 TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS 2008/2009/2010¹**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2008	8	6	-2
	2009	6	8	+2
	2010	8	8	0
Company-owned	2008	2	2	0
	2009	2	2	0
	2010	2	2	0
Total Outlets	2008	10	8	-2
	2009	8	10	+2
	2010	10	10	0

¹ As of the date of this disclosure document Mac Tools had 1,002 traditional Mac Tools distributorships. The traditional Mac Tools distributorships are not franchises, in that no franchise fee was required to be paid to Mac Tools by the distributors. Otherwise, the traditional distributorship business is similar to the franchised Mac Tools Business disclosed in this disclosure document. A current list of Mac Tools distributors and their addresses and business telephone numbers is included as Exhibit X to this disclosure document.

Following is information on transfers of franchised Mac Tools Businesses to new owners (other than to Mac Tools) as of the end of the 2008, 2009 and 2010 fiscal years of Stanley Black & Decker, Inc.:

ITEM 20 TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS 2008/2009/2010

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Kentucky	2008	0
	2009	0
	2010	0
Total	2008	0
	2009	0
	2010	0

Following is information on franchised Mac Tools Businesses as of the end of the 2008, 2009 and 2010 fiscal years of Stanley Black & Decker, Inc.:

ITEM 20 TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR FISCAL YEARS 2008/2009/2010

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Term-inations	Column 6 Non-Renewals	Column 7 Re-acquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at end of the Year*
Kentucky	2008	8	0	2	0	0	0	6
	2009	6	3	0	0	0	1	8
	2010	8	0	0	0	0	0	8
Total	2008	8	0	2	0	0	0	6
	2009	6	3	0	0	0	1	8
	2010	8	0	0	0	0	0	8

* The fiscal year ends for Stanley Black & Decker, Inc. (formerly known as The Stanley Works) were January 1, 2011, January 2, 2010 and January 3, 2009.

Company-Owned Mac Tools Businesses

Following is information on the company-owned Mac Tools businesses as of the end of the 2008, 2009 and 2010 fiscal years of Stanley Black & Decker, Inc.:

**ITEM 20 TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR FISCAL YEARS 2008/2009/2010**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-acquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Totals	2008	2	0	0	0	0	2
	2009	2	0	0	0	0	2
	2010	2	0	0	0	0	2

Other than a small number of employee distributors handling special assignments, Mac Tools does not operate company-owned mobile tool distribution businesses that are similar to the Mac Tools Business disclosed in this disclosure document. For example, Mac Tools has assigned employee distributors to each of a large theme park location and a location at which several NASCAR racing teams maintain facilities. Mac Tools also makes assignments of open, unassigned Routes to be operated by one of its District Manager trainees on a temporary basis for training purposes. Mac Tools does not intend to establish additional company-owned Mac Tools businesses.

Following is information on our projection for the sale of Mac Tools franchises and the opening of company-owned Mac Tools Businesses during Stanley Black & Decker, Inc.'s 2011 fiscal year (January 2, 2011 through December 30, 2011):

**ITEM 20 TABLE NO. 5
PROJECTED OPENINGS AS OF THE DATE OF THIS DISCLOSURE DOCUMENT**

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	5	0
Alaska	0	1	0
Arizona	0	5	0
Arkansas	0	2	0
California	0	50	0
Colorado	0	10	0
Connecticut	0	3	0
Delaware	0	1	0
District of Columbia	0	0	0
Florida	0	22	0
Georgia	0	7	0
Hawaii	0	2	0

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Idaho	0	1	0
Illinois	0	15	0
Indiana	0	10	0
Iowa	0	15	0
Kansas	0	4	0
Kentucky	0	3	0
Louisiana	0	3	0
Maine	0	2	0
Maryland	0	4	0
Massachusetts	0	6	0
Michigan	0	13	0
Minnesota	0	11	0
Mississippi	0	1	0
Missouri	0	10	0
Montana	0	2	0
Nebraska	0	2	0
Nevada	0	2	0
New Hampshire	0	2	0
New Jersey	0	6	0
New Mexico	0	2	0
New York	0	30	0
North Carolina	0	11	0
North Dakota	0	2	0
Ohio	0	20	0
Oklahoma	0	5	0
Oregon	0	5	0
Pennsylvania	0	20	0
Rhode Island	0	1	0
South Carolina	0	5	0
South Dakota	0	2	0
Tennessee	0	5	0
Texas	0	25	0
Utah	0	2	0
Vermont	0	1	0
Virginia	0	10	0
Washington	0	10	0
West Virginia	0	1	0
Wisconsin	0	15	0
Wyoming	0	1	0
Total	0	391	0

The number of projections for franchised outlets in our next fiscal year include existing Mac Tools distributors who convert their distributorship to a franchise, as well as new franchised outlets.

Following is a list of the names, cities and states and current business telephone numbers (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year of Stanley Black & Decker, Inc., or who has not communicated with us within 10 weeks before the issuance date of this disclosure document:

None.

Following is a list of the names, cities and states and current business telephone numbers (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement from the date of the most recently completed fiscal year end of Stanley Black & Decker, Inc. until the date of this disclosure document:

Clayton Harrison
Park City, KY 42160
(270) 453-3432

Gregory Kimble
Owensboro, KY 42303
(270) 570-4529

Dewey Nicholson
London, KY 40741
(606) 862-0752

Following is a list of the names, cities and states and current business telephone numbers of franchisees that signed a Franchise Agreement during the most recently completed fiscal year of Stanley Black & Decker, Inc. but have not yet opened a franchised outlet:

None.

If you buy this franchise, your contact information may be disclosed in the future to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former Mac Tools franchisees have signed agreements with confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in the Mac Tools franchise system.

As of the date of this disclosure document, there is no trademark-specific franchisee organization associated with the Mac Tools' franchise system that must be disclosed in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

In March 2010, The Stanley Works acquired all of the stock of The Black & Decker Corporation, which became a wholly-owned subsidiary of The Stanley Works. Immediately following the acquisition, The Stanley Works changed its name to Stanley Black & Decker, Inc. Mac Tools is a division of Stanley Black & Decker, Inc. The audited financial statements of Stanley Black & Decker, Inc., for the fiscal years ending on January 1, 2011 and January 2, 2010, and the audited financial statements of The Stanley Works (now known as Stanley Black & Decker, Inc.) for the fiscal year ending on January 3, 2009, and

the unaudited financial statements of Stanley Black & Decker, Inc. dated July 2, 2011, are included in this disclosure document as Exhibit A.

ITEM 22. CONTRACTS

Attached to this disclosure document are copies of the following agreements and forms relating to the Mac Tools franchise:

Agreements:

Exhibit B.	Mac Tools Franchise Agreement
Exhibit C.	Confidentiality Agreement and Acknowledgment of Ownership
Exhibit D.	Conversion Addenda to Mac Tools Franchise Agreement
Exhibit E.	Mac Tools Purchase Agreement
Exhibit F.	Mac Tools Security Agreement
Exhibit G.	Mac Tools Franchisee Business Entity Worksheet
Exhibit H.	Certificates of Resolutions
Exhibit I.	Guaranty of Payment and Performance of an Entity Mac Tools Franchisee
Exhibit J.	Guaranty of Indebtedness of a Mac Tools Franchisee
Exhibit K.	Insurance Loss Payee Form
Exhibit L.	Mac Tools Pay By Phone Form
Exhibit M.	Mobile Business Assistant Software License Agreement
Exhibit N.	Mac Tools Government Franchise Agreement
Exhibit O.	Mac Tools Direct Debit Authorization Agreement
Exhibit P.	Mac Tools Extended Trade Program (ETP) Terms and Conditions Agreement
Exhibit Q.	Rider to Mac Tools Franchise Agreement
Exhibit R.	Investor Guarantor Acknowledgment
Exhibit V.	Acknowledgment of Receipt of FTC Consent Orders
Exhibit W.	State Addenda
Exhibit Y.	General Release of All Claims

ITEM 23. RECEIPTS

The last pages of this disclosure document are two copies of a detachable document acknowledging your receipt of this disclosure document. Please detach from this disclosure document and sign one of the two copies of this Receipt and return it directly to us at our offices at the address listed below. If these pages or any other pages or exhibits are missing from your copy, please contact the Mac Tools Division of Stanley Black & Decker, Inc. at this address or phone number:

Mac Tools Division of Stanley Black & Decker, Inc.
505 North Cleveland Avenue
Westerville, Ohio 43082
Attention: On-Boarding Manager
(614) 755-7000
www.mactools.com

EXHIBIT A

FINANCIAL STATEMENTS OF STANLEY BLACK & DECKER, INC

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Stanley Black & Decker, Inc.

We have audited the accompanying consolidated balance sheets of Stanley Black & Decker, Inc. and subsidiaries (the "Company") as of January 1, 2011 and January 2, 2010, and the related consolidated statements of operations, changes in shareowners' equity, and cash flows for each of the three fiscal years in the period ended January 1, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at January 1, 2011 and January 2, 2010, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended January 1, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note A to the consolidated financial statements, the Company adopted Financial Accounting Standards Board Statement No. 141(R), *Business Combinations* (codified in ASC 805, *Business Combinations*), effective for the Company on January 4, 2009.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of January 1, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young, LLP

Hartford, Connecticut
February 18, 2011

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Stanley Black & Decker, Inc.

We have audited Stanley Black & Decker, Inc. and subsidiaries' (the "Company") internal control over financial reporting as of January 1, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 1, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of January 1, 2011 and January 2, 2010, and the related consolidated statements of operations, changes in shareowners' equity, and cash flows for each of the three fiscal years in the period ended January 1, 2011 and our report dated February 18, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young, LLP

Hartford, Connecticut
February 18, 2011

Consolidated Statements of Operations
Fiscal years ended January 1, 2011, January 2, 2010 and January 3, 2009
(In Millions of Dollars, except per share amounts)

	2010	2009	2008
Net Sales	\$8,409.6	\$3,737.1	\$4,426.2
Costs and Expenses			
Cost of sales	\$5,460.8	\$2,228.8	\$2,754.8
Selling, general and administrative	2,156.6	1,014.4	1,090.0
Provision for doubtful accounts	12.3	14.0	17.6
Other-net	199.6	139.1	111.6
Restructuring charges and asset impairments	242.6	40.7	85.5
Gain on debt extinguishment	—	(43.8)	(9.4)
Interest income	(9.4)	(3.1)	(9.2)
Interest expense	110.0	63.7	92.1
Earnings from continuing operations before income taxes	\$8,172.5	\$3,453.8	\$4,133.0
Income taxes on continuing operations	237.1	283.3	293.2
Earnings from continuing operations	\$198.2	\$228.8	\$220.7
Less: Net earnings attributable to non-controlling interests	—	2.0	1.7
Net earnings from continuing operations attributable to Stanley Black & Decker, Inc	198.2	226.8	219.0
Earnings (loss) from discontinued operations before income taxes	—	(5.8)	132.8
Income taxes (benefit) on discontinued operations	—	(3.3)	44.9
Net (loss) earnings from discontinued operations	\$—	\$ (2.5)	\$87.9
Net Earnings Attributable to Stanley Black & Decker, Inc	\$198.2	\$224.3	\$306.9
Basic earnings per share of common stock:			
Continuing operations	\$1.34	\$2.84	\$2.77
Discontinued operations	—	(0.03)	1.11
Total basic earnings per share of common stock	\$1.34	\$2.81	\$3.88
Diluted earnings per share of common stock:			
Continuing operations	\$1.32	\$2.82	\$2.74
Discontinued operations	—	(0.03)	1.10
Total diluted earnings per share of common stock	\$1.32	\$2.79	\$3.84

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets
January 1, 2011 and January 2, 2010
(Millions of Dollars)

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$1,745.4	\$400.7
Accounts and notes receivable, net	1,417.1	532.0
Inventories, net	1,272.0	366.2
Prepaid expenses	224.0	73.2
Other current assets	157.1	39.8
Total Current Assets	4,815.6	1,411.9
Property, Plant and Equipment, net	1,166.5	575.9
Goodwill	5,941.9	1,818.4
Customer Relationships, net	889.8	413.4
Trade Names, net	1,839.4	331.1
Other Intangible Assets, net	143.0	31.9
Other Assets	343.2	186.5
Total Assets	<u>\$15,139.4</u>	<u>\$4,769.1</u>
Liabilities and Shareowners' Equity		
Current Liabilities		
Short-term borrowings	\$1.6	\$90.4
Current maturities of long-term debt	416.1	208.0
Accounts payable	998.6	410.1
Accrued expenses	1,325.9	483.5
Total Current Liabilities	2,742.2	1,192.0
Long-Term Debt	3,018.1	1,084.7
Deferred Taxes	901.1	120.4
Post-retirement Benefits	642.8	136.7
Other Liabilities	765.5	223.8
Commitments and Contingencies (Notes R and S)	—	—
Shareowners' Equity		
Stanley Black & Decker, Inc. Shareowners' Equity		
Preferred stock, without par value:		
Authorized and unissued 10,000,000 shares	—	—
Common stock, par value \$2.50 per share:		
Authorized 300,000,000 shares in 2010 and 200,000,000 shares in 2009		
Issued 176,091,572 shares in 2010 and 92,343,410 shares in 2009	440.7	230.9
Retained earnings	2,301.8	2,295.5
Additional paid in capital	4,885.7	126.7
Accumulated other comprehensive loss	(116.3)	(76.5)
ESOP	(74.5)	(80.8)
	7,437.4	2,495.8
Less: cost of common stock in treasury (9,744,142 shares in 2010 and 11,864,786 shares in 2009)	(420.4)	(509.7)
Stanley Black & Decker, Inc. Shareowners' Equity	7,017.0	1,986.1
Non-controlling interests	52.7	25.4
Total Shareowners' Equity	7,069.7	2,011.5
Total Liabilities and Shareowners' Equity	<u>\$15,139.4</u>	<u>\$4,769.1</u>

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
Fiscal years ended January 1, 2011, January 2, 2010 and January 3, 2009
(Millions of Dollars)

	2010	2009	2008
Operating Activities:			
Net earnings	\$198.2	\$226.3	\$308.6
Less: net earnings attributable to non-controlling interests	—	2.0	1.7
Net earnings attributable to Stanley Black & Decker, Inc	\$198.2	\$224.3	\$306.9
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation and amortization	348.7	200.1	183.0
Inventory step-up amortization	173.5	—	—
Pre-tax loss (gain) on sale of businesses	—	1.6	(126.5)
Asset impairments	24.1	6.8	17.1
Stock-based compensation expense	85.1	20.7	13.9
Provision for doubtful accounts	12.3	14.0	17.6
Debt-fair value amortization	(37.9)	—	—
Other non-cash items	(0.1)	(9.4)	36.9
Changes in operating assets and liabilities:			
Accounts receivable	22.5	130.5	129.1
Inventories	35.3	152.8	26.5
Accounts payable	77.3	(57.3)	(32.9)
Accrued expenses	52.9	(62.0)	12.7
Income taxes	(25.0)	16.2	(17.3)
Other current assets	18.7	(24.8)	(12.7)
Long-term receivables	(14.6)	(24.4)	(16.6)
Defined benefit liabilities	(276.9)	(17.4)	(22.9)
Other long-term liabilities	28.0	(6.7)	34.2
Other	17.2	(25.6)	(32.4)
Net cash provided by operating activities	739.3	339.4	516.6
Investing Activities:			
Capital expenditures	(165.4)	(72.9)	(94.6)
Capitalized software	(20.1)	(20.5)	(45.2)
Proceeds from sales of assets	11.0	2.5	4.3
Business acquisitions	(550.3)	(24.3)	(575.0)
Proceeds from sales of businesses	—	—	204.6
Cash acquired from Black & Decker	949.4	—	—
Undesignated interest rate swap terminations	30.1	—	—
Proceeds from net investment hedge settlements	43.9	—	19.1
Payments on net investment hedge settlements	(29.0)	—	—
Other	—	—	23.2
Net cash provided by (used in) investing activities	269.6	(115.2)	(464.6)
Financing Activities:			
Payments on long-term debt	(515.8)	(64.5)	(44.9)
Proceeds from debt issuance	1,013.2	—	249.7
Net repayments on short-term borrowings	(263.6)	(119.9)	(73.5)
Debt issuance costs	(3.4)	—	(1.5)
Interest rate swap terminations	—	—	16.2
Stock purchase contract fees	(7.7)	(15.2)	(11.1)
Purchase of common stock for treasury	(4.9)	(2.6)	(103.3)
Net premium paid for equity option	(50.3)	(9.2)	—
Termination of forward starting interest rate swap	(48.4)	—	—
Proceeds from issuance of common stock	396.1	61.2	19.2
Cash dividends on common stock	(201.6)	(103.6)	(99.0)
Other	—	4.8	—
Net cash provided by (used in) financing activities	313.6	(249.0)	(48.2)
Effect of exchange rate changes on cash	22.2	13.9	(32.6)
Increase (Decrease) in cash and cash equivalents	1,344.7	189.1	(28.8)
Cash and cash equivalents, beginning of year	400.7	211.6	240.4
Cash and cash equivalents, end of year	\$1,745.4	\$400.7	\$211.6

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Shareowners' Equity
Fiscal years ended January 1, 2011, January 2, 2010 and January 3, 2009
(Millions of Dollars, Except Per Share Amounts)

	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	ESOP	Treasury Stock	Non- Controlling Interests	Shareowners' Equity
Balance December 29, 2007	\$230.9	\$68.7	\$2,005.5	\$47.2	\$(93.8)	\$(504.8)	\$18.2	\$1,772.2
Comprehensive income:								
Net earnings			306.9				1.7	308.6
Less: Redeemable interest reclassified to liabilities							(0.5)	(0.5)
Currency translation adjustment and other				(158.1)				(158.1)
Cash flow hedge, net of tax				(0.3)				(0.3)
Change in pension, net of tax				(40.8)				(40.8)
Total comprehensive income			306.9	(199.2)			1.2	108.9
Cash dividends declared — \$1.26 per share			(99.0)					(99.0)
Cash dividends declared to non-controlling interests							(0.9)	(0.9)
Issuance of common stock			(16.0)			31.3		15.3
Repurchase of common stock (2,240,451 shares)						(103.3)		(103.3)
Tax benefit on convertibles notes hedge		1.0						1.0
Equity unit repurchase		4.7						4.7
Other, stock-based compensation related		13.9						13.9
Tax benefit related to stock options exercised		3.2						3.2
ESOP and related tax benefit			2.2		6.6			8.8
Balance January 3, 2009	230.9	91.5	2,199.9	(152.0)	(87.2)	(576.8)	18.5	1,724.8
Comprehensive income:								
Net earnings			224.3				2.0	226.3
Currency translation adjustment and other				77.1				77.1
Change in pension, net of tax				(1.6)				(1.6)
Total comprehensive income			224.3	75.5			2.0	301.8
Cash dividends declared — \$1.30 per share			(103.6)					(103.6)
Issuance of common stock		(6.9)	(27.1)			95.1		61.1
Repurchase of common stock (62,338 shares)						(2.6)		(2.6)
Net premium paid and settlement of equity option		16.2				(25.4)		(9.2)
Formation of joint venture							4.9	4.9
Other, stock-based compensation related		20.7						20.7
Tax benefit related to stock options exercised		5.2						5.2
ESOP and related tax benefit			2.0		6.4			8.4
Balance January 2, 2010	230.9	126.7	2,295.5	(76.5)	\$(0.5)	(509.7)	25.4	2,011.5
Comprehensive income:								
Net earnings			198.2				—	198.2
Currency translation adjustment and other				(6.9)				(6.9)
Cash flow hedge, net of tax				(54.9)				(54.9)
Change in pension, net of tax				22.0				22.0
Total comprehensive income			198.2	(39.8)			—	158.4
Cash dividends declared — \$1.34 per share			(193.9)					(193.9)
Equity purchase contracts — stock issuance	12.9	307.1						320.0
Issuance of common stock		(30.2)				95.5		65.3
Black & Decker consideration paid	196.9	4,458.9				0.4		4,656.2
Repurchase of common stock (79,357 shares)						(4.9)		(4.9)
Convertible equity — offering fees		(13.6)						(13.6)
Coconvertible equity — non-cash stock contract fees		(14.9)						(14.9)
Net premium paid and settlement of equity option		(48.6)				(1.7)		(50.3)
Non-controlling interest buyout		0.7					(1.6)	(0.9)
Non-controlling interests of acquired businesses							28.9	28.9
Other, stock-based compensation related		85.0						85.0
Tax benefit related to stock options exercised		14.6						14.6
ESOP and related tax benefit			2.0		6.3			8.3
Balance January 1, 2011	\$440.7	\$4,885.7	\$2,301.8	\$(116.3)	\$(74.5)	\$(420.4)	\$52.7	\$7,069.7

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

A. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION — On March 12, 2010 a wholly owned subsidiary of The Stanley Works was merged with and into The Black & Decker Corporation ("Black & Decker"), with the result that Black & Decker became a wholly owned subsidiary of The Stanley Works (the "Merger"). In connection with the Merger, The Stanley Works changed its name to Stanley Black & Decker, Inc. The results of the operations and cash flows of Black & Decker have been included in the Company's consolidated financial statements from the time of the consummation of the Merger on March 12, 2010 (see Note E, Merger and Acquisitions).

The Consolidated Financial Statements include the accounts of Stanley Black & Decker, Inc. and its majority-owned subsidiaries (collectively the "Company") which require consolidation, after the elimination of intercompany accounts and transactions. The Company's fiscal year ends on the Saturday nearest to December 31. There were 52, 52 and 53 weeks in the fiscal years 2010, 2009 and 2008, respectively.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as certain financial statement disclosures. While management believes that the estimates and assumptions used in the preparation of the financial statements are appropriate, actual results could differ from these estimates.

FOREIGN CURRENCY — For foreign operations with functional currencies other than the U.S. dollar, asset and liability accounts are translated at current exchange rates; income and expenses are translated using weighted-average exchange rates. Translation adjustments are reported in a separate component of shareholders' equity and exchange gains and losses on transactions are included in earnings.

CASH EQUIVALENTS — Highly liquid investments with original maturities of three months or less are considered cash equivalents.

ACCOUNTS AND FINANCING RECEIVABLE — Trade receivables are stated at gross invoice amount less discounts, other allowances and provision for uncollectible accounts and financing receivables are initially recorded at fair value, less impairments or provisions for credit losses. Interest income earned from financing receivables that are not delinquent is recorded on the effective interest method. The Company considers any financing receivable that has not been collected within 90 days of original billing date as past-due or delinquent. Additionally, the Company considers the credit quality of all past-due or delinquent financing receivables as nonperforming.

ALLOWANCE FOR DOUBTFUL ACCOUNTS — The Company estimates its allowance for doubtful accounts using two methods. First, a specific reserve is established for individual accounts where information indicates the customers may have an inability to meet financial obligations. Second, a reserve is determined for all customers based on a range of percentages applied to aging categories. These percentages are based on historical collection and write-off experience. Actual write-offs are charged against the allowance when collection efforts have been unsuccessful.

INVENTORIES — U.S. inventories are predominantly valued at the lower of Last-In First-Out ("LIFO") cost or market because the Company believes it results in better matching of costs and revenues. Other inventories are valued at the lower of First-In, First-Out ("FIFO") cost or market because LIFO is not permitted for statutory reporting outside the U.S. See Note C, Inventory, for a quantification of the LIFO impact on inventory valuation.

PROPERTY, PLANT AND EQUIPMENT — The Company generally values property, plant and equipment ("PP&E"), including capitalized software, on the basis of historical cost less accumulated depreciation and amortization. Costs related to maintenance and repairs which do not prolong the assets' useful lives are

expensed as incurred. Depreciation and amortization are provided using straight-line methods over the estimated useful lives of the assets as follows:

	Useful Life (Years)
Land improvements	10 – 20
Buildings	40
Machinery and equipment	3 – 15
Computer software	3 – 5

Leasehold improvements are depreciated over the shorter of the estimated useful life or the term of the lease.

The Company reports depreciation and amortization of property, plant and equipment in cost of sales and selling, general and administrative expenses based on the nature of the underlying assets. Depreciation and amortization related to the production of inventory and delivery of services are recorded in cost of sales. Depreciation and amortization related to distribution center activities, selling and support functions are reported in selling, general and administrative expenses.

The Company assesses its long-lived assets for impairment when indicators that the carrying values may not be recoverable are present. In assessing long-lived assets for impairment, the Company groups its long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are generated ("asset group") and estimates the undiscounted future cash flows that are directly associated with and expected to be generated from the use of and eventual disposition of the asset group. If the carrying value is greater than the undiscounted cash flows, an impairment loss must be determined and the asset group is written down to fair value. The impairment loss is quantified by comparing the carrying amount of the asset group to the estimated fair value, which is determined using weighted-average discounted cash flows that consider various possible outcomes for the disposition of the asset group.

GOODWILL AND OTHER INTANGIBLE ASSETS — Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Intangible assets acquired are recorded at estimated fair value. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are tested for impairment annually during the third quarter, and at any time when events suggest an impairment more likely than not has occurred. To assess goodwill for impairment, the Company determines the fair value of its reporting units, which are primarily determined using management's assumptions about future cash flows based on long-range strategic plans. This approach incorporates many assumptions including future growth rates, discount factors and tax rates. In the event the carrying value of a reporting unit exceeded its fair value, an impairment loss would be recognized to the extent the carrying amount of the reporting unit's goodwill exceeded the implied fair value of the goodwill. Indefinite-lived intangible asset carrying amounts are tested for impairment by comparing to current fair market value, usually determined by the estimated cost to lease the asset from third parties. Intangible assets with definite lives are amortized over their estimated useful lives generally using an accelerated method. Under this accelerated method, intangible assets are amortized reflecting the pattern over which the economic benefits of the intangible assets are consumed. Definite-lived intangible assets are also evaluated for impairment when impairment indicators are present. If the carrying value exceeds the total undiscounted future cash flows, a discounted cash flow analysis is performed to determine the fair value of the asset. If the carrying value of the asset were to exceed the fair value, it would be written down to fair value. No goodwill or other significant intangible asset impairments were recorded during 2010, 2009 or 2008.

FINANCIAL INSTRUMENTS — Derivative financial instruments are employed to manage risks, including foreign currency, interest rate exposures and commodity prices and are not used for trading or speculative purposes. The Company recognizes all derivative instruments, such as interest rate swap agreements, foreign currency options, commodity contracts and foreign exchange contracts, in the Consolidated Balance Sheets at fair value. Changes in the fair value of derivatives are recognized periodically either in earnings or in Shareowners' Equity as a component of other comprehensive income, depending on whether the derivative financial instrument is undesignated or qualifies for hedge accounting, and if so, whether it represents a fair value, cash flow, or net investment hedge. Changes in the fair value of derivatives accounted for as fair value

hedges are recorded in earnings in the same caption as the changes in the fair value of the hedged items. Gains and losses on derivatives designated as cash flow hedges, to the extent they are effective, are recorded in other comprehensive income, and subsequently reclassified to earnings to offset the impact of the hedged items when they occur. In the event it becomes probable the forecasted transaction to which a cash flow hedge relates will not occur, the derivative would be terminated and the amount in other comprehensive income would generally be recognized in earnings. Changes in the fair value of derivatives used as hedges of the net investment in foreign operations, to the extent they are effective, are reported in other comprehensive income and are deferred until the subsidiary is sold. Changes in the fair value of derivatives not designated as hedges under FASB Accounting Standards Codification, ("ASC") 815 "Derivatives and Hedging" ("ASC 815"), and any portion of a hedge that is considered ineffective, are reported in earnings in the same caption where the hedged items are recognized.

The net interest paid or received on interest rate swaps is recognized as interest expense. Gains and losses resulting from the early termination of interest rate swap agreements are deferred and amortized as adjustments to interest expense over the remaining period of the debt originally covered by the terminated swap.

REVENUE RECOGNITION — General: Revenue is recognized when the earnings process is complete, collectability is reasonably assured, and the risks and rewards of ownership have transferred to the customer, which generally occurs upon shipment of the finished product but sometimes is upon delivery to customer facilities.

Provisions for customer volume rebates, product returns, discounts and allowances are recorded as a reduction of revenue in the same period the related sales are recorded. Consideration given to customers for cooperative advertising is recognized as a reduction of revenue except to the extent that there is an identifiable benefit and evidence of the fair value of the advertising, in which case the expense is classified as Selling, general, and administrative expense ("SG&A").

Multiple Element Arrangements: In 2010, 2009 and 2008, approximately \$900 million, \$900 million and \$1 billion, respectively, in revenues were generated by multiple element arrangements, primarily in the Security segment. These sales contracts typically consist of products sold and installed by the Company at the customer location. Revenue from equipment sales is generally recognized once installation is complete. Certain sales agreements also include maintenance and monitoring services pertaining to the installed equipment. Service revenue is recognized ratably over the contract term as services are rendered. Customer billings for equipment not yet installed and for monitoring services not yet rendered are deferred to the extent paid in advance by customers.

When a sales agreement involves multiple elements, deliverables are separately identified and consideration is allocated based on their relative fair values in accordance with ASC 605-25, "Revenue Recognition — Multiple-Element Arrangements". Fair value is generally determined by reference to the prices charged in stand-alone transactions.

COST OF SALES AND SELLING, GENERAL & ADMINISTRATIVE — Cost of sales includes the cost of products and services provided reflecting costs of manufacturing and preparing the product for sale. These costs include expenses to acquire and manufacture products to the point that they are allocable to be sold to customers and costs to perform services pertaining to service revenues (e.g. installation of security systems, automatic doors, and security monitoring costs). Cost of sales is primarily comprised of inbound freight, direct materials, direct labor as well as overhead which includes indirect labor, facility and equipment costs. Cost of sales also includes quality control, procurement and material receiving costs as well as internal transfer costs. Selling general and administrative ("SG&A") costs include the cost of selling products as well as administrative function costs. These expenses generally represent the cost of selling and distributing the products once they are available for sale and primarily include salaries and commissions of the Company's sales force, distribution costs, notably salaries and facility costs, as well as administrative expenses for certain support functions and related overhead.

ADVERTISING COSTS — Television advertising is expensed the first time the advertisement airs, whereas other advertising is expensed as incurred. Advertising costs are classified in SG&A and amounted to \$120.7 million in 2010, \$30.8 million in 2009 and \$39.3 million in 2008. Expense pertaining to cooperative advertising with customers reported as a reduction of net sales was \$200.0 million in 2010, \$23.3 million in 2009 and \$29.0 million in 2008. Cooperative advertising with customers classified as SG&A expense amounted to \$5.8 million in 2010, \$5.7 million in 2009 and \$6.6 million in 2008.

ACQUISITION COSTS — In fiscal 2010 and 2009 costs associated with new business acquisitions are expensed as incurred as required under SFAS No. 141(R), "Business Combinations," ("FAS 141(R)") codified in ASC 805, "Business Combinations" ("ASC 805"). Refer to the section entitled New Accounting Standards also included within Note A for further details. Prior to 2009, certain costs directly related to acquisitions including legal, audit and other fees, were recorded to goodwill.

SALES TAXES — Sales and value added taxes collected from customers and remitted to governmental authorities are excluded from Net sales reported in the Consolidated Statements of Operations.

SHIPPING AND HANDLING COSTS — The Company generally does not bill customers for freight. Shipping and handling costs associated with inbound freight are reported in cost of sales. Shipping costs associated with outbound freight are reported as a reduction of Net sales and amounted to \$161.6 million, \$87.1 million and \$129.7 million in 2010, 2009 and 2008, respectively. Distribution costs are classified as SG&A and amounted to \$198.1 million, \$102.2 million and \$122.2 million in 2010, 2009 and 2008, respectively.

STOCK-BASED COMPENSATION — Compensation cost relating to stock-based compensation grants is recognized on a straight-line basis over the vesting period, which is generally four years. The expense for stock options and restricted stock units awarded to retirement eligible employees (those aged 55 and over, and with 10 or more years of service) is recognized on the grant date, or (if later) by the date they become retirement-eligible.

POSTRETIREMENT DEFINED BENEFIT PLAN — The Company uses the corridor approach to determine expense recognition for each defined benefit pension and other postretirement plan. The corridor approach defers actuarial gains and losses resulting from variances between actual and expected results (based on economic estimates or actuarial assumptions) and amortizes them over future periods. For pension plans, these unrecognized gains and losses are amortized when the net gains and losses exceed 10% of the greater of the market-related value of plan assets or the projected benefit obligation at the beginning of the year. For other postretirement benefits, amortization occurs when the net gains and losses exceed 10% of the accumulated postretirement benefit obligation at the beginning of the year. For ongoing, active plans, the amount in excess of the corridor is amortized on a straight-line basis over the average remaining service period for active plan participants. For plans with primarily inactive participants, the amount in excess of the corridor is amortized on a straight-line basis over the average remaining life expectancy of inactive plan participants.

INCOME TAXES — Income tax expense is based on reported earnings before income taxes. Interest and penalties related to income taxes are classified as Income taxes on continuing operations in the Consolidated Statements of Operations. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes, and are measured by applying enacted tax rates in effect in years in which the differences are expected to reverse. A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized.

EARNINGS PER SHARE — Basic earnings per share equals net earnings attributable to Stanley Black & Decker, Inc., less earnings allocated to restricted stock units with non-forfeitable dividend rights, divided by weighted-average shares outstanding during the year. Diluted earnings per share include the impact of common stock equivalents using the treasury stock method when the effect is dilutive.

SUBSEQUENT EVENTS — The Company has evaluated subsequent events through the date of issuance of the Company's annual financial statements.

NEW ACCOUNTING STANDARDS

Implemented: In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," ("SFAS 157") codified in ASC 820, "Fair Value Measurement and Disclosure" ("ASC 820"). SFAS 157 establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurements, and requires new disclosures of assets and liabilities measured at fair value based on their level in the hierarchy. SFAS 157 indicates that an exit value (selling price) should be utilized in fair value measurements rather than an entrance value, or cost basis, and that performance risks, such as credit risk, should be included in the measurements of fair value even when the risk of non-performance is remote. SFAS 157 also clarifies the principle that fair value measurements should be based on assumptions the marketplace would use when pricing an asset whenever practicable, rather than company-specific assumptions. In February 2008, the FASB issued FSP No. 157-1 and 157-2, which respectively removed leasing transactions and deferred its effective date for one year relative to nonfinancial assets and nonfinancial liabilities except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Accordingly, in fiscal 2008 the Company applied SFAS 157 guidance to: (i) all applicable financial assets and liabilities; and (ii) nonfinancial assets and liabilities that are recognized or disclosed at fair value in the Company's financial statements on a recurring basis (at least annually). In January 2009, the Company applied this guidance to all remaining assets and liabilities measured on a non-recurring basis at fair value. The adoption of SFAS 157 for these items did not have an effect on the Company. Refer to Note M, Fair Value Measurements, for disclosures relating to ASC 820.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations," ("SFAS 141(R)") codified in ASC 805, "Business Combinations". SFAS 141(R) requires the acquiring entity in a business combination to recognize the full fair value of assets acquired and liabilities assumed in the transaction (whether a full or partial acquisition), establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose the information needed to evaluate and understand the nature and effect of the business combination. This statement applies to all transactions or other events in which the acquirer obtains control of one or more businesses, including those sometimes referred to as "true mergers" or "mergers of equals" and combinations achieved without the transfer of consideration, for example, by contract alone or through the lapse of minority veto rights. For new acquisitions made following the adoption of SFAS 141(R), significant costs directly related to the acquisition including legal, audit and other fees, as well as most acquisition-related restructuring, must be expensed as incurred. For the years ended January 1, 2011 and January 2, 2010 the Company expensed \$83.5 million and \$24.1 million of acquisition-related costs, respectively. Additionally, as part of SFAS 141(R) contingent purchase price arrangements (also known as earn-outs) must be re-measured to estimated fair value with the impact reported in earnings. With respect to all acquisitions, including those consummated in prior years, changes in tax reserves pertaining to resolution of contingencies or other post acquisition developments are recorded to earnings rather than goodwill. SFAS 141(R) was applied to the Company's business combinations completed in fiscal 2010 and 2009.

In December 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-16, "Accounting for Transfers of Financial Assets". This ASU eliminates the concept of a "qualifying special-purpose entity," clarifies when a transferor of financial assets has surrendered control over the transferred financial assets, defines specific conditions for reporting a transfer of a portion of a financial asset as a sale, requires that a transferor recognize and initially measure at fair value all assets obtained and liabilities incurred as a result of a transfer of financial assets accounted for as a sale, and requires enhanced disclosures to provide financial statement users with greater transparency about a transferor's continuing involvement with transferred financial assets. The adoption of this ASU did not have any impact on the consolidated financial statements.

In December 2009, the FASB issued ASU No. 2009-17, "Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities." This ASU eliminates the concept of a "qualifying special-purpose entity", replaces the quantitative approach for determining which enterprise has a controlling financial interest in a variable interest entity with a qualitative approach focused on identifying which enterprise has a controlling financial interest through the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance. Additionally, this ASU requires enhanced disclosures

that provide users of financial statements with more information about an enterprise's involvement in a variable interest entity. In January 2010, the Company applied this guidance and the adoption of the ASU did not have a significant impact on the consolidated financial statements.

In July 2010, the FASB issued ASU No. 2010-20, "Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses." This ASU amends existing disclosures to require a company to provide a greater level of disaggregated information about the credit quality of its financing receivables and its allowance for credit losses. In December 2010, the Company applied this guidance to its financing receivables. Refer to Note B, Accounts and Notes Receivable.

Not Yet Implemented: In October 2009, the FASB issued ASU 2009-13, "Revenue Recognition (Topic 605) — Multiple-Deliverable Revenue Arrangements". This ASU eliminates the requirement that all undelivered elements must have objective and reliable evidence of fair value before a company can recognize the portion of the consideration that is attributable to items that already have been delivered. This may allow some companies to recognize revenue on transactions that involve multiple deliverables earlier than under the current requirements. Additionally, under the new guidance, the relative selling price method is required to be used in allocating consideration between deliverables and the residual value method will no longer be permitted. This ASU is effective prospectively for revenue arrangements entered into or materially modified beginning in fiscal 2011 although early adoption is permitted. A company may elect, but will not be required, to adopt the amendments in this ASU retrospectively for all prior periods. The Company has evaluated the ASU and does not believe it will have a material impact on the consolidated financial statements.

In December 2010, the FASB issued ASU 2010-28, "Intangibles — Goodwill and Other (Topic 350)." This ASU modifies the first step of the goodwill impairment test to include reporting units with zero or negative carrying amounts. For these reporting units, the second step of the goodwill impairment test shall be performed to measure the amount of impairment loss, if any, when it is more likely than not that a goodwill impairment exists. This ASU is effective for fiscal years and interim periods beginning after December 15, 2010. The Company has evaluated the ASU and does not believe it will have a material impact on the consolidated financial statements.

In December 2010, the FASB issued ASU 2010-29, "Business Combinations (Topic 805)." This ASU specifies that if a company presents comparative financial statements, the company should disclose revenue and earnings of the combined entity as though the business combination that occurred during the year had occurred as of the beginning of the comparable prior annual reporting period only. The ASU also expands the supplemental pro forma disclosures under Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the pro forma revenue and earnings. This ASU is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Effective January 1, 2011, the Company will adopt this ASU and include all required disclosures in the notes to its consolidated financial statements.

B. ACCOUNTS AND FINANCING RECEIVABLE

(Millions of Dollars)

	2010	2009
Trade accounts receivable	\$1,333.2	\$486.4
Trade notes receivable	61.9	45.7
Other accounts receivables	78.3	31.8
Gross accounts and notes receivable	1,473.4	563.9
Allowance for doubtful accounts	(56.3)	(31.9)
Accounts and notes receivable, net	\$1,417.1	\$532.0
Long-term trade notes receivable, net	\$114.9	\$93.2

Trade receivables are dispersed among a large number of retailers, distributors and industrial accounts in many countries. Adequate reserves have been established to cover anticipated credit losses. Long-term trade financing receivables are reported within Other assets in the Consolidated Balance Sheets. Financing receivables and long-term financing receivables are predominately related to certain security equipment leases with commercial businesses. Generally, the Company retains legal title to any equipment leases and bears the right to repossess such equipment in an event of default. All financing receivables are interest bearing and the Company has not classified any financing receivables as held-for-sale.

In December 2009, the Company entered into an accounts receivable sale program that was scheduled to expire on December 28, 2010. On December 13, 2010, the Company extended the term of that program for one year and the program is now scheduled to expire on December 12, 2011. According to the terms of that program the Company is required to sell certain of its trade accounts receivables at fair value to a wholly owned, bankruptcy-remote special purpose subsidiary ("BRS"). The BRS, in turn, must sell such receivables to a third-party financial institution ("Purchaser") for cash and a deferred purchase price receivable. The Purchaser's maximum cash investment in the receivables at any time is \$100.0 million. The purpose of the program is to provide liquidity to the Company. The Company accounts for these transfers as sales under ASC 860 "Transfers and Servicing". The Company has no retained interests in the transferred receivables, other than collection and administrative responsibilities and its right to the deferred purchase price receivable. At January 1, 2011 the Company did not record a servicing asset or liability related to its retained responsibility, based on its assessment of the servicing fee, market values for similar transactions and its cost of servicing the receivables sold.

As of January 1, 2011 and January 2, 2010, \$31.5 million and \$35.2 million of net receivables were derecognized. Gross receivables sold amounted to \$552.1 million (\$492.9 million, net) for the year ended January 1, 2011. These sales resulted in a pre-tax loss of \$1.4 million for the year ended January 1, 2011. Proceeds from transfers of receivables to the Purchaser totaled \$495.3 million for the year ended January 1, 2011. Collections of previously sold receivables, including deferred purchase price receivables, and all fees, which are settled one month in arrears, resulted in payments to the Purchaser of \$498.8 million for the year ended January 1, 2011. Servicing fees amounted to \$0.3 million for the year ended January 1, 2011. The Company's risk of loss following the sale of the receivables is limited to the deferred purchase price, which was \$13.8 million at January 1, 2011 and \$17.7 million at January 2, 2010. The deferred purchase price receivable will be repaid in cash as receivables are collected, generally within 30 days, and as such the carrying value of the receivable recorded approximates fair value. Delinquencies and credit losses on receivables sold in 2010 were less than \$0.2 million for the year ended January 1, 2011. Cash inflows related to the deferred purchase price receivable totaled \$174.4 million for the year ended January 1, 2011. All cash flows under the program are reported as a component of changes in accounts receivable within operating activities in the consolidated statements of cash flows since all the cash from the Purchaser is either: 1) received upon the initial sale of the receivable; or 2) from the ultimate collection of the underlying receivables and the underlying receivables are not subject to significant risks, other than credit risk, given their short-term nature.

C. INVENTORY

(Millions of Dollars)	2010	2009
Finished products	\$915.1	\$252.8
Work in process	117.5	49.0
Raw materials	239.4	64.4
Total	<u>\$1,272.0</u>	<u>\$366.2</u>

Net inventories in the amount of \$516.6 million at January 1, 2011 and \$116.0 million at January 2, 2010 were valued at the lower of LIFO cost or market. If the LIFO method had not been used, inventories would have been \$67.0 million higher than reported at January 1, 2011 and \$64.6 million higher than reported at January 2, 2010. During 2010, inventory quantities increased due to the Merger and resulting addition of Black & Decker inventories (\$1.070 billion) resulting in an increment at January 1, 2011. During 2009, inventory quantities were reduced resulting in a liquidation of LIFO inventory quantities carried at lower costs

prevailing in prior years as compared with the cost of 2009 purchases, the effect of which increased Cost of sales by approximately \$6.5 million and decreased Net earnings attributable to Stanley by approximately \$4.0 million.

D. PROPERTY, PLANT AND EQUIPMENT

(Millions of Dollars)	2010	2009
Land	\$113.9	\$44.1
Land improvements	40.6	23.8
Buildings	464.2	284.2
Leasehold improvements	43.0	29.8
Machinery and equipment	1,300.2	902.7
Computer software	225.1	209.9
Property, plant & equipment, gross	\$2,187.0	\$1,494.5
Less: accumulated depreciation and amortization	(1,020.5)	(918.6)
Property, plant & equipment, net	<u>\$1,166.5</u>	<u>\$575.9</u>

As more fully disclosed in Note E. Merger and Acquisitions, in connection with the Merger, the Company acquired property, plant and equipment with a fair value of \$569.9 million.

Depreciation and amortization expense associated with property, plant and equipment was as follows:

(Millions of Dollars)	2010	2009	2008
Depreciation	\$177.4	\$76.1	\$74.0
Amortization	26.0	19.4	18.5
Depreciation and amortization expense	<u>\$203.4</u>	<u>\$95.5</u>	<u>\$92.5</u>

The amounts above are inclusive of discontinued operations depreciation and amortization expense of \$0.5 million in 2008.

E. MERGER AND ACQUISITIONS

MERGER

On March 12, 2010 (the "merger date"), a wholly owned subsidiary of The Stanley Works ("Stanley") was merged with and into Black & Decker, with the result that Black & Decker became a wholly owned subsidiary of Stanley. As part of the Merger, Black & Decker stockholders received 1.275 shares of Stanley stock for each share outstanding as of the merger date. All of the outstanding Black & Decker shares and equity based awards were exchanged for Stanley shares and equity awards as part of the Merger. Fractional shares generated by the conversion ratio were cash settled for \$0.3 million. After the exchange was completed, pre-merger Stanley shareowners retained ownership of 50.5% of the combined Company. In conjunction with consummating the Merger, the name of the combined Company was changed to "Stanley Black & Decker, Inc".

Black & Decker is a global manufacturer and marketer of power tools and accessories, hardware and home improvement products, and technology-based fastening systems. The Merger creates a larger and more globally diversified company with a broad array of products and services with significant exposure to growing and profitable product areas. Stanley and Black & Decker's product lines are generally complementary, and do not present areas of significant overlap. By combining the two companies, there are significant cost saving opportunities through reductions in corporate overhead, business unit and purchasing consolidation, and by combining elements of manufacturing and distribution.

Based on the closing price of Stanley common stock on the merger date, the consideration received by Black & Decker shareholders in the Merger had a value of \$4.657 billion as detailed below.

(In millions)	Conversion Calculation	Fair Value
Black & Decker common stock outstanding as of the merger date	61.571	
Multiplied by Stanley's stock price as of the merger date multiplied by the exchange ratio of 1.275 (\$57.86 * 1.275)	<u>\$73.77</u>	\$4,542.2
Fair value of the vested and unvested stock options pertaining to pre-merger service issued to replace existing grants at closing (a)		91.7
Fair value of unvested restricted stock and restricted stock units pertaining to pre-merger service issued to replace existing grants at closing (a)		12.2
Other vested equity awards (a)		10.1
Cash paid to settle fractional shares		0.3
Total fair value of consideration transferred		<u>\$4,656.5</u>

- (a) As part of the Merger the Company exchanged the pre-merger equity awards of Black & Decker for Stanley Black & Decker equity awards. Under ASC 805, the fair value of vested options and the earned portion of unvested options, restricted stock awards and restricted stock units are recognized as consideration paid. The remaining value relating to the unvested and unearned options, restricted stock awards and restricted stock units will be recognized as future stock-based compensation. The allocation of the pre-merger equity awards between consideration paid and future stock-based compensation is as follows (in millions):

Award type (In millions)	Number of Awards	Fair value Recognized as Consideration Paid	Fair Value to be Recognized as Future Compensation Cost
Stock options	5.8	\$91.7	\$14.1
Restricted stock units and awards	0.4	12.2	12.8
Other vested equity awards	0.2	10.1	—
Total	6.4	<u>\$114.0</u>	<u>\$26.9</u>

The following assumptions were used for the Black-Scholes valuation of the pre-merger Black & Decker stock options in the determination of consideration paid:

Stock price	\$57.86
Post conversion strike price	\$23.53 – \$74.11
Average expected volatility	32%
Dividend yield	0.7%
Weighted-average risk-free interest rate	1.4%
Weighted-average expected term	2.9 years
Weighted-average fair value per option	\$18.72

The expected volatility is based on two equally weighted components: the first component is the average historical volatility which is based on daily observations and duration consistent with the expected life assumption; the second component is the market implied volatility of traded options. The average expected term of the option is based on historical employee stock option exercise behavior as well as the remaining contractual exercise term. The risk-free interest rate is based on U.S. treasury securities with maturities equal to the expected life of the option. The fair value of restricted stock and restricted stock units and other vested equity awards was \$57.86 per share. Total compensation expense recognized during the year ended January 1, 2011 for the options, restricted stock, and restricted stock awards that were assumed as part of the Merger was \$8.8 million.

The transaction has been accounted for using the acquisition method of accounting which requires, among other things, the assets acquired and liabilities assumed be recognized at their fair values as of the merger date. The following table summarizes the estimated fair values of major assets acquired and liabilities assumed as part of the Merger:

(Millions of Dollars)	2010
Cash	\$949.4
Accounts and notes receivable	907.3
Inventory	1,070.1
Prepaid expenses and other current assets	257.5
Property, plant and equipment	569.9
Trade names	1,505.5
Customer relationships	383.7
Licenses, technology and patents	112.3
Other assets	200.1
Short-term borrowings	(175.0)
Accounts payable	(479.6)
Accrued expenses and other current liabilities	(830.9)
Long-term debt	(1,657.1)
Post-retirement benefits	(768.8)
Deferred taxes	(703.6)
Other liabilities	(513.3)
Total identifiable net assets	\$827.5
Goodwill	3,829.0
Total consideration transferred	\$4,656.5

As of the merger date, the expected fair value of accounts receivable approximated the historical cost. The gross contractual receivable was \$951.7 million, of which \$44.4 million was not expected to be collectible.

The amount allocated to trade names includes \$1.362 billion for indefinite-lived trade names. The weighted-average useful lives assigned to the finite-lived intangible assets are trade names — 14 years; customer relationships — 15 years; and licenses, technology and patents — 12 years.

Black & Decker has three primary areas of contingent liabilities: environmental, risk insurance (predominantly product liability and workers compensation) and uncertain tax liabilities. Additionally, Black & Decker is involved in various lawsuits in the ordinary course of business, including litigation and administrative proceedings involving commercial disputes and employment matters. Some of these lawsuits include claims for punitive as well as compensatory damages. The majority of the contingent liabilities are recorded at fair value in purchase accounting, aside from those pertaining to uncertainty in income taxes which are an exception to the fair value basis of accounting; however certain environmental matters that are more legal in nature are recorded at the probable and estimable amount.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the expected revenue and cost synergies of the combined business, assembled workforce, and the going concern nature of Black & Decker. It is estimated that \$167.7 million of goodwill, relating to Black & Decker's pre-merger historical tax basis, will be deductible for tax purposes.

The purchase price allocation for Black & Decker is substantially complete. As the Company finalizes its purchase price allocation, it is anticipated that additional purchase price adjustments will be recorded relating to certain environmental remediation liabilities for ongoing feasibility study results, tax matters, and for other minor items. Such adjustments will be recorded during the measurement period in the first quarter of 2011. A single estimate of fair value results from a complex series of judgments about future events and uncertainties and relies heavily on estimates and assumptions. The Company's judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact the Company's results from operations. The finalization of the Company's purchase accounting

assessment will result in changes in the valuation of assets and liabilities acquired which is not expected to have a material impact on the Company's consolidated statement of operations, balance sheet or cash flows.

ACQUISITIONS

The Company completed thirty acquisitions during 2010, 2009, and 2008. These businesses were acquired pursuant to the Company's growth and portfolio repositioning strategy. The 2010 and 2009 acquisitions were accounted for in accordance with ASC 805 while 2008 acquisitions were accounted for as purchases in accordance with SFAS No. 141 "Business Combinations". During 2010, the Company completed ten acquisitions for an aggregate value of \$547.3 million aside from the Merger. During 2009, the Company completed six acquisitions for an aggregate value of \$24.2 million. During 2008, the Company completed fourteen acquisitions for an aggregate value of \$572.4 million. The results of the acquired companies are included in the Company's consolidated operating results from the respective acquisition dates. All of the acquisitions have resulted in the recognition of goodwill. Goodwill reflects the future earnings and cash flow potential of the acquired business in excess of the fair values that are assigned to all other identifiable assets and liabilities. Goodwill arises because the purchase price paid reflects numerous factors including the strategic fit and expected synergies these targets bring to existing operations, the competitive nature of the bidding process and the prevailing market value for comparable companies. ASC 805 requires all identifiable assets and liabilities acquired to be reported at fair value and the excess is recorded as goodwill. The Company obtains information during due diligence and from other sources which forms the basis for the initial allocation of purchase price to the estimated fair value of assets and liabilities acquired. In the months following an acquisition, intangible asset valuation reports, asset appraisals and other data are obtained in order for management to finalize the fair values assigned to acquired assets and liabilities.

In November 2010 the Company purchased 70% of the outstanding shares of GMT for \$44.2 million, net of cash acquired. GMT is a leading commercial hardware manufacturer and distributor in China. The acquisition of GMT provides the Company with a low cost manufacturing source and also serves as a platform for international commercial hardware expansion. The Company has the option to purchase the remaining 30% of GMT outstanding shares over the next five years. GMT is included in the Company's Security segment.

In July 2010 the Company completed the acquisition of CRC-Evans Pipeline International ("CRC-Evans") for \$451.6 million, net of cash acquired and subject to certain adjustments including an earn-out provision with the previous CRC-Evans' shareholders. The net assets acquired, including \$181.2 million of other intangible assets, are approximately \$233.6 million and the related Goodwill is approximately \$218.0 million. CRC-Evans is a full line supplier of specialized tools, equipment and services used in the construction of large diameter oil and natural gas transmission pipelines. CRC-Evans also sells and rents custom pipe handling and joint welding and coaring equipment used in the construction of large and small diameter pipelines. The acquisition of CRC-Evans diversifies the Company's revenue base and provides the Company with a strategic and profitable growth platform. CRC-Evans is included in the Company's Industrial segment.

Under the earn-out provision, the total purchase price for CRC-Evans was contingent upon 2010 earnings before interest, income taxes, depreciation and amortization and the earn-out performance period ended on December 31, 2010. As of the acquisition date it was estimated that there would be no purchase price adjustment occurring at the end of the performance period as the probability of a significant increase or decrease in total consideration was deemed to be equally unlikely. Accordingly, the Company did not recognize an asset or liability relating to contingent consideration at the acquisition date. The performance period ended in 2010 with no additional adjustment to purchase price required.

In March 2010, the Company completed the acquisition of Stanley Solutions de Sécurité ("SSDS") (formerly known as ADT France) for \$8.0 million, net of cash acquired. SSDS is a leading provider of security services, primarily for commercial businesses located in France. SSDS has been consolidated into the Company's Security segment. This acquisition added to the Company's current business gives the Company the leading market share in France and expands its security footprint in Europe.

During 2010, the Company also completed seven minor acquisitions, relating to the Company's Industrial and Security segments. The combined purchase price of these acquisitions was \$43.5 million.

The purchase accounting for the 2010 acquisitions is preliminary, principally with respect to finalization of intangible asset valuations, contingencies, deferred taxes, the valuation of property, plant and equipment and certain other items.

ACTUAL AND PRO FORMA IMPACT OF THE MERGER AND ACQUISITIONS

The following table presents information for the Black & Decker Merger and other 2010 acquisitions that is included in the Company's consolidated statement of operations from the merger and acquisition dates through January 1, 2011 (in millions):

	Year Ended 2010
Net sales	\$4,507.3
Loss attributable to the Merger and acquisitions	\$(38.2)(A)

(A) The net loss attributable to the Merger and acquisitions includes amortization of inventory step-up, restructuring charges and other merger and acquisition-related items.

The following table presents supplemental pro forma information as if the Merger and acquisitions had occurred on January 3, 2010 for the year ended January 1, 2011. The comparative 2009 columns were prepared as if the Merger and acquisitions had occurred at the beginning of fiscal 2009. As such, both years presented include merger and acquisition related charges. The pro forma consolidated results are not necessarily indicative of what the Company's consolidated net earnings would have been had the Company completed the Merger and acquisitions at the beginning of each fiscal year. In addition the pro forma consolidated results do not purport to project the future results of the combined Company nor do they reflect the expected realization of any cost savings associated with the Merger and acquisitions.

(Millions of Dollars, except per share amounts)	Year-to-Date	
	2010	2009
Net sales	\$ 9,552.6	\$ 8,958.5
Net earnings (loss)	\$ 216.1	\$ (56.2)
Diluted earnings (loss) per share	\$ 1.44	\$ (0.36)

2010 Pro Forma Results

The 2010 pro forma results were calculated by combining the results of Stanley Black & Decker with Black & Decker's stand-alone results from January 3, 2010 through March 12, 2010. The pre-acquisition results of the acquisitions were also combined for their respective pre-acquisition periods. The following adjustments were made to account for certain costs which would have been incurred during this pre-Merger and pre-acquisition period.

- Elimination of the historical pre-Merger and pre-acquisition intangible asset amortization expense and the addition of intangible asset amortization expense related to intangibles valued as part of the Merger and acquisitions that would have been incurred from January 3, 2010 to the merger and/or acquisition dates.
- Additional expense for the inventory step-up which would have been amortized as the corresponding inventory was sold.
- Additional expense relating to Merger-related compensation for key executives which would have been incurred from January 3, 2010 to March 12, 2010.
- Reduced interest expense for the Black & Decker debt fair value adjustment which would have been amortized from January 3, 2010 to March 12, 2010.
- Additional depreciation related to property, plant and equipment fair value adjustments that would have been expensed prior to the Merger and acquisitions commencement dates.
- The modifications above were adjusted for the applicable tax impact.

2009 Pro Forma Results

The 2009 pro forma results were calculated by taking the historical financial results of Stanley and adding the historical results of Black & Decker and the acquisitions. Additionally the following adjustments were made to account for certain costs that would have been incurred in 2009 had the Merger and acquisitions occurred on January 4, 2009.

- Elimination of historical Black & Decker and acquisitions' intangible asset amortization expense and addition of intangible asset amortization expense relating to intangibles valued as part of the Merger and acquisitions.
- Added expense for the inventory step-up which would have been amortized as the corresponding inventory was sold.
- Added the costs that were incurred to consummate the Merger and acquisitions during 2010.
- Added the Merger and acquisition-related restructuring charges which were incurred during 2010.
- Added compensation expense for Merger-related compensation for key executives.
- Added depreciation expense related to property, plant, and equipment fair value adjustments.
- Reduced interest expense for the debt fair value adjustment which would have been amortized during 2009.
- The modifications above were adjusted for the applicable tax impact.

2009 ACQUISITIONS — During 2009, the Company completed six minor acquisitions, primarily relating to the Company's convergent security solutions business, for a combined purchase price of \$24.2 million. Amounts allocated to the assets acquired and liabilities assumed were based on their estimated fair values at the acquisition dates. The purchase price allocations of these acquisitions are complete.

2008 ACQUISITIONS — In July 2008, the Company completed the acquisition of Sonitrol Corporation ("Sonitrol") for \$282.3 million in cash. Sonitrol is a market leader in North American commercial security monitoring services, access control and fire detection systems. The acquisition has complemented the product offering of the pre-existing security integration businesses including HSM acquired in early 2007.

Also in July 2008, the Company completed the acquisition of Xmark Corporation ("Xmark") for \$47.0 million in cash. Xmark, headquartered in Canada, markets and sells radio frequency identification-based systems used to identify, locate and protect people and assets. The acquisition expanded the Company's personal security business.

In October 2008, the Company completed the acquisition of Generale de Protection ("GdP") for \$168.8 million in cash. GdP, headquartered in Vitrolles, France, is a leading provider of audio and video security monitoring services, primarily for small and mid-sized businesses located in France and Belgium.

The Company also made eleven small acquisitions relating to its mechanical access systems, convergent security solutions, including healthcare storage systems, and fastening businesses during 2008. These eleven acquisitions were completed for a combined purchase price of \$74.3 million.

The total purchase price of \$572.4 million reflects transaction costs and is net of cash acquired; amounts allocated to the assets acquired and liabilities assumed were based on their estimated fair values at the acquisition dates. Goodwill associated with the 2008 acquisitions that is deductible for income tax purposes amounts to \$40.7 million. The purchase price allocation of these acquisitions has been completed.

The following table summarizes the estimated fair values of major assets acquired and liabilities assumed for the 2008 acquisitions in the aggregate:

(Millions of Dollars)	2008
Current assets, primarily accounts receivable and inventories	\$64.3
Property, plant, and equipment	7.6
Goodwill	367.8
Trade names	21.1
Customer relationships	238.5
Technology	14.1
Other intangible assets	1.0
Other assets	6.6
Total assets	<u>\$721.0</u>
Current liabilities	\$74.6
Deferred tax liabilities and other	74.0
Total liabilities	<u>\$148.6</u>

The weighted average useful lives assigned to the amortizable assets identified above are trade names — 10 years; customer relationships — 13 years; technology — 8 years; and other intangible assets — 1 year.

F. GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL — The changes in the carrying amount of goodwill by segment are as follows:

(Millions of Dollars)	CDIY	Industrial	Security	Total
Balance January 2, 2010	\$206.6	\$367.8	\$1,244.0	\$1,818.4
Addition from Merger	2,868.9	474.5	485.6	3,829.0
Addition from other acquisitions	—	224.9	54.1	279.0
Foreign currency translation and other	11.2	4.7	(0.4)	15.5
Balance January 1, 2011	<u>\$3,086.7</u>	<u>\$1,071.9</u>	<u>\$1,783.3</u>	<u>\$5,941.9</u>

OTHER INTANGIBLE ASSETS Other intangible assets at January 1, 2011 and January 2, 2010 were as follows:

(Millions of Dollars)	2010 Gross Carrying Amount	Accumulated Amortization	2009 Gross Carrying Amount	Accumulated Amortization
Amortized Intangible Assets — Definite lives				
Patents and copyrights	\$56.2	\$(40.3)	\$53.1	\$(38.7)
Trade names	236.9	(49.6)	61.6	(35.1)
Customer relationships	1,259.7	(369.9)	680.5	(267.1)
Other intangible assets	187.2	(60.1)	58.0	(40.5)
Total	<u>\$1,740.0</u>	<u>\$(519.9)</u>	<u>\$853.2</u>	<u>\$(381.4)</u>

Total indefinite-lived trade names are \$1,652.1 million at January 1, 2011 and \$304.6 million at January 2, 2010. The increase is primarily attributable to the Merger.

Aggregate other intangible assets amortization expense by segment was as follows:

(Millions of Dollars)	2010	2009	2008
CDIY	\$27.9	\$2.9	\$2.9
Security	95.1	96.8	79.6
Industrial	22.3	4.9	8.0
Consolidated	<u>\$145.3</u>	<u>\$104.6</u>	<u>\$90.5</u>

Future amortization expense in each of the next five years amounts to \$172.8 million for 2011, \$160.0 million for 2012, \$145.2 million for 2013, \$129.6 million for 2014, \$112.6 million for 2015 and \$499.9 million thereafter.

G. ACCRUED EXPENSES

Accrued expenses at January 1, 2011 and January 2, 2010 were as follows:

(Millions of Dollars)	2010	2009
Payroll and related taxes	\$254.9	\$108.8
Income and other taxes	185.6	40.5
Customer rebates and sales returns	177.5	37.7
Insurance and benefits	153.8	28.4
Accrued restructuring costs	101.2	46.4
Derivative financial instruments	82.4	82.0
Warranty costs	73.7	21.0
Deferred revenue	54.0	42.8
Other	242.8	75.9
Total	<u>\$1,325.9</u>	<u>\$483.5</u>

H. LONG-TERM DEBT AND FINANCING ARRANGEMENTS

Long-term debt and financing arrangements at January 1, 2011 and January 2, 2010 follow:

	Interest Rate	2010	2009
Notes payable due 2010	5.00%	\$—	\$200.0
Notes payable due 2011	7.13%	409.2	—
Notes payable due 2012	4.90%	208.4	206.3
Convertible notes payable due in 2012	3 month LIBOR less 3.50%	305.1	294.5
Notes payable due 2013	6.15%	260.8	253.1
Notes payable due 2014	4.75%	307.9	—
Notes payable due 2014	8.95%	405.3	—
Notes payable due 2016	5.75%	316.0	—
Notes payable due 2028	7.05%	168.5	—
Notes payable due 2045 (subordinated)	5.90%	—	312.7
Convertible notes payable due in 2018 (subordinated)	4.25%	632.5	—
Notes payable due 2040	5.20%	399.7	—
Other, payable in varying amounts through 2015	0.00%-6.62%	20.8	26.1
Total long-term debt, including current maturities		<u>\$3,434.2</u>	<u>\$1,292.7</u>
Less: Current maturities of long-term debt		<u>(416.1)</u>	<u>(208.0)</u>
Long-term debt		<u>\$3,018.1</u>	<u>\$1,084.7</u>

The Company acquired \$1.832 billion of total debt and short-term borrowings in connection with the Merger which included \$157.1 million to increase the debt balance to its estimated fair value. Principal amounts and maturities of the notes acquired in the Merger are: \$400.0 million due in 2011, \$300.0 million due in 2014,

\$350.0 million due in 2014, \$300.0 million due in 2016 and \$150.0 million due in 2028. \$175.0 million of assumed short-term borrowings were repaid in April 2010 with the proceeds from additional commercial paper borrowings. The Company executed a full and unconditional guarantee of the existing debt of The Black & Decker Corporation and Black & Decker Holdings, LLC (this guarantee is applicable to all of the Black & Decker outstanding notes payable), and Black & Decker executed a full and unconditional guarantee of the existing debt of the Company, excluding the Company's Junior Subordinated Debt (redeemed in December 2010), including for payments of principal and interest and as such these notes rank equally in priority with the Company's unsecured and unsubordinated debt. Refer to Note U, Parent and Subsidiary Debt Guarantees, for additional information pertaining to these debt guarantees.

Aggregate annual principal maturities of long-term debt for each of the years from 2011 to 2015 are \$406.7 million, \$525.4 million, \$253.6 million, \$654.4 million, \$0.7 million, respectively and \$1,482.6 million thereafter. These debt maturities represent the principal amounts to be paid and accordingly exclude the remaining \$119.2 million of unamortized debt fair value adjustment as of January 1, 2011 which increased the Black & Decker debt, as well as \$6.5 million of fair value adjustments and unamortized interest rate swap termination gains as described in Note I, Derivative Financial Instruments. These amounts are partially offset by \$14.9 million of remaining accretion on the Stanley Convertible Notes as of January 1, 2011 that will gradually increase the debt to its \$320.0 million principal amount due in May 2012. Interest paid during 2010, 2009 and 2008 amounted to \$76.0 million, \$53.7 million and \$78.9 million, respectively.

On March 12, 2010, the Company amended its \$800.0 million committed credit facility to include adjustments to the interest coverage ratio covenant for restructuring and merger and acquisition-related items. This facility expires in February 2013. The Company also entered into a \$700.0 million, 364-day revolving credit facility effective March 12, 2010 that will expire in March 2011. The credit facilities are designated as a liquidity back-stop for the Company's commercial paper program which was increased on March 12, 2010 to \$1.5 billion. These changes to the Company's short-term borrowing capacity were related to the Merger. In addition, the Company has short-term lines of credit that are primarily committed, with numerous banks, aggregating \$971.2 million, including the \$700.0 million 364-day revolving credit facility, of which \$947.9 million was available at January 1, 2011. Short-term arrangements are reviewed annually for renewal. The aggregate long-term and short-term lines amounted to \$1,771.2 million of which \$1.6 million was utilized as outstanding short-term borrowings at January 1, 2011. The Company had no commercial paper borrowing outstanding at January 1, 2011. Included in short-term borrowings in the Consolidated Balance Sheets as of January 2, 2010 is commercial paper of \$87.0 million. The weighted average interest rates on short-term borrowings for the fiscal years ended January 1, 2011 and January 2, 2010 were 0.4% and 0.3%, respectively.

On August 31, 2010, the Company issued \$400.0 million of senior unsecured Term Bonds, maturing on September 1, 2040 ("2040 Term Bonds") with fixed interest payable semi-annually, in arrears at a rate of 5.20% per annum. The 2040 Term Bonds rank equally with all of the Company's existing and future unsecured and unsubordinated debt. The 2040 Term Bonds are guaranteed on a senior unsecured basis by The Black & Decker Corporation, a subsidiary of the Company. The 2040 Term Bonds are not obligations of or guaranteed by any of the Company's other subsidiaries. As a result, the 2040 Term Bonds are structurally subordinated to all debt and other liabilities of the Company's subsidiaries other than The Black & Decker Corporation. The Company received net proceeds of \$396.2 million which reflects a discount of \$0.4 million to achieve a 5.20% interest rate and paid \$3.4 million of fees associated with the transaction. The Company used the net proceeds from the offering primarily to reduce borrowings under its existing commercial paper program. The 2040 Term Bonds include a Change of Control provision that would apply should a Change of Control event (as defined in the Indenture governing the 2040 Term Bonds) occur. The Change of Control provision states that the holders of the Term Bonds may require the Company to repurchase, in cash, all of the outstanding 2040 Term Bonds for a purchase price at 101.0% of the original principal amount, plus any accrued and unpaid interest outstanding up to the repurchase date.

On September 29, 2008, the Company issued \$250.0 million of unsecured Term Notes maturing October 1, 2013 (the "2013 Term Notes") with fixed interest payable semi-annually, in arrears at a rate of 6.15% per annum. The 2013 Term Notes rank equally with all of the Company's existing and future unsecured and unsubordinated debt. The Company received net proceeds of \$248.0 million which includes a discount of

\$0.5 million to achieve a 6.15% interest rate and \$1.5 million of fees associated with the transaction. The Company used the net proceeds from the offering primarily to reduce borrowings under its existing commercial paper program. The \$260.8 million of debt reported at January 1, 2011 reflects the fair value adjustment related to a fixed-to-floating interest rate swap entered into at the beginning of 2009, as well as the unamortized balance of the \$7.9 million gain from a December 2008 swap termination. This fixed-to-floating interest rate swap was entered into upon issuance of the 2013 Term Notes as detailed in Note I, Derivative Financial Instruments. The 2013 Term Notes include a Change of Control Triggering Event that would apply should a Change of Control event (as defined in the Indenture governing the 2013 Term Notes) occur. The Company would be required to make an offer to repurchase, in cash, all of the outstanding 2013 Term Notes for a purchase price at 101.0% of the original principal amount, plus any accrued and unpaid interest outstanding up to the purchase date.

In January 2009, the Company entered into a fixed-to-floating interest rate swap on its \$200.0 million notes payable due in 2012. The Company previously had a fixed-to-floating rate swap on these notes outstanding that was terminated in December 2008. The \$8.4 million adjustment to the carrying value of the debt at January 1, 2011 pertains to the unamortized gain on the terminated swap as well as the fair value adjustment of the new swap, as more fully discussed in Note I, Derivative Financial Instruments.

In December 2010, the Company entered into a fixed-to-floating interest rate swap on its \$300.0 million notes payable due in 2014. At January 1, 2011 the carrying value of the debt includes a \$12.0 million increase associated with the fair value adjustment made in purchase accounting partially offset by \$4.1 million pertaining to the fair value adjustment of the swap, as more fully discussed in Note I, Derivative Financial Instruments.

In December 2010, the Company entered into a fixed-to-floating interest rate swap on its \$300.0 million notes payable due in 2016. At January 1, 2011 the carrying value of the debt includes a \$24.2 million increase associated with the fair value adjustment made in purchase accounting partially offset by \$8.2 million pertaining to the fair value adjustment of the swap, as more fully discussed in Note I, Derivative Financial Instruments.

Convertible Preferred Units

On November 5, 2010, the Company issued 6,325,000 Convertible Preferred Units (the "Convertible Preferred Units"), each with a stated amount of \$100. The Convertible Preferred Units are initially comprised of a 1/10, or 10%, undivided beneficial ownership in a \$1,000 principal amount junior subordinated note (the "Note") and a Purchase Contract (the "Purchase Contract") obligating holders to purchase one share (subject to adjustment under certain circumstances if holders elect to settle their Purchase Contracts early) of the Company's 4.75% Series B Perpetual Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Company received \$613.5 million in cash proceeds from the Convertible Preferred Units offering, net of underwriting fees. These proceeds were used to redeem all of the Company's outstanding 5.902% Fixed Rate/Floating Rate Junior Subordinated Debt Securities due 2045 on December 8, 2010, at a price of \$312.7 million, to contribute \$150.0 million to a U.S. pension plan to improve the funded status of the Company's pension obligations, to fund the \$50.3 million cost of the capped call transaction as more fully described below, and the remainder to reduce outstanding short-term borrowings and for other general corporate purposes.

Purchase Contracts:

Each Purchase Contract obligates the holder to purchase, on the earlier of (i) November 17, 2015 (the "Purchase Contract settlement date") or (ii) the triggered early settlement date (as described below), for \$100, one newly-issued share (subject to adjustment under certain circumstances if holders elect to settle their Purchase Contracts early) of Convertible Preferred Stock. A maximum of 6,325,000 shares of Convertible Preferred Stock may be issued on the Purchase Contract settlement date, resulting in total additional cash proceeds to the Company of up to \$632.5 million. The Notes, described further below, are pledged as collateral to guarantee the holders' obligations to purchase Convertible Preferred Stock under the terms of the Purchase Contracts. Purchase Contract holders may elect to settle their obligations under the Purchase Contracts early.

in cash, at any time prior to the second business day immediately preceding the Purchase Contract settlement date or the triggered early settlement date, as applicable, subject to certain exceptions and conditions.

Upon early settlement of any Purchase Contracts, except in connection with a "fundamental change" or trigger event, the Company will deliver a number of shares of Convertible Preferred Stock equal to 85% of the number of Purchase Contracts tendered for early settlement. Upon the occurrence of a fundamental change, holders of Purchase Contracts will have the right, subject to certain exceptions and conditions, to settle their Purchase Contracts early at 100% of the settlement rate for the Purchase Contracts.

Holders of the Purchase Contracts are paid contract adjustment payments ("contract adjustment payments") at a rate of 0.50% per annum, payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year, commencing February 17, 2011. The \$14.9 million present value of the contract adjustment payments reduced Shareowners' Equity at inception. As each quarterly contract adjustment payment is made, the related liability will be relieved with the difference between the cash payment and the present value of the contract adjustment payment recorded as interest expense (at inception approximately \$0.9 million accretion over the five year term). At January 1, 2011 the liability reported for the contract adjustment payments amounted to \$14.9 million. The Company has the right to defer the payment of contract adjustment payments until no later than the Purchase Contract settlement date or the triggered early settlement date (each as described below), as applicable. Any deferred contract adjustment payments will accrue additional contract adjustment payments at the rate of 4.75% per year until paid, compounded quarterly.

Convertible Preferred Stock:

When issued following a settlement of the Purchase Contract, holders of the Convertible Preferred Stock are entitled to receive cumulative cash dividends at the rate of 4.75% per annum of the \$100 liquidation preference per share of the Convertible Preferred Stock. Dividends on the Convertible Preferred Stock will be payable, when, as and if declared by the Company's board of directors, quarterly in arrears on February 17, May 17, August 17 and November 17 of each year.

Following the issuance of Convertible Preferred Stock upon settlement of a holder's Purchase Contracts, a holder of Convertible Preferred Stock may, at its option, at any time and from time to time, convert some or all of its outstanding shares of Convertible Preferred Stock as described below at a conversion rate of 1.3333 shares of the Company's common stock per share of Convertible Preferred Stock (subject to customary anti-dilution adjustments), which is equivalent to an initial conversion price of approximately \$75.00 per share of common stock. If a fundamental change occurs, in certain circumstances the conversion rate may be adjusted by a fundamental change make-whole premium.

The Company may redeem some or all of the Convertible Preferred Stock on or after December 22, 2015 at a redemption price equal to 100% of the liquidation preference per share plus accrued and unpaid dividends to the redemption date. If the Company calls the Convertible Preferred Stock for redemption, holders may convert their Convertible Preferred Stock at any time prior to the close of business on the business day immediately preceding the redemption date.

Upon conversion prior to November 17, 2015, the Company may only deliver shares of common stock, together with cash in lieu of fractional shares. Upon a conversion on or after November 17, 2015, the Company may elect to pay or deliver, as the case may be, solely shares of common stock, together with cash in lieu of fractional shares ("physical settlement"), solely cash ("cash settlement") or a combination of cash and common stock ("combination settlement"). The amount of shares and/or cash that each holder of Convertible Preferred Stock will receive is called the "settlement amount." If the Company elects physical settlement or any shares of Convertible Preferred Stock are converted prior to November 17, 2015, the Company will deliver to the converting holder a number of shares of common stock (and cash in lieu of any fractional shares) equal to the number of shares of Convertible Preferred Stock to be converted multiplied by the applicable conversion rate. If the Company elects cash settlement or combination settlement, the settlement amount will be based on the volume weighted average price of the Company's common stock during a 20 day observation period.

Notes:

The \$632.5 million principal amount of the Notes is due November 17, 2018. At maturity, the Company is obligated to repay the principal in cash. The Notes bear interest at an initial rate of 4.25% per annum, initially payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year, commencing February 17, 2011, subject to the Company's right to defer interest payments. The Notes are the Company's direct, unsecured general obligations and are initially subordinated and junior in right of payment to the Company's existing and future senior indebtedness. The Notes initially rank equally in right of payment with all of the Company's other junior subordinated debt. The Notes are initially pledged as collateral to guarantee the obligations of holders of Purchase Contracts to purchase Convertible Preferred Stock. The Notes will be released from that pledge arrangement (1) following a successful remarketing, (2) following the substitution of cash to purchase certain treasury unit collateral, (3) following the substitution of cash during certain periods prior to the final remarketing period or triggered remarketed period for the Notes, (4) following the early settlement of the Purchase Contracts or (5) following certain events of bankruptcy, insolvency or reorganization. The unamortized deferred issuance cost of the Notes was \$6.5 million at January 1, 2011. The remaining unamortized balance will be recorded to interest expense through the Notes maturity in November 2018.

Unless a trigger event (as defined below) has occurred, the Company may elect, at its option, to remarket the Notes during a period (the "optional remarketing window") beginning on and including August 12, 2015 until October 27, 2015. Such remarketing will include the Notes underlying Convertible Preferred Units that have not been released from the pledge and other Notes of holders that have elected to include those Notes in the remarketing. The Company may attempt to remarket the Notes during multiple optional remarketing periods in the optional remarketing window so long as it gives 15 calendar days notice prior to the first day of any optional remarketing period. Upon a successful optional remarketing of the Notes, the remarketing agent will purchase U.S. Treasury securities as described in the prospectus supplement (the "Treasury portfolio"), and deduct such price from the proceeds of the optional remarketing. Any remaining proceeds will be promptly remitted after the optional remarketing settlement date by the remarketing agent for the benefit of the holders whose Notes were remarketed. The applicable ownership interests in the Treasury portfolio will be substituted for the applicable ownership interests in remarketed pledged Notes and will be pledged to the Company to secure the holders' obligation under the Purchase Contracts. On the Purchase Contract settlement date, a portion of the proceeds from the Treasury portfolio equal to the aggregate principal amount of the Notes that are components of the Convertible Preferred Units at the time of remarketing will automatically be applied to satisfy the holders' obligations to purchase Convertible Preferred Stock under the Purchase Contracts. In addition, proceeds from the Treasury portfolio equal to the interest payment (assuming no reset of the interest rate) that would have been attributable to the Notes that were components of the Convertible Preferred Units at the time of remarketing will be paid on the Purchase Contract settlement date to the holders.

If a trigger event occurs prior to the first day in the optional remarketing window, all Purchase Contracts will mandatorily settle early on the date that is 25 calendar days after the occurrence of the trigger event or, if such day is not a business day, the immediately following business day (the "triggered early settlement date"). In connection with the occurrence of a trigger event, the remarketing agent will remarket the Notes that are components of the units and any separate Notes whose holders have elected to participate in the remarketing during each day of the five business day period (the "triggered early remarketing period") ending on the third business day immediately preceding the triggered early settlement date (the "triggered early remarketing"). A "trigger event" will be deemed to have occurred upon the Company's filing any periodic or annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, in respect of any fiscal quarter with financial statements for such fiscal quarter where the Company's leverage ratio (as described in the prospectus supplement relating to the Convertible Preferred Units) is equal to or greater than 6.0 (on an annualized basis) for each of the three consecutive fiscal quarters immediately preceding, and including, such fiscal quarter.

Unless the Treasury portfolio has replaced the pledged Notes as part of Convertible Preferred Units as a result of a successful optional remarketing or a triggered early settlement date has occurred, the remarketing agent will remarket the pledged Notes that are components of the Convertible Preferred Units and any separate Notes whose holders have elected to participate in the remarketing during each day of the five business day

period ending on November 12, 2015 (the third business day immediately preceding the Purchase Contract settlement date) until the remarketing is successful (the "final remarketing").

In connection with a successful remarketing, all outstanding Notes (whether or not remarketed) will rank senior to all of the Company's existing and future unsecured junior subordinated obligations and junior to all of its existing and future senior indebtedness, the interest deferral provisions of the Notes will not apply to all outstanding Notes (whether or not remarketed), the interest rate on all outstanding Notes (whether or not remarketed) may be reset and interest will be payable semi-annually in arrears.

There was \$4.5 million in interest expense recorded for 2010 related to the contractual interest coupon on the Notes for the periods presented based upon the 4.25% rate.

Equity Option:

In order to offset the common shares that may be deliverable upon conversion of shares of Convertible Preferred Stock, the Company entered into capped call transactions (equity options) with certain major financial institutions (the "capped call counterparties"). The capped call transactions cover, subject to anti-dilution adjustments, the number of shares of common stock equal to the number of shares of common stock underlying the maximum number of shares of Convertible Preferred Stock issuable upon settlement of the Purchase Contracts. Each of the capped call transactions has a term of approximately five years and initially has a lower strike price of \$75.00, which corresponds to the initial conversion price of the Convertible Preferred Stock, and an upper strike price of \$97.95, which is approximately 60% higher than the closing price of the common stock on November 1, 2010. The Company paid \$50.3 million of cash to fund the cost of the capped call transactions, which was recorded as a reduction of Shareowners' Equity. The capped call transactions may be settled by net share settlement or, at the Company's option and subject to certain conditions, cash settlement, physical settlement or modified physical settlement (in which case the number of shares the Company will receive will be reduced by a number of shares based on the excess, if any, of the volume-weighted average price of its common stock, as measured under the terms of the capped call transactions, over the upper strike price of the capped call transactions). If the capped call transactions are exercised and the volume-weighted average price per share of common stock, as measured under the terms of the capped call transactions, is greater than the lower strike price of the capped call transactions but not greater than the upper strike price of the capped call transactions, then the value the Company expects to receive from the capped call counterparties will be generally based on the amount of such excess. As a result, the capped call transactions may offset the potential dilution upon conversion of the Convertible Preferred Stock. If, however, the volume-weighted average price per share of common stock, as measured under the terms of the capped call transactions, exceeds the upper strike price of the capped call transactions, the value the Company expects to receive upon the exercise of the capped call transactions (or portions thereof) will be approximately equal to (x) the excess of the upper strike price of the capped call transactions over the lower strike price of the capped call transactions times (y) the number of shares of common stock relating to the capped call transactions (or the portions thereof) being exercised, in each case as determined under the terms of the capped call transactions. As a result, the dilution mitigation under the capped call transactions will be limited based on such capped value.

Junior Subordinated Debt Securities

In November 2005, the Company issued \$450.1 million of junior subordinated debt securities to The Stanley Works Capital Trust I (the "Trust"), with a 40-year term and a fixed initial coupon rate of 5.902% for the first five years.

The Trust, which was not consolidated in accordance with ASC 470-20, obtained the funds it loaned to the Company through the capital market sale of \$450.0 million of Enhanced Trust Preferred Securities ("ETPS") and through the sale of \$0.1 million in Trust Common Securities to the Company. The obligations, tenor and terms of the ETPS mirrored those of the junior subordinated debt securities. The securities may be redeemed after five years without penalty. If not redeemed after 5 years, the coupon rate will reset quarterly to 1.4% plus the highest of 3-month LIBOR, the 10-Year US Treasury CMT or the 30-Year US Treasury CMT, limited

to a maximum rate of 13.25%. Net proceeds of the issuance were used to partially finance the acquisitions of Facom (January 1, 2006) and National (November 30, 2005).

In October 2008, the Company repurchased \$34.3 million of the ETPS for \$24.9 million in cash, and in December 2008 the Trust was dissolved. Upon the dissolution of the Trust, the \$0.1 million investment in the unconsolidated Trust was unwound with a corresponding reduction in debt. Additionally the Company caused the remaining \$415.7 million of junior subordinated debt securities held by the Trust to be distributed to the holders of ETPS in exchange for the ETPS upon dissolution of the Trust. A pre-tax gain of \$9.4 million was recognized pertaining to the partial extinguishment of this debt.

In May 2009, the Company repurchased \$103.0 million of its junior subordinated debt securities for \$58.7 million in cash. The pre-tax gain recorded associated with this extinguishment was \$43.8 million, and the principal balance of the debt after this extinguishment and at January 2, 2010 was \$312.7 million.

In December 2010, the Company redeemed the remaining junior subordinated debt at par without penalty.

Financing of the January 2007 HSM Acquisition

During 2007, the Company initially funded the \$546.1 million HSM acquisition with a combination of short-term borrowings and cash. A \$500.0 million 364-day revolving credit bridge facility was entered into on January 8, 2007, of which \$130.0 million was utilized to acquire HSM; the remainder of the HSM purchase price was funded through commercial paper borrowings and cash.

On March 20, 2007, the Company completed two security offerings: "Equity Units", which consisted of \$330.0 million of convertible debt and \$330.0 million of forward stock purchase contracts and \$200.0 million of unsecured notes (the "2010 Tenn Notes"). The \$488.1 million net cash proceeds of these offerings and the related financial instruments described below were used to pay down the short-term bridge facility and commercial paper borrowings.

The 2010 Tenn Notes matured March 15, 2010.

Equity Units: On March 20, 2007, the Company issued 330,000 Equity Units, each with a stated value of \$1,000. The Equity Units are comprised of a senior convertible note (a "Convertible Note") and a forward common stock purchase contract (an "Equity Purchase Contract"). The Company received \$320.1 million in cash proceeds from the Equity Units offering, net of underwriting fees. These proceeds were used to repay short-term borrowings and, along with \$18.8 million in proceeds from the sale of stock warrants, to fund the \$49.3 million cost of the convertible notes hedge as more fully described below.

In November 2008, the Company repurchased \$10.0 million of the Equity Units for \$5.3 million in cash (the "\$10 Million Repurchase"). To properly account for the transaction, the Equity Unit elements were bifurcated as effectively the Company paid \$10.0 million to extinguish the Convertible Notes and received \$4.7 million from the seller to settle its obligation under the Equity Purchase Contracts. As further detailed below, the Equity Purchase Contracts obligated the holder to purchase shares of the Company's common stock on May 17, 2010. At the November 2008 repurchase date, the Company's common stock had a closing market value of \$25.38. The remaining liability for Contract Adjustment Payment fees, as defined below, associated with the \$10.0 million of settled Equity Purchase Contracts was reversed, resulting in an increase to equity of \$0.7 million. The related \$10.0 million in Convertible Note Hedges (the "Bond Hedge") and Stock Warrants were unwound with a nominal impact to equity. As a result of the \$10 Million Repurchase, there was an insignificant gain recorded in earnings and a net increase in equity of \$5.4 million.

Equity Purchase Contracts:

The Equity Purchase Contracts obligated the holders to purchase on May 17, 2010, newly issued shares of the Company's common stock for \$320.0 million in cash. Pursuant to that obligation 5,180,776 shares of common stock were issued on the May 17, 2010 settlement date.

Holders of the Equity Purchase Contract were paid a quarterly contract adjustment payment ("Contract Adjustment Payment") of 5.125% per annum, and the first payment thereof was made August 17, 2007. The

\$49.6 million present value of the Contract Adjustment Payments reduced Shareowners' Equity at inception. As each quarterly Contract Adjustment Payment was made, the related liability was relieved with the difference between the cash payment and the present value of the Contract Adjustment Payment recorded as interest expense (at inception approximately \$3.9 million accretion over the three year term). Due to the \$10 Million Repurchase, \$0.7 million in remaining liability for the related Contract Adjustment Payments was reversed. The Company's obligation to make Contract Adjustment Payments was satisfied in May 2010; therefore at January 1, 2011 the company reported no further liability for Contract Adjustment Payments under the terms of the Equity Purchase Contracts.

Convertible Notes:

The \$320.0 million Convertible Notes principal amount currently outstanding has a five-year, two month maturity and is due May 17, 2012. At maturity, the Company is obligated to repay the principal in cash, and may elect to settle the conversion option value, if any, as detailed further below, in either cash or shares of the Company's common stock. The Convertible Notes bear interest at an annual rate of 3-month LIBOR minus 3.5%, reset quarterly (but never less than zero), and initially set at 1.85%. Interest is payable quarterly commencing August 17, 2007. The Convertible Notes are unsecured general obligations and rank equally with all of the Company's other unsecured and unsubordinated debt. The Convertible Notes were pledged as collateral to guarantee the holders' obligations to purchase common stock under the terms of the Equity Purchase Contract described above. The unamortized discount of the Convertible Notes was \$14.9 and \$25.5 million at January 1, 2011 and January 2, 2010, respectively. The remaining unamortized balance will be recorded to interest expense through the Convertible Notes maturity in May 2012. The equity component carrying value was \$32.9 million at January 1, 2011 and January 2, 2010.

In May 2010, the Company completed the contractually required remarketing of the \$320.0 million of Convertible Notes. Holders of \$8.7 million of the Convertible Notes elected to participate in the remarketing. Following the remarketing, the Convertible Notes bear interest at an annual rate of 3 — month LIBOR minus 3.5%, rest quarterly (but not less than zero).

The conversion premium for the Convertible Notes is 19.0%, equivalent to the conversion price of \$64.34 based on the \$54.06 value of the Company's common stock (as adjusted for standard anti-dilution provisions). Upon conversion on May 17, 2012 (or a cash merger event), the Company will deliver to each holder of the Convertible Notes \$1,000 cash for the principal amount of the note. Additionally at conversion, to the extent, if any, that the conversion option is "in the money", the Company will deliver, at its election, either cash or shares of the Company's common stock based on a conversion rate of 15.5425 shares (equivalent to the conversion price set at \$64.34) and the applicable market value of the Company's common stock. The ultimate conversion rate will be increased above 15.5425 shares in accordance with standard anti-dilution provisions applicable to the Convertible Notes or in the event of a cash merger. An increase in the ultimate conversion rate will apply to the extent that the Company increases the per share common stock dividend rate during the five year term of the Convertible Notes; accordingly such changes to the conversion rate are within the Company's control under its discretion regarding dividends it may declare. Also, the holders may elect to accelerate conversion, and "make whole" adjustments to the conversion rate may apply, in the event of a cash merger or "fundamental change". Subject to the foregoing, if the market value of the Company's common shares is below the conversion price at conversion, (set at a rate equating to \$64.34 per share), the conversion option would be "out of the money" and the Company would have no obligation to deliver any consideration beyond the \$1,000 principal payment required under each of the Convertible Notes. To the extent, that the conversion option of the Convertible Notes becomes "in the money" in any interim period prior to conversion, there will be a related increase in diluted shares outstanding utilized in the determination of the Company's diluted earnings per share in accordance with the treasury stock method prescribed by ASC 260. The conversion option was "in the money" as of January 1, 2011 and had a very minor dilutive impact during the year. As of January 2, 2010, the conversion option was "out of the money."

There was no interest expense recorded for 2010 and 2009 related to the contractual interest coupon on the Convertible Notes for the periods presented based upon the applicable 3-month LIBOR minus 3.5% rate in these periods. The Company had derivative contracts fixing the interest rate on the \$320.0 million floating rate

Convertible Notes (3-month LIBOR less 350 basis points) at 1.43% and recognized \$1.6 million and \$4.8 million of interest expense pertaining to these interest rate swaps for the years ended January 1, 2011 and January 2, 2010. The non-cash interest expense accretion related to the amortization of the liability balance as required by the accounting standards totaled \$10.5 million for 2010 and \$10.2 million for 2009. The total interest expense recognized on the Convertible Notes reflecting the contractual interest coupon, the fixed interest rate swaps and the interest accretion required by the accounting standards represented an effective interest rate of 4.08% for the period ended January 1, 2011 and 5.2% for the period ended January 2, 2010.

Convertible Notes Hedge: In order to offset the common shares that may be deliverable pertaining to the previously discussed conversion option feature of the Convertible Notes, the Company entered into Bond Hedges with certain major financial institutions. The Company paid the financial institutions a premium of \$49.3 million for the Bond Hedge which was recorded, net of \$14.0 million of anticipated tax benefits, as a reduction of Shareowners' equity. The terms of the Bond Hedge mirror those of the conversion option feature of the Convertible Notes such that the financial institutions may be required to deliver shares of the Company's common stock to the Company upon conversion at its exercise in May 2012. To the extent, that the conversion option feature becomes "in the money" during the five year term of the Convertible Notes, diluted shares outstanding will increase accordingly. Because the Bond Hedge is anti-dilutive, it will not be included in any diluted shares outstanding computation prior to its maturity. However, at maturity of the Convertible Notes and the Bond Hedge in 2012, the aggregate effect of these instruments is that there will be no net increase in the Company's common shares.

Stock Warrants: Simultaneously, the Company issued 5,092,956 of unregistered common stock warrants ("Stock Warrants") to financial institutions for \$18.8 million. The cash proceeds received were recorded as an increase to Shareowners' equity. The Stock Warrants are exercisable during the period August 17, 2012 through September 28, 2012, and have a strike price of \$86.50 established at 160% of the market value of \$54.06 (as adjusted for standard anti-dilution provisions). The Stock Warrants will be net share settled and are deemed to automatically be exercised at their expiration date if they are "in the money" and were not previously exercised. The strike price for the Stock Warrants will be adjusted for increases to the Company's dividend rate per share, or special dividends, if any, that occur during their five year term (consistent with the standard anti-dilution provisions discussed earlier with respect to the conversion spread on the Convertible Notes). In the event the Stock Warrants become "in the money" during their five year term due to the market value of the Company's common stock exceeding the strike price, there will be a related increase in diluted shares outstanding utilized in the determination of the Company's diluted earnings per share. In November 2008, 154,332 Stock Warrants were repurchased from the financial institutions at a cost of \$0.15 per warrant, pertaining to the previously mentioned \$10 Million Repurchase. As a result, there were 4,938,624 Stock Warrants Outstanding as of January 1, 2011.

I. DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to market risk from changes in foreign currency exchange rates, interest rates, stock prices and commodity prices. As part of the Company's risk management program, a variety of financial instruments such as interest rate swaps, currency swaps, purchased currency options, foreign exchange contracts and commodity contracts, are used to mitigate interest rate exposure, foreign currency exposure and commodity price exposure.

Financial instruments are not utilized for speculative purposes. If the Company elects to do so and if the instrument meets the criteria specified in ASC 815, management designates its derivative instruments as cash flow hedges, fair value hedges or net investment hedges. Generally, commodity price exposures are not hedged with derivative financial instruments and instead are actively managed through customer pricing initiatives, procurement-driven cost reduction initiatives and other productivity improvement projects. In the first quarter of 2010, the Company acquired a portfolio of derivative financial instruments in conjunction with the Merger, which Black & Decker entered into in the ordinary course of business. At the March 12, 2010 merger date, the Company established its intent for each derivative. The Company terminated all outstanding interest rate swaps and foreign currency forwards hedging future purchases of inventory denominated in a foreign currency. For other foreign currency forwards and commodity derivatives, the Company elected to leave the instruments

in place as an economic hedge only and account for them as undesignated. Net investment hedges were re-designated.

A summary of the fair value of the Company's derivatives recorded in the Consolidated Balance Sheets are as follows (in millions):

	Balance Sheet Classification	1/1/11	1/2/10	Balance Sheet Classification	1/1/11	1/2/10
Derivatives designated as hedging instruments:						
Interest Rate Contracts Cash Flow	Other current assets	\$ —	\$ —	Accrued expenses	\$ —	\$ 2.2
	LT other assets	—	7.3	LT other liabilities	17.3	—
Interest Rate Contracts Fair Value	Other current assets	5.5	4.5	Accrued expenses	—	—
	LT other assets	10.7	0.1	LT other liabilities	11.9	2.7
Foreign Exchange Contracts Cash Flow	Other current assets	0.7	0.1	Accrued expenses	5.6	31.2
	LT other assets	—	—	LT other liabilities	—	—
Net Investment Hedge	Other current assets	11.7	—	Accrued expenses	17.7	29.1
		<u>\$ 28.6</u>	<u>\$ 12.0</u>		<u>\$ 52.5</u>	<u>\$ 65.2</u>
Derivatives not designated as hedging instruments:						
Foreign Exchange Contracts	Other current assets	\$ 26.4	\$ 18.5	Accrued expenses	\$ 59.1	\$ 19.5
	LT other assets	—	2.8	LT other liabilities	4.1	—
		<u>\$ 26.4</u>	<u>\$ 21.3</u>		<u>\$ 63.2</u>	<u>\$ 19.5</u>

The counterparties to all of the above mentioned financial instruments are major international financial institutions. The Company is exposed to credit risk for net exchanges under these agreements, but not for the notional amounts. The credit risk is limited to the asset amounts noted above. The Company limits its exposure and concentration of risk by contracting with diverse financial institutions and does not anticipate non-performance by any of its counterparties. Further, as more fully discussed in Note M, Fair Value Measurements, the Company considers non-performance risk of its counterparties at each reporting period and adjusts the carrying value of these assets accordingly. The risk of default is considered remote.

In 2010, significant cash flows related to derivatives including those that are separately discussed in Cash Flow Hedges, Net Investment Hedges and Undesignated Hedges below resulted in net cash paid of \$64.0 million. The Company also received \$30.1 million in March 2010 from the termination of \$325.0 million notional of fixed to variable interest rate swaps that became undesignated at the merger date and as a result the cash inflow was reported within investing activities in the consolidated statement of cash flows.

In 2009, significant cash flows related to derivatives included cash payments of \$15.5 million on a Great Britain pound currency swap maturity and a Canadian dollar swap termination; both of these swaps were classified as undesignated.

CASH FLOW HEDGES — There was a \$50.2 million after-tax loss as of January 1, 2011 and a \$4.8 million after-tax gain as of January 2, 2010 and January 3, 2009 reported for cash flow hedge effectiveness in Accumulated other comprehensive loss. An after-tax loss of \$13.3 million is expected to be reclassified to earnings as the hedged transactions occur or as amounts are amortized within the next twelve months. The ultimate amount recognized will vary based on fluctuations of the hedged currencies and interest rates through the maturity dates.

The tables below detail pre-tax amounts reclassified from Accumulated other comprehensive loss into earnings for active derivative financial instruments during the periods in which the underlying hedged transactions affected earnings for the twelve months ended January 1, 2011 and January 2, 2010 (in millions):

Year-to-date 2010 (In millions)	Gain (Loss) Recorded in OCI	Classification of Gain (Loss) Reclassified from OCI to Income	Gain (Loss) Reclassified from OCI to Income (Effective Portion)	Gain (Loss) Recognized in Income (Ineffective Portion*)
Interest Rate Contracts	\$ (24.8)	Interest expense	\$ (1.6)	\$ —
Foreign Exchange Contracts	\$ (16.0)	Cost of sales	\$ (2.3)	\$ —
Foreign Exchange Contracts	\$ 6.8	Other-net	\$ 8.5	\$ —

Year-to-date 2009 (In millions)	Gain (Loss) Recorded in OCI	Classification of Gain (Loss) Reclassified from OCI to Income	Gain (Loss) Reclassified from OCI to Income (Effective Portion)	Gain (Loss) Recognized in Income (Ineffective Portion*)
Interest Rate Contracts	\$ 7.2	Interest expense	\$ (4.6)	\$ —
Foreign Exchange Contracts	\$ (0.5)	Cost of sales	\$ 4.7	\$ —
Foreign Exchange Contracts	\$ (7.7)	Other-net	\$ (3.5)	\$ —

* Includes ineffective portion and amount excluded from effectiveness testing on derivatives.

For 2010, the hedged items' impact to the consolidated statement of operations was a gain of \$2.3 million in Cost of Sales and a loss of \$8.5 million, in Other, net. For 2009, the hedged items' impact to the consolidated statement of operations was a loss of \$4.7 million in Cost of Sales and a gain of \$4.5 million, in Other, net. There was no impact related to the interest rate contracts' hedged items for any period presented. The impact of designated hedges was immaterial for all periods presented.

During 2010, 2009 and 2008, an after-tax loss of \$2.9 million, an after-tax loss of \$1.1 million and an after-tax gain of \$42.9 million, respectively, was reclassified from Accumulated other comprehensive loss into earnings (inclusive of the gain/loss amortization on terminated derivative financial instruments) during the periods in which the underlying hedged transactions affected earnings.

Interest Rate Contract: The Company enters into interest rate swap agreements in order to obtain the lowest cost source of funds within a targeted range of variable to fixed-rate debt proportions. At January 1, 2011, the Company had \$400 million of forward starting swaps outstanding fixing the interest rate on the expected refinancing of debt in 2012 as discussed below. At January 2, 2010, the Company had outstanding contracts fixing the interest rate on its \$320.0 million floating rate convertible notes and \$400 million of forward starting swaps outstanding fixing the interest rate on the expected refinancing of debt in 2012.

In May 2010, the Company executed forward starting interest rate swaps with an aggregate notional amount of \$400 million fixing interest at 3.95%. The objective of the hedge was to offset the expected variability on future payments associated with the interest rate on debt instruments. In connection with the August 31, 2010 issuance of the \$400 million of senior unsecured 2040 Term Bonds, as discussed in Note H, Long Term Debt and Financing Arrangements, these forward-starting interest rate swaps were terminated. The terminations resulted in cash payments of \$48.4 million. This loss (\$30.0 million on an after-tax basis) was recorded in Accumulated other comprehensive loss and will be amortized to earnings over the first ten years in which the interest expense related to the 2040 Term Bonds is recognized. The cash flows stemming from the termination of such interest rate swaps designated as cash flow hedges are presented within financing activities in the consolidated statement of cash flows.

In December 2009, the Company executed forward starting interest rate swaps with an aggregate notional amount of \$400 million fixing 10 years of interest payments at 4.78% beginning in November 2012. The objective of the hedge is to offset the expected variability on future payments associated with the interest rate on debt instruments expected to be issued in November 2012. Gains or losses on the swaps are recorded in Accumulated other comprehensive loss and will be subsequently reclassified into earnings as the future interest

expense is recognized in earnings or as ineffectiveness occurs. These swaps have a mandatory early termination requirement in November 2012.

Foreign Currency Contracts

Forward contracts: Through its global businesses, the Company enters into transactions and makes investments denominated in multiple currencies that give rise to foreign currency risk. The Company and its subsidiaries regularly purchase inventory from subsidiaries with non-U.S. dollar functional currencies which creates currency-related volatility in the Company's results of operations. The Company utilizes forward contracts to hedge these forecasted purchases of inventory. Gains and losses reclassified from Accumulated other comprehensive loss for the effective and ineffective portions of the hedge as well as any amounts excluded from effectiveness testing are recorded in Cost of sales. At January 1, 2011, the notional value of the forward currency contracts outstanding was \$114.8 million, of which \$46.0 million has been de-designated, maturing at various dates through 2011. As of January 2, 2010, there were no such outstanding hedge contracts.

Currency swaps: The Company and its subsidiaries have entered into various inter-company transactions whereby the notional values are denominated in currencies other than the functional currencies of the party executing the trade. In order to better match the cash flows of its inter-company obligations with cash flows from operations, the Company enters into currency swaps. In November 2010, currency swaps with a notional value of \$150 million matured resulting in cash payments of \$23.7 million. There were no outstanding currency swaps designated as cash flow hedges at January 1, 2011. The notional value of currency swaps was \$150 million at January 2, 2010.

Purchased Option Contracts: The Company and its subsidiaries have entered into various inter-company transactions whereby the notional values are denominated in currencies other than the functional currencies of the party executing the trade. In order to better match the cash flows of its inter-company obligations with cash flows from operations, the Company enters into purchased option contracts. Gains and losses reclassified from Accumulated other comprehensive loss for the effective and ineffective portions of the hedge as well as any amounts excluded from effectiveness testing are recorded in Cost of sales. At January 1, 2011, the notional value of option contracts outstanding was \$82.3 million, of which \$36.4 million has been de-designated, maturing at various dates through 2011. As of January 2, 2010, there were no such outstanding option contracts.

FAIR VALUE HEDGES

Interest Rate Risk: In an effort to optimize the mix of fixed versus floating rate debt in the Company's capital structure, the Company enters into interest rate swaps. In December 2010, the Company entered into interest rate swaps with notional values which equaled the Company's \$300 million 4.75% notes due in 2014 and \$300 million 5.75% notes due in 2016. In January 2009, the Company entered into interest rate swaps with notional values which equaled the Company's \$200 million 4.9% notes due in 2012 and \$250 million 6.15% notes due in 2013. These interest rate swaps effectively converted the Company's fixed rate debt to floating rate debt based on LIBOR, thereby hedging the fluctuation in fair value resulting from changes in interest rates. The changes in fair value of the interest rate swaps were recognized in earnings as well as the offsetting changes in fair value of the underlying notes. The notional value of open contracts was \$1.050 billion and \$450 million as of January 1, 2011 and January 2, 2010, respectively. A summary of the fair value adjustments relating to these swaps is as follows (in millions):

Income Statement Classification	Year-to-Date 2010		Year-to-Date 2009	
	Gain/(Loss) on Swaps	Gain/(Loss) on Borrowings	Gain/(Loss) on Swaps	Gain/(Loss) on Borrowings
Interest Expense	\$ 1.3	\$ (1.3)	\$ (2.6)	\$ 2.6

In addition to the amounts in the table above, the net swap accruals for each period and amortization of the gains on terminated swaps are also reported in interest expense and totaled \$12.7 million and \$11.6 million for

2010 and 2009, respectively. Interest expense on the underlying debt was \$28.3 million and \$25.2 million for 2010 and 2009, respectively.

During 2008, the Company had interest rate swaps identical to the \$200 million and \$250 million swaps discussed above that were terminated in December 2008, resulting in pre-tax gains of \$16.5 million, offset by the fair value adjustment to the carrying value of the underlying notes. At January 3, 2009 the carrying amounts of the \$200 million and \$250 million notes were increased by \$8.4 million and \$7.7 million respectively, related to this adjustment and are being amortized over the remaining term of the notes as a reduction of interest expense.

NET INVESTMENT HEDGES

Foreign Exchange Contracts: The Company utilizes net investment hedges to offset the translation adjustment arising from re-measurement of its investment in the assets and liabilities of its foreign subsidiaries. The total after-tax amounts in Accumulated other comprehensive loss were losses of \$32.7 million and \$11.8 million at January 1, 2011 and January 2, 2010, respectively. As of January 1, 2011, the Company had foreign exchange contracts that mature in March 2011 with notional values totaling \$223.1 million outstanding hedging a portion of its euro denominated net investment and foreign exchange contracts that mature at various dates through April 2011 with notional values of \$800.9 million outstanding hedging a portion of its pound sterling denominated net investment. As of January 2, 2010, the Company had one foreign exchange contract with a notional value of \$223.4 million outstanding hedging a portion of its euro denominated net investment. The Company had foreign exchange contracts mature in 2010 resulting in cash receipts of \$43.9 million and cash payments of \$29.0 million. Gains and losses on net investment hedges remain in Accumulated other comprehensive loss until disposal of the underlying assets. The details of the pre-tax amounts are below (in millions):

Income Statement Classification	Year-to-Date 2010			Year-to-Date 2009		
	Amount	Effective Portion	Ineffective Portion*	Amount	Effective Portion	Ineffective Portion*
	Recorded in OCI Gain (Loss)	Recorded in Income Statement	Recorded in Income Statement	Recorded in OCI Gain (Loss)	Recorded in Income Statement	Recorded in Income Statement
Other, net	\$ (31.4)	\$ —	\$ —	\$ (8.5)	\$ —	\$ —

* Includes ineffective portion and amount excluded from effectiveness testing.

UNDESIGNATED HEDGES

Foreign Exchange Contracts: Currency swaps and foreign exchange forward contracts are used to reduce risks arising from the change in fair value of certain foreign currency denominated assets and liabilities (such as affiliate loans, payables and receivables). The objective of these practices is to minimize the impact of foreign currency fluctuations on operating results. The total notional amount of the contracts outstanding at January 1, 2011 was \$2.3 billion of forward contracts and \$219.4 million in currency swaps, maturing at various dates primarily through September 2011 with one currency swap maturing in December 2014. The total notional amount of the contracts outstanding at January 2, 2010 was \$182.6 million of forward contracts and \$160.5 million in currency swaps. Significant cash flows related to undesignated hedges during 2010 included net cash paid of \$6.7 million. The income statement impacts related to derivatives not designated as hedging instruments for 2010 and 2009 are as follows (in millions):

Derivatives Not Designated as Hedging Instruments under ASC 815	Income Statement Classification	Year-to-Date 2010	Year-to-Date 2009
		Amount of Gain (Loss)	Amount of Gain (Loss)
		Recorded in Income on Derivative	Recorded in Income on Derivative
Foreign Exchange Contracts	Other, net	\$ 38.5	\$ (7.6)
	Cost of Sales	\$ 1.0	\$ —

Commodity Contracts: Commodity contracts were used to manage price risks related to material purchases — primarily zinc and copper — used in the manufacturing process. The objective of the contracts was to reduce the variability of cash flows associated with the forecasted purchase of these commodities. In

conjunction with the Merger, the Company assumed commodity contracts with a total notional amount of 7.4 million pounds. During the second quarter of 2010, all commodity contracts matured or were terminated. No notional amounts were outstanding as of January 1, 2011. The income statement impacts related to commodity contracts not designated as hedging instruments were as follows (in millions):

Derivatives Not Designated as Hedging Instruments under ASC 815	Income Statement Classification	Year-to-Date 2010	
		Amount of Gain (Loss)	
		Recorded in Income on Derivative	
Commodity Contracts	Other, net	\$	(1.3)

J. CAPITAL STOCK

EARNINGS PER SHARE — The following table reconciles net earnings attributable to common shareholders and the weighted average shares outstanding used to calculate basic and diluted earnings per share for the fiscal years ended January 1, 2011, January 2, 2010 and January 3, 2009.

Basic Earnings per Share Computation

	2010	2009	2008
Numerator (in millions):			
Net earnings attributable to Stanley Black & Decker, Inc.	\$ 198.2	\$ 224.3	\$ 306.9
Less: Net earnings allocated to unvested units(A)	0.5	0.3	0.6
Net earnings attributable to Stanley Black & Decker, Inc. less unvested units	<u>\$ 197.7</u>	<u>\$ 224.0</u>	<u>\$ 306.3</u>

(A) — The unvested units affecting the calculation of basic earnings per share represent restricted stock units with non-forfeitable dividend rights.

	2010	2009	2008
Denominator (in thousands):			
Basic earnings per share, weighted-average shares outstanding	147,224	79,788	78,897

Dilutive Earnings per Share Computation

	2010	2009	2008
Numerator (in millions):			
Net earnings attributable to Stanley Black & Decker, Inc.	\$198.2	\$224.3	\$306.9
Denominator (in thousands):			
Basic earnings per share, weighted-average shares outstanding	147,224	79,788	78,897
Dilutive effect of stock options and awards	2,943	608	977
Diluted earnings per share, weighted-average shares outstanding	<u>150,167</u>	<u>80,396</u>	<u>79,874</u>

	2010	2009	2008
Earnings per share of common stock:			
Basic Earnings Per Share	\$1.34	\$2.81	\$3.88
Diluted Earnings Per Share	\$1.32	\$2.79	\$3.84

The following weighted-average stock options, warrants and Equity Purchase Contracts to purchase the Company's common stock were not included in the computation of diluted shares outstanding because the effect would be anti-dilutive (in thousands):

	2010	2009	2008
Number of stock options	2,760	3,519	2,101
Number of stock warrants	4,939	4,939	5,069
Number of shares related to May 2010 equity purchase contracts	2,210	5,893	6,035
Number of shares related to the convertible preferred units	1,054	—	—

The Company has warrants outstanding which entitle the holder to purchase up to 4,938,624 shares of its common stock with a strike price of approximately \$86.50. These warrants are anti-dilutive since the strike price is greater than the market price of the Company's common stock.

The Convertible Notes outstanding, described more fully in Note H, Long-Term Debt and Financing Arrangements, had a very minor dilutive impact during the year.

As of January 1, 2011 there were no shares related to the Convertible Preferred Units included in the calculation of diluted earnings per share because the effect of the conversion option was not dilutive. These Convertible Preferred Units, as well as the equity purchase contracts and convertible note hedge, are discussed more fully in Note H, Long-Term Debt and Financing Arrangements.

COMMON STOCK SHARE ACTIVITY — Common stock share activity for 2010, 2009 and 2008 was as follows:

	2010	2009	2008
Outstanding, beginning of year	80,478,624	78,876,034	80,378,787
Shares issued as part of the merger	78,497,261	—	—
Shares issued from Equity Units Offering	5,180,776	—	—
Issued from treasury	2,298,603	2,178,203	737,698
Returned to treasury	(107,834)	(575,613)	(2,240,451)
Outstanding, end of year	166,347,430	80,478,624	78,876,034

In 2009, in addition to the common stock share activity described in the Stock-Based Compensation Plans and Equity Option sections of this footnote, the Company issued 242,653 shares of common stock from treasury and received cash proceeds of \$9.5 million during the year.

COMMON STOCK RESERVED — Common stock shares reserved for issuance under various employee and director stock plans at January 1, 2011 and January 2, 2010 are as follows:

	2010	2009
Employee stock purchase plan	2,956,667	3,100,855
Other stock-based compensation plans	5,035,575	4,086,625
Total shares reserved	7,992,242	7,187,480

PREFERRED STOCK PURCHASE RIGHTS — Each outstanding share of common stock has a one share purchase right. Each purchase right may be exercised to purchase one two-hundredth of a share of Series A Junior Participating Preferred Stock at an exercise price of \$220.00, subject to adjustment. The rights, which do not have voting rights, expire on March 10, 2016, and may be redeemed by the Company at a price of \$0.01 per right at any time prior to the tenth day following the public announcement that a person has acquired beneficial ownership of 15% or more of the outstanding shares of common stock. In the event that the Company is acquired in a merger or other business combination transaction, provision shall be made so that each holder of a right (other than a holder who is a 14.9%-or-more shareowner) shall have the right to receive, upon exercise thereof, that number of shares of common stock of the surviving Company having a market value equal to two times the exercise price of the right. Similarly, if anyone becomes the beneficial owner of more than 15% of the then outstanding shares of common stock (except pursuant to an offer for all

outstanding shares of common stock which the independent directors have deemed to be fair and in the best interest of the Company), provision will be made so that each holder of a right (other than a holder who is a 14.9%-or-more shareowner) shall thereafter have the right to receive, upon exercise thereof, common stock (or, in certain circumstances, cash, property or other securities of the Company) having a market value equal to two times the exercise price of the right. At January 1, 2011, there were 166,347,430 outstanding rights.

STOCK-BASED COMPENSATION PLANS — The Company has stock-based compensation plans for salaried employees and non-employee members of the Board of Directors. The plans provide for discretionary grants of stock options, restricted stock units, and other stock-based awards.

The plans are generally administered by the Compensation and Organization Committee of the Board of Directors, consisting of non-employee directors.

Stock Options: Stock options are granted at the fair market value of the Company's stock on the date of grant and have a 10-year term. Generally, stock option grants vest ratably over four years from the date of grant.

One million options were granted in conjunction with the Merger. These options will cliff vest on the third anniversary of the Merger. The fair value of each stock option was estimated on the date of grant using the Black-Scholes option pricing model. Assumptions used for the Black-Scholes valuation of these options were:

Stock price	\$	57.50
Option price	\$	57.50
Average expected volatility		30%
Dividend yield		2.3%
Risk-free interest rate		3.3%
Expected term		7 years
Fair value per option	\$	16.34

The following describes how certain assumptions affecting the estimated fair value of stock options are determined: the dividend yield is computed as the annualized dividend rate at the date of grant divided by the strike price of the stock option; expected volatility is based on an average of the market implied volatility and historical volatility for the 5 year expected life; the risk-free interest rate is based on U.S. Treasury securities with maturities equal to the expected life of the option; and an eight percent forfeiture rate is assumed. The Company uses historical data in order to estimate forfeitures and holding period behavior for valuation purposes.

The fair value of other stock option grants made during the year was also estimated on the date of grant using the Black-Scholes option pricing model. The following weighted average assumptions used for grants in 2010, 2009 and 2008, respectively: dividend yield of 2.1%, 2.8% and 3.8%; expected volatility of 32.7%, 32.8% and 45.0%; and risk-free interest rates of 2.2%, 2.2% and 1.8%. An expected life of 5.5 years was used in 2010 and an expected life of 5 years was used in both 2009 and 2008. Also, a weighted average vesting period of 2.5 years was used in 2010, 2.4 years in 2009 and 2.0 years in 2008. The weighted average fair value of stock options granted in 2010, 2009 and 2008 was \$17.00, \$11.48 and \$9.25, respectively.

Refer to Note E, Merger and Acquisitions, for discussion of the valuation of the options assumed from the Merger.

The number of stock options and weighted-average exercise prices are as follows:

	2010		2009		2008	
	Options	Price	Options	Price	Options	Price
Outstanding, beginning of year	5,839,417	\$39.75	7,082,224	\$37.08	7,053,899	\$37.83
Granted	2,055,942	60.69	502,500	48.46	849,360	33.73
Options assumed from merger	5,843,623	44.41	—	—	—	—
Exercised	(1,720,507)	34.81	(1,603,205)	30.13	(400,972)	31.44
Forfeited	(376,911)	54.95	(142,102)	44.65	(420,063)	48.31
Outstanding, end of year	11,641,564	\$48.69	5,839,417	\$39.75	7,082,224	\$37.08
Exercisable, end of year	8,100,566	\$46.70	4,364,180	\$38.50	5,368,989	\$35.30

At January 1, 2011, the range of exercise prices on outstanding stock options was \$23.22 to \$74.11. Stock option expense was \$17.7 million, \$6.1 million and \$4.8 million for the years ended January 1, 2011, January 2, 2010 and January 3, 2009, respectively.

At January 1, 2011, the Company had \$44.9 million of unrecognized pre-tax compensation expense for stock options. This expense will be recognized over the remaining vesting periods which are 3.1 years on a weighted average basis.

During 2010, the Company received \$59.9 million in cash from the exercise of stock options. The related tax benefit from the exercise of these options is \$14.6 million. During 2010, 2009 and 2008 the total intrinsic value of options exercised was \$46.5 million, \$16.5 million and \$6.8 million, respectively. When options are exercised, the related shares are issued from treasury stock.

ASC 718, "Compensation — Stock Compensation," requires the benefit arising from tax deductions in excess of recognized compensation cost to be classified as a financing cash flow. To quantify the recognized compensation cost on which the excess tax benefit is computed, both actual compensation expense recorded and pro-forma compensation cost reported in disclosures are considered. An excess tax benefit is generated on the extent to which the actual gain, or spread, an optionee receives upon exercise of an option exceeds the fair value determined at the grant date; that excess spread over the fair value of the option times the applicable tax rate represents the excess tax benefit. In 2010 and 2009, the Company reported \$10.8 million and \$0.3 million, respectively, of excess tax benefits as a financing cash flow within the proceeds from issuance of common stock caption.

Outstanding and exercisable stock option information at January 1, 2011 follows:

Exercise Price Ranges	Outstanding Stock Options			Exercisable Stock Options	
	Options	Weighted-average Remaining Contractual Life	Weighted-average Exercise Price	Options	Weighted-average Exercise Price
\$35.00 and below	3,062,866	6.46	\$30.63	2,353,482	\$30.28
\$35.01 – 50.00	3,113,042	5.33	43.41	2,687,715	42.58
\$50.01 – higher	5,465,656	5.72	61.81	3,059,369	62.95
	11,641,564	5.81	\$48.69	8,100,566	\$46.70

Compensation cost for new grants is recognized on a straight-line basis over the vesting period. The expense for retirement eligible employees (those aged 55 and over and with 10 or more years of service) is recognized by the date they became retirement eligible, as such employees may retain their options for the 10 year contractual term in the event they retire prior to the end of the vesting period stipulated in the grant.

Employee Stock Purchase Plan: The Employee Stock Purchase Plan ("ESPP") enables eligible employees in the United States and Canada to subscribe at any time to purchase shares of common stock on a monthly basis at the lower of 85% of the fair market value of the shares on the grant date (\$37.53 per share for fiscal year 2010 purchases) or 85% of the fair market value of the shares on the last business day of each month. A maximum of 6,000,000 shares are authorized for subscription. During 2010, 2009 and 2008 shares totaling

143,624 shares, 115,776 shares and 62,261 shares respectively, were issued under the plan at average prices of \$37.53, \$27.87 and \$37.31 per share, respectively and the intrinsic value of the ESPP purchases was \$3.1 million, \$1.8 million and \$0.4 million respectively. For 2010, the Company received \$5.4 million in cash from ESPP purchases, and there is no related tax benefit. The fair value of ESPP shares was estimated using the Black-Scholes option pricing model. ESPP compensation cost is recognized ratably over the one-year term based on actual employee stock purchases under the plan. The fair value of the employees' purchase rights under the ESPP was estimated using the following assumptions for 2010, 2009 and 2008, respectively: dividend yield of 2.5%, 2.9% and 3.7%; expected volatility of 38.0%, 56.0% and 28.0%; risk-free interest rates of 0.1%, 0.2% and 2.6%; and expected lives of one year. The weighted average fair value of those purchase rights granted in 2010, 2009 and 2008 was \$20.77, \$10.77 and \$9.02, respectively. Total compensation expense recognized for ESPP amounted to \$3.5 million, \$1.2 million and \$0.6 million for 2010, 2009 and 2008, respectively.

Restricted Share Units and Awards: Compensation cost for restricted share units and awards, including restricted shares granted to French employees in lieu of RSU's, (collectively "RSU's") granted to employees is recognized ratably over the vesting term, which varies but is generally 4 years. RSU grants totaled 1,532,107 shares, 452,613 shares and 241,036 shares in 2010, 2009 and 2008, respectively. The weighted-average grant date fair value of RSU's granted in 2010, 2009 and 2008 was \$59.32, \$37.55 and \$35.28 per share, respectively. Total compensation expense recognized for RSU's amounted to \$52.7 million, \$9.4 million and \$6.3 million, respectively. The actual tax benefit received in the period the shares were delivered was \$0.3 million, \$0.1 million and \$2.1 million in 2010, 2009 and 2008, respectively. As of January 1, 2011, unrecognized compensation expense for RSU's amounted to \$70.9 million and this cost will be recognized over a weighted-average period of 4.0 years.

As discussed in Note E, Merger and Acquisitions, the Company assumed 0.4 million restricted stock units and awards as part of the Merger. Accordingly, the Company expensed \$4.3 million in stock-based compensation for the twelve months ended January 1, 2011, respectively, related to these awards.

A summary of non-vested restricted stock unit activity as of January 1, 2011, and changes during the twelve month period then ended is as follows:

	Restricted Share Units	Weighted Average Grant Date Fair Value
Non-vested at January 2, 2010	759,198	\$39.79
Granted	1,532,107	59.32
Assumed from Merger	433,117	46.63
Vested	(239,696)	62.29
Forfeited	(14,003)	58.43
Non-vested at January 1, 2011	<u>2,470,723</u>	<u>\$53.60</u>

The total fair value of shares vested (market value on the date vested) during 2010, 2009 and 2008 was \$14.9 million, \$7.2 million and \$4.4 million, respectively.

Non-employee members of the Board of Directors received restricted share-based grants which must be cash settled and accordingly mark-to-market accounting is applied. Additionally, the Board of Directors were granted restricted share units for which compensation expense of \$0.9 million, \$0.6 million and \$0.6 million was recognized for 2010, 2009 and 2008, respectively.

Long-Term Performance Awards: The Company has granted Long Term Performance Awards ("LTIPs") under its 1997, 2001 and 2009 Long Term Incentive Plans to senior management employees for achieving Company performance measures. Awards are payable in shares of common stock, which may be restricted if the employee has not achieved certain stock ownership levels, and generally no award is made if the employee terminates employment prior to the payout date.

Long-Term Performance Awards: Two LTIP grants were made in 2009 and 2010. Both the grants have separate annual performance goals for each year within the respective three year performance period. Earnings per share and return on capital employed represent 75% of the share payout of each grant. There is a third market-based element, representing 25% of the total grant, which measures the Company's common stock return relative to peers over the performance period. The ultimate delivery of shares will occur in 2012 and 2013 for the 2009 and 2010 grants, respectively. Total payouts are based on actual performance in relation to these goals.

Working capital incentive plan: In 2010, the Company initiated a bonus program under its 2009 Long Term Incentive Plan. The program provides executives the opportunity to receive stock in the event certain working capital turn objectives are achieved by June of 2013 and are sustained for a period of at least six months. The ultimate issuances of shares, if any, will be determined based on achievement of objectives during the performance period.

Expense recognized for the various performance-contingent grants amounted to \$10.3 million in 2010, \$3.4 million in 2009 and \$1.9 million in 2008. With the exception of the market-based award, in the event performance goals are not met compensation cost is not recognized and any previously recognized compensation cost is reversed.

A summary of the activity pertaining to the maximum number of shares that may be issued is as follows:

	Share Units	Weighted Average Grant Date Fair Value
Non-vested at January 2, 2010	721,648	\$33.88
Granted	571,724	48.56
Vested	—	—
Forfeited	(216,882)	44.22
Non-vested at January 1, 2011	<u>1,076,490</u>	<u>\$39.59</u>

EQUITY OPTION In November 2010, the Company purchased from financial institutions over the counter 5-year capped call options on 8.43 million shares of its common stock for an aggregate premium of \$50.3 million, or an average of \$5.97 per option. In accordance with ASC 815-40 the premium paid was recorded as a reduction to equity. The gain or loss on the options will depend on the actual market price of the Company's stock on exercise dates which occur in December 2015. The contracts for each of the three series of options generally provide that the options may, at the Company's election, be cash settled, physically settled or net-share settled (the default settlement method). Each series of options has various expiration dates within the month of December 2015. The options will be automatically exercised if the market price of the Company's common stock on the relevant expiration date is greater than the applicable lower strike price (i.e. the options are "in-the-money"). If the market price of the Company's common stock at the expiration date is below the applicable lower strike price, the relevant options will expire with no value. If the market price of the Company's common stock on the relevant expiration date is between the applicable lower and upper strike prices, the value per option to the Company will be the then-current market price less that lower strike price. If the market price of the Company's common stock is above the applicable upper strike price, the value per option to the Company will be the difference between the applicable upper strike price and lower strike price. The aggregate fair value of the options at January 1, 2011 was \$51.2 million.

A summary of the capped call (equity options) issued is as follows:

Series	Original Number of Options	Net Premium Paid (In millions)	(Per Share)	
			Initial Lower Strike Price	Initial Upper Strike Price
Series I	2,811,041	\$ 16.8	\$ 75.00	\$ 97.95
Series II	2,811,041	\$ 16.8	\$ 75.00	\$ 97.95
Series III	2,811,041	\$ 16.7	\$ 75.00	\$ 97.95
	8,433,123	\$ 50.3	\$ 75.00	\$ 97.95

In January 2009, the Company purchased from financial institutions over the counter 15 month capped call options, subject to adjustments for standard anti-dilution provisions, on 3 million shares of its common stock for an aggregate premium of \$16.4 million, or an average of \$5.47 per option. The purpose of the capped call options is to reduce share price volatility on potential future share repurchases by establishing the prices at which the Company may elect to repurchase 3 million shares in the 15 month term. In accordance with ASC 815-40 the premium paid was recorded as a reduction to Shareowners' equity. The contracts for each of the three series of options generally provide that the options may, at the Company's election, be cash settled, physically settled or net-share settled (the default settlement method). Each series of options had various expiration dates within the month of March 2010.

In 2009, the Company and counterparties to the transaction agreed to terminate 2,886,629 options. Of these terminations, 886,629 were cash settled using an average share price of \$41.29, resulting in a \$7.2 million cash receipt and 2,000,000 options were net-share settled in 1.0 million tranches using an average share price of \$49.67 and \$49.32, respectively. These terminations resulted in 513,277 shares being delivered to the Company which was recorded to Shareowners' equity. Because the market price of the Company's common stock was above the applicable upper strike price, the value per option to the Company was the difference between the applicable upper strike price and lower strike price. The remaining 113,371 options were automatically exercised and net-share settled in March 2010 using an average share price of \$58.76 and a fair value of \$1,673,265.

K. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) at the end of each fiscal year was as follows:

(Millions of Dollars)	2010	2009	2008
Currency translation adjustment	\$29.1	\$15.1	\$(67.2)
Pension loss, net of tax	(62.5)	(84.6)	(83.0)
Fair value of net investment hedge effectiveness, net of tax	(32.7)	(11.8)	(6.6)
Fair value of cash flow hedge effectiveness, net of tax	(50.2)	4.8	4.8
Accumulated other comprehensive loss	<u>\$(116.3)</u>	<u>\$(76.5)</u>	<u>\$(152.0)</u>

L. EMPLOYEE BENEFIT PLANS

EMPLOYEE STOCK OWNERSHIP PLAN ("ESOP") Most U.S. employees, aside from Black & Decker employees, may contribute from 1% to 15% of their eligible compensation to a tax-deferred 401(k) savings plan, subject to restrictions under tax laws. Employees generally direct the investment of their own contributions into various investment funds. In 2010 and 2008, an employer match benefit was provided under the plan equal to one-half of each employee's tax-deferred contribution up to the first 7% of their compensation. In 2009, an employer match benefit was provided under the plan equal to one-quarter of each employee's tax-deferred contribution up to the first 7% of their compensation. Participants direct the entire employer match benefit such that no participant is required to hold the Company's common stock in their 401(k) account. The employer match benefit totaled \$8.8 million, \$3.9 million and \$10.4 million, in 2010, 2009 and 2008, respectively. In addition to the regular employer match, in 2009 the Company made an additional \$0.9 million contribution to employees' accounts based on 2009 forfeitures and a surplus resulting from appreciation of the Company's share value.

In addition, approximately 3,300 U.S. salaried and non-union hourly employees are eligible to receive a non-contributory benefit under the Cornerstone plan. Cornerstone benefit allocations range from 3% to 9% of eligible employee compensation based on age. Approximately 1,100 U.S. employees are eligible to receive an additional average 1.6% contribution actuarially designed to replace previously curtailed pension benefits. Allocations for benefits earned under the Cornerstone plan, which were suspended in 2009, were \$13.7 million in 2010 and \$15.6 million in 2008. Assets held in participant Cornerstone accounts are invested in target date retirement funds which have an age-based allocation of investments.

Shares of the Company's common stock held by the ESOP were purchased with the proceeds of external borrowings in 1989 and borrowings from the Company in 1991 ("1991 internal loan"). The external ESOP borrowings, which were fully repaid in 2009, were guaranteed by the Company and were included in Long-term debt. Shareowners' equity reflects a reduction equal to the cost basis of unearned (unallocated) shares purchased with the internal and the external borrowings.

The Company accounts for the ESOP under ASC 718-40, "Compensation — Stock Compensation — Employee Stock Ownership Plans". Net ESOP activity recognized is comprised of the cost basis of shares released, the cost of the aforementioned Cornerstone and 401(k) match defined contribution benefits, interest expense on the external 1989 borrowing, less the fair value of shares released and dividends on unallocated ESOP shares. The Company's net ESOP activity resulted in expense of \$3.4 million in 2010, income of \$8.0 million in 2009 and expense of \$10.6 million in 2008. ESOP expense is affected by the market value of the Company's common stock on the monthly dates when shares are released. The market value of shares released averaged \$58.56 per share in 2010, \$39.37 per share in 2009 and \$43.65 per share in 2008.

Unallocated shares are released from the trust based on current period debt principal and interest payments as a percentage of total future debt principal and interest payments. Dividends on both allocated and unallocated shares may be used for debt service and to credit participant accounts for dividends earned on allocated shares. Dividends paid on the shares acquired with the 1991 internal loan were used solely to pay internal loan debt service in all periods. Dividends on ESOP shares, which are charged to shareowners' equity as declared, were \$9.7 million in 2010, \$10.3 million in 2009 and \$9.7 million in 2008, net of the tax benefit which is recorded within equity. Dividends on ESOP shares were utilized entirely for debt service in all years. Interest costs incurred by the ESOP on the 1989 external debt, which matured in 2009, amounted to \$0.2 million in 2008 and were nominal in 2009. Interest costs incurred by the ESOP on the 1991 internal loan, which have no earnings impact, were \$7.6 million, \$8.1 million and \$8.4 million for 2010, 2009 and 2008, respectively. Both allocated and unallocated ESOP shares are treated as outstanding for purposes of computing earnings per share. As of January 1, 2011, the cumulative number of ESOP shares allocated to participant accounts was 11,550,815, of which participants held 2,844,002 shares, and the number of unallocated shares was 4,014,241. At January 1, 2011, there were 31,553 released shares in the ESOP trust holding account pending allocation. The Company made cash contributions totaling \$1.3 million in 2010, \$11.4 million in 2009 and \$15.6 million in 2008.

PENSION AND OTHER BENEFIT PLANS — The Company sponsors pension plans covering most domestic hourly and certain executive employees, and approximately 16,400 foreign employees. Benefits are generally based on salary and years of service, except for U.S. collective bargaining employees whose benefits are based on a stated amount for each year of service.

The Company contributes to multi-employer plans for certain collective bargaining U.S. employees. In addition, various other defined contribution plans are sponsored worldwide, including a tax-deferred 401(k) savings plan covering substantially all Black & Decker U.S. employees. The expense for such defined contribution plans, aside from the earlier discussed ESOP plans, follows:

(Millions of Dollars)	2010	2009	2008
Multi-employer plan expense	\$0.6	\$0.5	\$0.6
Other defined contribution plan expense	\$16.4	\$3.3	\$5.0

Both the defined contribution expense and the net periodic pension expense increased significantly in 2010 as compared to the prior years due to the Merger.

The components of net periodic pension expense are as follows:

(Millions of Dollars)	U.S. Plans			Non-U.S. Plans		
	2010	2009	2008	2010	2009	2008
Service cost	\$ 18.1	\$ 2.6	\$ 2.7	\$ 12.8	\$ 3.8	\$ 4.7
Interest cost	61.2	9.8	9.8	44.7	13.3	15.4
Expected return on plan assets	(52.5)	(6.7)	(10.3)	(39.8)	(14.9)	(19.0)
Amortization of prior service cost	1.0	1.2	1.4	0.2	0.1	0.1
Transition amount amortization	-	-	-	0.1	0.1	0.1
Actuarial loss amortization	2.0	2.9	-	4.1	2.4	3.9
Settlement /curtailment loss (gain)	(9.1)	1.2	-	(2.3)	(1.7)	1.0
Net periodic pension expense	\$ 20.7	\$ 11.0	\$ 3.6	\$ 19.8	\$ 3.1	\$ 6.2

The Company provides medical and dental benefits for certain retired employees in the United States. Approximately 9,300 participants are covered under these plans. Net periodic post-retirement benefit expense was comprised of the following elements:

(Millions of Dollars)	Other Benefit Plans		
	2010	2009	2008
Service cost	\$ 1.3	\$ 0.8	\$ 1.0
Interest cost	4.6	1.3	1.4
Amortization of prior service cost	(0.2)	(0.2)	(0.2)
Actuarial loss amortization	(0.1)	(0.1)	(0.3)
Settlement /curtailment gain	(7.2)	-	-
Net periodic pension expense (income)...	\$ (1.6)	\$ 1.8	\$ 1.9

Changes in plan assets and benefit obligations recognized in other comprehensive income in 2010 are as follows:

(Millions of Dollars)	2010
Current year actuarial loss	\$ 47.5
Amortization of actuarial loss	(64.6)
Current year prior service credit	(8.7)
Amortization of prior service costs	(1.6)
Amortization of transition obligation	(0.1)
Currency /other	(1.7)
Total gain recognized in other comprehensive income (pre-tax)	\$ (29.2)

The amounts in Accumulated other comprehensive loss expected to be recognized as components of net periodic benefit costs during 2011 total \$5.8 million, representing amortization of \$5.6 million of actuarial loss, \$0.1 million of prior service cost, and \$0.1 million of transition obligation.

The changes in the pension and other post-retirement benefit obligations, fair value of plan assets, as well as amounts recognized in the Consolidated Balance Sheets, are shown below:

	U.S. Plans		Non-U.S. Plans		Other Benefits	
	2010	2009	2010	2009	2010	2009
Change in benefit obligation						
Benefit obligation at end of prior year	\$ 176.1	\$ 166.9	\$ 256.6	\$ 217.2	\$ 23.0	\$ 23.0
Service cost	18.1	2.6	12.8	3.8	1.3	0.8
Interest cost	61.2	9.8	44.7	13.3	4.6	1.3
Settlements/curtailments	(65.6)	0.4	(14.1)	(6.9)	(11.0)	-
Actuarial loss	81.6	5.5	13.0	20.1	3.9	0.7
Plan amendments	2.0	0.3	3.3	-	(13.9)	-
Foreign currency exchange rates	-	-	9.3	22.6	0.2	-
Participant contributions	-	-	0.8	-	-	-
Acquisitions, divestitures and other	1,181.7	0.3	706.6	1.1	90.4	-
Benefits paid	(64.6)	(9.7)	(45.9)	(14.6)	(11.6)	(2.8)
Benefit obligation at end of year	\$ 1,390.5	\$ 176.1	\$ 987.1	\$ 256.6	\$ 86.9	\$ 23.0
Change in plan assets						
Fair value of plan assets at end of prior year	\$ 108.7	\$ 90.5	\$ 210.8	\$ 174.9	\$ -	\$ -
Actual return on plan assets	86.9	21.0	51.2	26.8	-	-
Participant contributions	-	-	0.8	-	-	-
Employer contributions	212.6	6.9	52.4	7.7	11.6	2.8
Settlements	-	-	(7.3)	(4.6)	-	-
Foreign currency exchange rate changes	-	-	11.0	20.2	-	-
Acquisitions, divestitures and other	688.5	-	446.1	0.2	-	-
Benefits paid	(64.6)	(9.7)	(45.9)	(14.6)	(11.6)	(2.8)
Fair value of plan assets at end of plan year	\$ 1,032.1	\$ 108.7	\$ 719.1	\$ 210.8	\$ -	\$ -
Funded status — assets less than benefit obligation	\$ (358.4)	\$ (67.4)	\$ (268.0)	\$ (45.8)	\$ (86.9)	\$ (23.0)
Unrecognized prior service cost (credit)	5.4	4.8	3.3	0.4	(14.6)	(0.9)
Unrecognized net actuarial loss	24.9	35.7	70.9	79.1	1.4	1.2
Unrecognized net transition liability	-	-	0.4	0.6	-	-
Net amount recognized	\$ (328.1)	\$ (26.9)	\$ (193.4)	\$ 34.3	\$ (100.1)	\$ (22.7)
Amounts recognized in the Consolidated Balance Sheets						
Prepaid benefit cost (non-current)	\$ 0.2	\$ -	\$ 4.8	\$ 4.4	\$ -	\$ -
Current benefit liability	(56.9)	(2.7)	(8.1)	(1.2)	(10.5)	(2.0)
Non-current benefit liability	(301.7)	(64.7)	(264.7)	(49.0)	(76.4)	(21.0)
Net liability recognized	\$ (358.4)	\$ (67.4)	\$ (268.0)	\$ (45.8)	\$ (86.9)	\$ (23.0)
Accumulated other comprehensive loss (pre-tax):						
Prior service cost (credit)	\$ 5.4	\$ 4.8	\$ 3.3	\$ 0.4	\$ (14.6)	\$ (0.9)
Actuarial loss	24.9	35.7	70.9	79.1	1.4	1.2
Transition liability	-	-	0.4	0.6	-	-
	\$ 30.3	\$ 40.5	\$ 74.6	\$ 80.1	\$ (13.2)	\$ 0.3
Net amount recognized	\$ (328.1)	\$ (26.9)	\$ (193.4)	\$ 34.3	\$ (100.1)	\$ (22.7)

During the fourth quarter of 2010, certain Black & Decker U.S. and U.K. pension plans, as well as the U.S. retiree health benefit plan were curtailed resulting in curtailment gains of \$20 million as disclosed in the tables above. In 2010, the increase in the U.S. projected benefit obligation from actuarial losses primarily pertains to the discount rate used to measure the pension liabilities along with investment experience for the

largest Black & Decker plan; these actuarial losses were largely recognized as part of the curtailment impact recorded for the plan such that there is no significant impact on the ending projected benefit obligation.

The accumulated benefit obligation for all defined benefit pension plans was \$2,334.8 million at January 1, 2011 and \$412.1 million at January 2, 2010. Information regarding pension plans in which accumulated benefit obligations exceed plan assets follows:

(Millions of Dollars)	U.S. Plans		Non-U.S. Plans	
	2010	2009	2010	2009
Projected benefit obligation	\$ 1,376.7	\$ 176.1	\$ 927.5	\$ 215.9
Accumulated benefit obligation...	\$ 1,373.9	\$ 174.7	\$ 890.7	\$ 200.9
Fair value of plan assets	\$ 1,018.1	\$ 108.7	\$ 655.8	\$ 165.7

Information regarding pension plans in which projected benefit obligations (inclusive of anticipated future compensation increases) exceed plan assets follows:

(Millions of Dollars)	U.S. Plans		Non-U.S. Plans	
	2010	2009	2010	2009
Projected benefit obligation	\$ 1,376.7	\$ 176.1	\$ 943.0	\$ 215.9
Accumulated benefit obligation...	\$ 1,373.9	\$ 174.7	\$ 904.5	\$ 200.9
Fair value of plan assets	\$ 1,018.1	\$ 108.7	\$ 670.2	\$ 165.7

The major assumptions used in valuing pension and post-retirement plan obligations and net costs were as follows:

	Pension Benefits						Other Benefits		
	U.S. Plans			Non-U.S. Plans			U.S. Plans		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Weighted-average assumptions used to determine benefit obligations at year end:									
Discount rate	5.25%	5.75%	6.0%	5.25%	5.75%	6.0%	4.5%	5.5%	6.25%
Rate of compensation increase	6.0%	6.0%	6.0%	4.0%	4.25%	3.5%	3.75%	4.0%	4.0%
Weighted-average assumptions used to determine net periodic benefit cost:									
Discount rate	5.75%	6.0%	6.5%	5.75%	6.0%	5.5%	5.50%	6.25%	6.25%
Rate of compensation increase	3.75%	6.0%	6.0%	4.25%	3.5%	3.75%	4.0%	4.0%	4.0%
Expected return on plan assets	7.5%	7.5%	8.0%	6.75%	6.75%	7.5%	-	-	-

The expected long-term rate of return on plan assets is determined considering the returns projected for the various asset classes and the relative weighting for each asset class as reflected in the target asset allocation below. In addition the Company considers historical performance, the opinions of outside actuaries and other data in developing the return assumption. The Company expects to use a weighted-average long-term rate of return assumption of 7.0% for both the U.S. and the non-U.S. plans in the determination of fiscal 2011 net periodic benefit expense.

PENSION PLAN ASSETS — Plan assets are invested in equity securities, government and corporate bonds and other fixed income securities, money market instruments and insurance contracts. The Company's

worldwide asset allocations at January 1, 2011 and January 2, 2010 by asset category and the level of the valuation inputs within the fair value hierarchy established by ASC 820 are as follows:

Asset Category	2010	Level 1	Level 2
Cash and cash equivalents	\$ 18.1	\$ 1.2	\$ 16.9
Equity securities			
U.S. equity securities	513.2	7.2	506.0
Foreign equity securities	513.4	24.6	488.8
Fixed income securities			
Government securities	281.9	9.0	272.9
Corporate securities	285.9	16.1	269.8
Mortgage-backed securities	78.0	18.4	59.6
Insurance contracts	31.4	—	31.4
Other	29.3	—	29.3
Total	\$ 1,751.2	\$ 76.5	\$ 1,674.7

Asset Category	2009	Level 1	Level 2
Cash and cash equivalents	\$ 3.0	\$ 3.0	\$ —
Equity securities			
U.S. equity securities	69.4	6.6	62.8
Foreign equity securities	125.8	23.1	102.7
Fixed income securities			
Government securities	62.4	23.8	38.6
Corporate securities	42.7	18.7	24.0
Insurance contracts	16.2	—	16.2
Total	\$ 319.5	\$ 75.2	\$ 244.3

U.S. and foreign equity securities primarily consist of companies with large market capitalizations and to a small extent mid and small capitalization securities. Government securities consist of U.S. Treasury securities and foreign government securities with de minimis default risk. Corporate fixed income securities include publicly traded U.S. and foreign investment grade and high yield securities. Mortgage-backed securities predominantly consist of U.S. holdings. Assets held in insurance contracts are invested in the general asset pools of the various insurers, mainly debt and equity securities with guaranteed returns. Other investments include diversified private equity holdings.

The Company's investment strategy for pension plan assets includes diversification to minimize interest and market risks, and generally does not involve the use of derivative financial instruments. Plan assets are rebalanced periodically to maintain target asset allocations. Currently, the Company's target allocations include 50%-65% in equity securities, 35%-50% in fixed income securities and up to 10% in other securities. Maturities of investments are not necessarily related to the timing of expected future benefit payments, but adequate liquidity to make immediate and medium term benefit payments is ensured.

CONTRIBUTIONS The Company's funding policy for its defined benefit plans is to contribute amounts determined annually on an actuarial basis to provide for current and future benefits in accordance with federal law and other regulations. The Company expects to contribute approximately \$140 million to its pension and other post-retirement benefit plans in 2011.

EXPECTED FUTURE BENEFIT PAYMENTS Benefit payments, inclusive of amounts attributable to estimated future employee service, are expected to be paid as follows over the next 10 years:

(Millions of Dollars)	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6-10
Future payments	\$1,563.1	\$188.7	\$150.7	\$149.9	\$153.3	\$153.5	\$767.0

These benefit payments will be funded through a combination of existing plan assets and amounts to be contributed in the future by the Company.

HEALTH CARE COST TRENDS The weighted average annual assumed rate of increase in the per-capita cost of covered benefits (i.e., health care cost trend rate) is assumed to be 8.5% for 2011, reducing gradually to 4.5% by 2028 and remaining at that level thereafter. A one percentage point change in the assumed health care cost trend rate would affect the post-retirement benefit obligation as of January 1, 2011 by approximately \$3 million and would have an immaterial effect on the net periodic post-retirement benefit cost.

M. FAIR VALUE MEASUREMENTS

ASC 820 defines, establishes a consistent framework for measuring, and expands disclosure requirements about fair value. ASC 820 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 — Quoted prices for identical instruments in active markets.

Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs and significant value drivers are observable.

Level 3 — Instruments that are valued using unobservable inputs.

The Company holds various derivative financial instruments that are employed to manage risks, including foreign currency and interest rate exposures. These financial instruments are carried at fair value and are included within the scope of ASC 820. The Company determines the fair value of derivatives through the use of matrix or model pricing, which utilizes verifiable inputs such as market interest and currency rates. When determining the fair value of these financial instruments for which Level 1 evidence does not exist, the Company considers various factors including the following: exchange or market price quotations of similar instruments, time value and volatility factors, the Company's own credit rating and the credit rating of the counter-party.

The following table presents the fair value and the hierarchy levels, for financial assets and liabilities that are measured at fair value on a recurring basis (millions of dollars):

	Total Carrying Value	Level 1	Level 2	Level 3
January 1, 2011:				
Derivative assets	\$55.0	\$ -	\$55.0	\$ -
Derivatives liabilities	\$115.7	\$ -	\$115.7	\$ -
Money market fund	\$716.7	\$716.7	\$ -	\$ -
January 2, 2010:				
Derivative assets	\$33.3	\$ -	\$33.3	\$ -
Derivatives liabilities	\$84.7	\$ -	\$84.7	\$ -
Money market fund	\$210.8	\$210.8	\$ -	\$ -

The following table presents the fair value and the hierarchy levels, for assets and liabilities that were measured at fair value on a non-recurring basis during 2010 (millions of dollars):

	Carrying Value January 1, 2011	Level 1	Level 2	Level 3	Total Losses Year to Date
Long-lived assets held and used	\$ 33.5	\$ -	\$ -	\$ 33.5	\$ (24.0)

In accordance with the provisions of ASC 820, long-lived assets with a carrying amount of \$57.5 million were written down to \$33.5 million fair value (approximately \$30 million of which is included in the CDIV segment) during the year ended January 1, 2011. This was a result of restructuring-related asset impairments more fully described in Note O, Restructuring and Asset Impairments. Fair value for these impaired production assets was based on the present value of discounted cash flows. This included an estimate for future cash flows.

as production activities are phased out as well as auction values (prices for similar assets) for assets where use has been discontinued or future cash flows are minimal.

A summary of the Company's financial instruments carrying and fair values at January 1, 2011 and January 2, 2010 follows. Refer to Note I, Derivative Financial Instruments for more details regarding derivative financial instruments, and Note H, Long-Term Debt and Financing Arrangements for more information regarding carrying values of the Long-term debt shown below.

(millions of dollars), (asset)/liability	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current portion	\$ 3,434.2	\$ 3,607.1	\$ 1,292.7	\$ 1,282.3
Derivative assets	\$ (55.0)	\$ (55.0)	\$ (33.3)	\$ (33.3)
Derivative liabilities	\$ 115.7	\$ 115.7	\$ 84.7	\$ 84.7

The fair values of Long-term debt instruments are estimated using a discounted cash flow analysis, based on the Company's marginal borrowing rates. The fair values of foreign currency and interest rate swap agreements, comprising the derivative assets and liabilities in the table above, are based on current settlement values.

As discussed in Note B, Accounts and Financing Receivable, the Company has a deferred purchase price receivable related to sales of trade receivables. The deferred purchase price receivable will be repaid in cash as receivables are collected, generally within 30 days, and as such the carrying value of the receivable approximates fair value.

N: OTHER COSTS AND EXPENSES

Other-net is primarily comprised of intangible asset amortization expense (See Note F Goodwill and Other Intangible Assets for further discussion), currency impact, environmental expense and merger and acquisition-related charges primarily consisting of transaction costs, partially offset by pension curtailments and settlements.

Research and development costs, which are classified in SG&A, were \$131.4 million, \$18.3 million and \$25.4 million for fiscal years 2010, 2009 and 2008, respectively.

O. RESTRUCTURING AND ASSET IMPAIRMENTS

At January 1, 2011, restructuring reserves totaled \$101.2 million. A summary of the restructuring reserve activity from January 2, 2010 to January 1, 2011 is as follows (in millions):

	1/2/10	Acquisitions	Net Additions	Usage	Currency	1/1/11
2010 Actions						
Severance and related costs	\$—	\$—	\$205.8	\$(124.6)	\$0.5	\$81.7
Asset impairments	—	—	24.0	(24.0)	—	—
Facility closure	—	—	2.7	(1.1)	—	1.6
Other	—	—	7.0	(6.0)	0.1	1.1
Subtotal 2010 actions	—	—	239.5	(155.7)	0.6	84.4
Pre-2010 Actions						
Severance and related costs	44.3	3.5	(0.9)	(27.1)	(3.7)	16.1
Asset impairments	—	—	—	—	—	—
Facility closure	1.9	—	3.9	(5.1)	—	0.7
Other	0.2	—	0.1	(0.3)	—	—
Subtotal Pre-2010 actions	46.4	3.5	3.1	(32.5)	(3.7)	16.8
Total	\$46.4	\$3.5	\$242.6	\$(188.2)	\$(3.1)	\$101.2

2010 Actions: During 2010, the Company recognized \$224.3 million of restructuring charges and asset impairments associated with the Black & Decker merger and acquisition of SSDS. Of those charges, \$194.4 million relates to severance charges associated with the reduction of 3,000 employees, \$20.2 million relates to asset impairments, \$2.7 million relates to facility closure costs, and \$7.0 million represents other charges.

In addition, the Company continued to initiate cost reduction actions in 2010 that were not associated with the Black & Decker merger and SSDS acquisition, resulting in severance and related charges of \$11.4 million pertaining to the reduction of approximately 300 employees, and asset impairment charges of \$3.8 million.

Of the \$239.5 million recognized for these 2010 actions, \$155.7 million has been utilized to date, with \$84.4 million of reserves remaining as of January 1, 2011, the majority of which are expected to be utilized in 2011. Usage includes \$15.0 million the majority of which ultimately will entail cash payment in a future period as it relates to a defined benefit plan for severed Black & Decker executives which is classified in Post-Retirement Benefits on the Consolidated Balance Sheet.

Pre-2010 Actions: During 2009 and 2008 the Company initiated cost reduction actions in various businesses in response to sales volume declines associated with the economic recession. Charges recognized in 2010 associated with these initiatives amounted to \$3.1 million.

As of January 2, 2010, the reserve balance related to these pre-2010 actions totaled \$46.4 million. As a result of the Merger and the acquisition of SSDS, the Company has assumed \$3.5 million of restructuring reserves recorded by those companies prior to the Merger and acquisition.

Utilization of the reserve balance related to Pre-2010 actions, including usage of those reserves acquired as part of the Merger, was \$32.5 million in 2010. The remaining reserve balance of \$16.8 million is expected to be utilized predominantly in 2011.

Segments: The \$242.6 million of charges recognized in 2010 includes: \$126.4 million pertaining to the CDLY segment; \$64.2 million pertaining to the Security segment; \$12.2 million pertaining to the Industrial segment; and \$39.8 million pertaining to non-operating entities.

In addition to the restructuring charges described in the preceding paragraphs, the Company recognized \$21.4 million of restructuring-related costs in 2010 pertaining to the Merger. Those costs are classified in Cost of Sales and include accelerated depreciation and other charges associated with facility closures.

P. BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

The Company classifies its business into three reportable segments: Construction & Do It Yourself ("CDIY"), Security, and Industrial.

The CDIY segment manufactures and markets hand tools, corded and cordless electric power tools and equipment, lawn and garden products, consumer portable power products, home products, accessories and attachments for power tools, plumbing products, consumer mechanics tools, storage systems, and pneumatic tools and fasteners. These products are sold to professional end users, distributors, and consumers, and are distributed through retailers (including home centers, mass merchants, hardware stores, and retail lumber yards).

The Security segment provides access and security solutions primarily for consumers, retailers, educational, financial and healthcare institutions, as well as commercial, governmental and industrial customers. The Company provides an extensive suite of mechanical and electronic security products and systems, and a variety of security services. These include security integration systems, software, related installation, maintenance, monitoring services, automatic doors, door closers, electronic keyless entry systems, exit devices, healthcare storage and supply chain solutions, patient protection products, hardware (including door and cabinet knobs and hinges, door stops, kick plates, house numbers, gate hardware, cabinet pulls, hooks, braces and shelf brackets), locking mechanisms, electronic keyless entry systems, keying systems, tubular and mortise door locksets. Security products are sold primarily on a direct sales basis, and in certain instances, through third party distributors.

The Industrial segment manufactures and markets professional industrial and automotive mechanics tools and storage systems, metal and plastic fasteners and engineered fastening systems, hydraulic tools and accessories, and specialty tools. These products are sold to industrial customers including automotive, transportation, electronics, aerospace, machine tool and appliance industries and distributed through third party distributors as well as through direct sales forces. As discussed in Note E, Merger and Acquisitions, in July 2010 the Company completed the acquisition of CRC-Evans which is a full line supplier of specialized tools, equipment and services used in the construction of large diameter oil and natural gas transmission pipelines. CRC-Evans also sells and rents custom pipe handling and joint welding and coating equipment used in the construction of large and small diameter pipelines. CRC-Evans' operations are presented within the Industrial segment and reflect activity since the acquisition date.

As discussed in Note E, Merger and Acquisitions, the Company merged with Black & Decker at the close of business on March 12, 2010. The Black & Decker businesses were assessed and integrated into the Company's existing reportable segments. The legacy Black & Decker segments, Power Tools and Accessories, Hardware & Home Improvement ("HHI") and Fastening and Assembly Systems, were integrated into the Company's CDIY, Security and Industrial segments, respectively, with the Pfister plumbing products business which was formerly part of HHI included in the CDIY segment. The results of Black & Decker's operations are presented within each of these segments and reflect activity since the merger date.

The Company utilizes segment profit, which is defined as net sales minus cost of sales and SG&A inclusive of the provision for doubtful accounts (aside from corporate overhead expense), and segment profit as a percentage of net sales to assess the profitability of each segment. Segment profit excludes the corporate overhead expense element of SG&A, interest income, interest expense, other-net (inclusive of intangible asset amortization expense), restructuring, and income tax expense. Refer to Note O, Restructuring and Asset Impairments for the amount of restructuring charges and asset impairments by segment, and to Note F, Goodwill and Other Intangible Assets for intangible amortization expense by segment. Corporate overhead is comprised of world headquarters facility expense, cost for the executive management team and cost for certain centralized functions that benefit the entire Company but are not directly attributable to the businesses, such as legal and corporate finance functions. Transactions between segments are not material. Segment assets

primarily include accounts receivable, inventory, other current assets, property, plant and equipment, intangible assets and other miscellaneous assets.

Corporate assets and unallocated assets are cash and deferred income taxes. Geographic net sales and long-lived assets are attributed to the geographic regions based on the geographic location of each Company subsidiary.

The following information excludes the CST/berger laser leveling and measuring business, as well as three other smaller businesses, which are classified as discontinued operations as disclosed in Note T, Discontinued Operations, unless otherwise noted.

BUSINESS SEGMENTS

(Millions of Dollars)

	2010	2009	2008
Net Sales			
CDIY	\$4,446.1	\$1,295.3	\$1,655.5
Security	2,112.9	1,560.2	1,497.2
Industrial	1,850.6	881.6	1,273.5
Consolidated	<u>\$8,409.6</u>	<u>\$3,737.1</u>	<u>\$4,426.2</u>
Segment Profit			
CDIY	\$475.5	\$154.1	\$190.7
Security	306.0	307.0	268.7
Industrial	242.9	89.3	164.2
Segment Profit	1,024.4	550.4	623.6
Corporate overhead	(244.5)	(70.5)	(59.8)
Other-net	(199.6)	(139.1)	(111.6)
Restructuring charges and asset impairments	(242.6)	(40.7)	(85.5)
Gain on debt extinguishment	—	43.8	9.4
Interest income	9.4	3.1	9.2
Interest expense	(110.0)	(63.7)	(92.1)
Earnings from continuing operations before income taxes	<u>\$237.1</u>	<u>\$283.3</u>	<u>\$293.2</u>
Capital and Software Expenditures			
CDIY	\$98.3	\$38.7	\$9.3
Security	41.1	33.6	52.6
Industrial	46.1	21.1	38.5
Discontinued operations	—	—	0.4
Consolidated	<u>\$185.5</u>	<u>\$93.4</u>	<u>\$140.8</u>
Depreciation and Amortization			
CDIY	\$115.5	\$41.2	\$42.2
Security	158.1	131.9	108.6
Industrial	75.1	27.0	30.3
Discontinued operations	—	—	1.9
Consolidated	<u>\$348.7</u>	<u>\$200.1</u>	<u>\$183.0</u>
Segment Assets			
CDIY	\$7,688.3	\$819.5	
Security	3,496.3	2,430.9	
Industrial	2,938.6	1,069.1	
	14,123.2	4,319.5	
Corporate assets	1,016.2	449.6	
Consolidated	<u>\$15,139.4</u>	<u>\$4,769.1</u>	

Sales to the Home Depot were 14%, 14% and 13% of the CDIY segment net sales in 2010, 2009 and 2008, respectively, and 10% of the Security segment net sales in 2010. Sales to Lowes were 13% of the CDIY segment net sales and 10% of the Security segment net sales in 2010.

The Company recorded \$173.5 million in cost of sales for the year ended January 1, 2011 associated with the inventory step-up amortization stemming from the turn of acquired inventory which was recorded in purchase accounting at its fair value. The non-cash inventory step-up amortization reduced 2010 segment profit by \$125.3 million in CDIY, \$24.9 million in Security and \$23.3 million in Industrial for the year ended January 1, 2011. Additionally, the Company recorded \$21.4 million of facility closure-related and other charges associated with the merger and other 2010 acquisitions of \$1.8 million in CDIY, \$18.1 million in Security and \$2.0 million in Industrial for the year ended January 1, 2011.

Corporate overhead for the year ended January 1, 2011 includes \$81.0 million of charges pertaining primarily to certain merger-related executive compensation and Black & Decker integration costs.

GEOGRAPHIC AREAS

(Millions of Dollars)

	2010	2009	2008
Net Sales			
United States	\$4,611.7	\$2,168.0	\$2,514.3
Canada	566.6	253.3	284.8
Other Americas	424.6	99.5	135.6
France	707.0	498.5	571.5
Other Europe	1,354.4	505.3	680.9
Asia	745.3	212.5	239.1
Consolidated	<u>\$8,409.6</u>	<u>\$3,737.1</u>	<u>\$4,426.2</u>
Property, Plant & Equipment			
United States	\$520.0	\$292.8	
Canada	20.7	14.0	
Other Americas	187.2	12.5	
France	65.9	60.3	
Other Europe	184.0	108.6	
Asia	188.7	87.7	
Consolidated	<u>\$1,166.5</u>	<u>\$575.9</u>	

Q. INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities at the end of each fiscal year were as follows:

(Millions of Dollars)	2010	2009
Deferred tax liabilities:		
Depreciation	\$42.3	\$63.8
Amortization of intangibles	778.8	153.2
Liability on undistributed foreign earnings	442.9	—
Discharge of indebtedness	15.5	15.5
Inventories	19.0	4.7
Other	65.8	13.5
Total deferred tax liabilities	\$1,364.3	\$250.7
Deferred tax assets:		
Employee benefit plans	\$329.0	\$79.0
Doubtful accounts	12.1	12.0
Accruals	147.2	12.1
Restructuring charges	30.1	13.0
Debt amortization	33.5	—
Operating and capital loss carry forwards	330.6	27.7
Other	47.7	53.2
Total deferred tax assets	\$930.2	\$197.0
Net Deferred Tax Liabilities before Valuation Allowance	\$434.1	\$53.7
Valuation allowance	\$265.8	\$24.4
Net Deferred Tax Liabilities after Valuation Allowance	\$699.9	\$78.1

Net operating loss carry forwards of \$787.9 million as of January 1, 2011, are available to reduce future tax obligations of certain U.S. and foreign companies. The net operating loss carry forwards have various expiration dates beginning in 2011 with certain jurisdictions having indefinite carry forward periods. The U.S. federal capital loss carry forward of \$85.1 million and U.S. foreign tax credit carry forwards of \$11 million expire in 2015 and 2019, respectively.

A valuation allowance is recorded on certain deferred tax assets if it has been determined it is more likely than not that all or a portion of these assets will not be realized. We have recorded a valuation allowance of \$265.8 million and \$24.4 million for deferred tax assets existing as of January 1, 2011 and January 2, 2010, respectively. During 2010, the valuation allowance increased by \$241.4 million principally due to the inclusion of Black & Decker during the year. The valuation allowance is primarily attributable to foreign and state net operating loss carry forwards and a U.S. federal capital loss carry forward.

The classification of deferred taxes as of January 1, 2011 and January 2, 2010 is as follows:

	2010		2009	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Current	\$(112.8)	\$40.3	\$(15.3)	\$6.4
Non-current	(128.7)	901.1	(33.4)	120.4
Total	\$(241.5)	\$941.4	\$(48.7)	\$126.8

Income tax expense (benefit) attributable to continuing operations consisted of the following:

(Millions of Dollars)	2010	2009	2008
Current:			
Federal	\$(74.7)	\$(1.0)	\$27.0
Foreign	107.0	21.1	38.0
State	4.7	7.1	8.7
Total current	\$37.0	\$27.2	\$73.7
Deferred:			
Federal	\$37.5	\$34.4	\$(0.9)
Foreign	(31.8)	(5.0)	2.8
State	(3.8)	(2.1)	(3.1)
Total deferred	1.9	27.3	(1.2)
Income taxes on continuing operations	<u>\$38.9</u>	<u>\$54.5</u>	<u>\$72.5</u>

Net income taxes paid during 2010, 2009 and 2008 were \$97.7 million, \$58.6 million and \$134.4 million, respectively. The 2010 amount includes U.S. Federal refunds of \$77.4 million relating to an NOL carry back, an audit settlement and a prior year overpayment. During 2010, the Company had tax holidays in Thailand and China. Tax holidays resulted in a reduction of tax expense amounting to \$2.9 million in 2010, \$2.0 million in 2009 and \$2.7 million in 2008. The tax holiday in Thailand expired during 2010 while the tax holiday in China expires between 2011 and 2015.

The reconciliation of the U.S. federal statutory income tax to the income taxes on continuing operations is as follows:

(Millions of Dollars)	2010	2009	2008
Tax at statutory rate	\$83.0	\$99.2	\$102.6
State income taxes, net of federal benefits	1.4	4.7	5.2
Difference between foreign and federal income tax	(81.7)	(27.5)	(32.4)
Tax accrual reserve	7.3	(8.3)	2.5
Audit settlements	(36.0)	(8.8)	(3.0)
Unbenefited tax losses	12.4	—	1.2
Foreign dividends and related items	7.8	—	.5
Merger related amortization tax rate differential	8.7	—	—
Non-deductible merger related costs	50.1	4.9	—
Change in deferred tax liabilities on undistributed foreign earnings	(10.6)	—	—
Statutory income tax rate change	1.5	(0.1)	(0.4)
Other-net	(5.0)	(9.6)	(3.7)
Income taxes on continuing operations	<u>\$38.9</u>	<u>\$54.5</u>	<u>\$72.5</u>

The components of earnings from continuing operations before income taxes consisted of the following:

(Millions of Dollars)	2010	2009	2008
United States	\$(182.7)	\$115.1	\$94.8
Foreign	419.8	168.2	198.4
Earnings from continuing operations before income taxes	<u>\$237.1</u>	<u>\$283.3</u>	<u>\$293.2</u>

Concurrent with the Merger, the Company has made a determination to repatriate \$1,636.1 million of legacy Black & Decker foreign earnings, on which U.S. income taxes had not previously been provided. As a result of this repatriation decision, in conjunction with the purchase accounting under ASC 805, the Company has recorded deferred tax liabilities of approximately \$442.9 million. All other undistributed foreign earnings of the Company at January 1, 2011, in the amount of \$1,916.3 million, are considered to be permanently

reinvested, consistent with the Company's overall growth strategy internationally, including acquisitions and long-term financial objectives. No provision has been made for taxes that might be payable upon remittance of these undistributed foreign earnings and determination of the amount of any unrecognized deferred tax liability is not practical.

The Company's liabilities for unrecognized tax benefits relate to U.S. and various foreign jurisdictions. The following table summarizes the activity related to the unrecognized tax benefits:

(Millions of Dollars)	2010	2009	2008
Balance at beginning of year	\$30.3	\$47.8	\$49.1
Adjustment for 2010 Merger and acquisitions	318.1	-	-
Additions based on tax positions related to current year	18.4	1.4	5.6
Additions based on tax positions related to prior years	0.7	2.3	7.7
Reductions based on tax positions related to prior years	(36.3)	(10.6)	(5.9)
Settlements	(41.0)	(2.3)	-
Statute of limitations expirations	(16.6)	(8.3)	(8.7)
Balance at end of year	<u>\$273.6</u>	<u>\$30.3</u>	<u>\$47.8</u>

The gross unrecognized tax benefits at January 1, 2011 and January 2, 2010 includes \$228 million and \$26.1 million, respectively, of tax benefits that, if recognized, would impact the effective tax rate. The liability for potential penalties and interest related to unrecognized tax benefits was decreased by \$6.5 million in 2010, decreased by \$1.2 million in 2009 and increased by \$1.3 million in 2008. The liability for potential penalties and interest totaled \$40.5 million as of January 1, 2011 and \$4.4 million as of January 2, 2010. The Company classifies all tax-related interest and penalties as income tax expense. During the second quarter 2010, the Company recognized a tax benefit of \$36 million attributable to a favorable settlement of certain tax contingencies, due to a change in facts and circumstances that did not exist at the acquisition date related to the resolution of a legacy Black & Decker income tax audit.

The Company considers many factors when evaluating and estimating our tax positions and the impact on income tax expense, which may require periodic adjustments and which may not accurately anticipate actual outcomes. It is reasonably possible that the amount of the unrecognized benefit with respect to certain of our unrecognized tax positions will significantly increase or decrease within the next 12 months. These changes may be the result of settlement of ongoing audits or final decisions in transfer pricing matters. At this time, an estimate of the range of reasonably possible outcomes is \$3 million to \$8 million.

The Company is subject to the examination of its income tax returns by the Internal Revenue Service and other tax authorities. For The Black & Decker Corporation, tax years 2004 and 2005 have been settled with the Internal Revenue Service as of January 1, 2011, tax years 2006 and 2007 are under current audit. For Stanley Black & Decker, Inc. tax years 2007 and forward remain subject to Internal Revenue Service examination. The Company also files many state and foreign income tax returns in jurisdictions with varying statutes of limitations. Tax years 2007 and forward generally remain subject to examination by most state tax authorities. In significant foreign jurisdictions, tax years 2002 and forward generally remain subject to examination, while in Germany tax years 1999 and forward remain subject to examination.

R. COMMITMENTS AND GUARANTEES

COMMITMENTS — The Company has non-cancelable operating lease agreements, principally related to facilities, vehicles, machinery and equipment. Minimum payments have not been reduced by minimum sublease rentals of \$1.8 million due in the future under non-cancelable subleases. Rental expense, net of sublease income, for operating leases was \$157.0 million in 2010, \$65.2 million in 2009 and \$66.4 million in 2008.

Marketing and other commitments are comprised of: \$51.1 million in marketing and advertising obligations, \$7.8 million in utilities, \$4.0 million in outsourcing and professional services and \$8.9 million in other.

The following is a summary of the future commitments for operating lease obligations, material purchase commitments, outsourcing and other arrangements:

(Millions of Dollars)	Total	2011	2012	2013	2014	2015	Thereafter
Operating lease obligations	\$309.1	\$97.0	\$72.9	\$51.6	\$32.7	\$19.7	\$35.2
Inventory purchase commitments	328.6	328.6	—	—	—	—	—
Marketing and other commitments	71.8	55.5	4.7	2.7	1.8	1.8	5.3
Total	<u>\$709.5</u>	<u>\$481.1</u>	<u>\$77.6</u>	<u>\$54.3</u>	<u>\$34.5</u>	<u>\$21.5</u>	<u>\$40.5</u>

The Company has numerous assets, predominantly vehicles and equipment, under a one-year term U.S. master personal property lease. Residual value obligations under this master lease were \$9.8 million at January 1, 2011 while the fair value of the underlying assets was approximately \$11.3 million. The U.S. master personal property lease obligations are not reflected in the future minimum lease payments since the initial and remaining term does not exceed one year. The Company routinely exercises various lease renewal options and from time to time purchases leased assets for fair value at the end of lease terms.

The Company is a party to a synthetic lease for one of its major distribution centers. The program qualifies as an operating lease for accounting purposes, where only the monthly lease cost is recorded in earnings and the liability and value of underlying assets are off-balance sheet.

As of January 1, 2011, the estimated fair value of assets and remaining obligation for the property were \$30.0 million and \$25.5 million respectively.

GUARANTEES — The following is a summary of guarantees as of January 1, 2011:

(Millions of Dollars)	Term	Maximum Potential Payment	Carrying Amount of Liability
Financial guarantees as of January 1, 2011:			
Guarantees on the residual values of leased properties	One to four years	\$35.3	\$—
Guarantee on the residual value of aircraft	Less than nine years	24.2	—
Standby letters of credit	Up to three years	59.7	—
Commercial customer financing arrangements	Up to six years	16.9	12.7
Total		<u>\$136.1</u>	<u>\$12.7</u>

The Company has guaranteed a portion of the residual value arising from its previously mentioned synthetic lease and U.S. master personal property lease programs. The lease guarantees aggregate \$35.3 million while the fair value of the underlying assets is estimated at \$41.3 million. The related assets would be available to satisfy the guarantee obligations and therefore it is unlikely the Company will incur any future loss associated with these lease guarantees.

The Company has issued \$59.7 million in standby letters of credit that guarantee future payments which may be required under certain insurance programs.

The Company provides various limited and full recourse guarantees to financial institutions that provide financing to U.S. and Canadian Mac Tool distributors for their initial purchase of the inventory and truck necessary to function as a distributor. In addition, the Company provides limited and full recourse guarantees to financial institutions that extend credit to certain end retail customers of its U.S. Mac Tool distributors. The gross amount guaranteed in these arrangements is \$16.9 million and the \$12.7 million carrying value of the guarantees issued is recorded in debt and other liabilities as appropriate in the consolidated balance sheet.

The Company leases an aircraft under an operating lease that includes a \$24.2 million residual value guarantee. The fair value of that aircraft is estimated at \$39.5 million.

The Company provides product and service warranties which vary across its businesses. The types of warranties offered generally range from one year to limited lifetime, while certain products carry no warranty.

Further, the Company sometimes incurs discretionary costs to service its products in connection with product performance issues. Historical warranty and service claim experience forms the basis for warranty obligations recognized. Adjustments are recorded to the warranty liability as new information becomes available.

Following is a summary of the warranty liability activity for the years ended January 1, 2011, January 2, 2010 and January 3, 2009:

(Millions of Dollars)	2010	2009	2008
Beginning balance	\$67.4	\$65.6	\$63.7
Warranties and guarantees issued	88.5	18.5	21.8
Liability assumed in the Merger	58.2	—	—
Warranty payments	(92.8)	(21.0)	(22.8)
Acquisitions and other	(1.7)	4.3	2.9
Ending balance	<u>\$119.6</u>	<u>\$67.4</u>	<u>\$65.6</u>

S. CONTINGENCIES

The Company is involved in various legal proceedings relating to environmental issues, employment, product liability, workers' compensation claims and other matters. The Company periodically reviews the status of these proceedings with both inside and outside counsel, as well as an actuary for risk insurance. Management believes that the ultimate disposition of these matters will not have a material adverse effect on operations or financial condition taken as a whole.

In connection with the Merger, the Company assumed certain commitments and contingent liabilities. Black & Decker was involved in lawsuits in the ordinary course of business, which primarily involve claims for damages arising out of the use of Black & Decker's products and allegations of patent and trademark infringement. Black & Decker also was involved in litigation and administrative proceedings involving employment matters, commercial disputes, and income tax matters. Some of these lawsuits include claims for punitive as well as compensatory damages. Additionally, Black & Decker is a party to litigation and administrative proceedings with respect to claims involving the discharge of hazardous substances into the environment. Some of these assert claims for damages and liability for remedial investigations and clean-up costs with respect to sites that have never been owned or operated by Black & Decker but at which Black & Decker has been identified as a potentially responsible party. Other matters involve current and former manufacturing facilities.

The Environmental Protection Agency ("EPA") has provided an affiliate of Black & Decker a "Notice of Potential Liability" related to environmental contamination found at the Centredale Manor Restoration Project Superfund site, located in North Providence, Rhode Island. The EPA has discovered a variety of contaminants at the site, including but not limited to, dioxins, polychlorinated biphenyls, and pesticides. The EPA alleged that an affiliate of Black & Decker is liable for site clean-up costs under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") as a successor to the liability of Metro-Atlantic, Inc., a former operator at the site, and demanded reimbursement of the EPA's costs related to this site. The EPA released a draft Feasibility Study Report in May 2010, which identified and evaluated possible remedial alternatives for the site.

The estimated remediation costs related to this Centredale site (including the EPA's past costs as well as costs of additional investigation, remediation, and related costs such as EPA's oversight costs, less escrowed funds contributed by primary potentially responsible parties (PRPs) who have reached settlement agreements with the EPA), which the Company considers to be probable and reasonably estimable, range from approximately \$68.3 million to \$212.8 million, with no amount within that range representing a more likely outcome until such time as the EPA completes its remedy selection process for the site. The Company's reserve for this environmental remediation matter of \$68.3 million reflects the fact that the EPA considers Metro-Atlantic, Inc. to be a primary source of contamination at the site. The Company has determined that it is likely to contest the EPA's claims with respect to this site. Further, to the extent that the Company agrees to perform or finance additional remedial activities at this site, it intends to seek participation or contribution from additional PRPs.

and insurance carriers. As the specific nature of the environmental remediation activities that may be mandated by the EPA at this site have not yet been determined, the ultimate remedial costs associated with the site may vary from the amount accrued by the Company at January 1, 2011.

The EPA and the Santa Ana Regional Water Quality Control Board have each initiated administrative proceedings against Black & Decker and certain of its current or former affiliates alleging that Black & Decker and numerous other defendants are responsible to investigate and remediate alleged groundwater contamination in and adjacent to a 160-acre property located in Rialto, California. The cities of Colton and Rialto, as well as Goodrich Corporation, also initiated lawsuits against Black & Decker and certain of its former or current affiliates in the Federal District Court for California, Central District alleging similar claims that Black & Decker is liable under CERCLA, the Resource Conservation and Recovery Act, and state law for the discharge or release of hazardous substances into the environment and the contamination caused by those alleged releases. The City of Colton also has a companion case in California State court, which is currently stayed for all purposes. Certain defendants in that case have cross-claims against other defendants and have asserted claims against the State of California. The administrative proceedings and the lawsuits generally allege that West Coast Loading Corporation ("WCLC"), a defunct company that operated in Rialto between 1952 and 1957, and an as yet undefined number of other defendants are responsible for the release of perchlorate and solvents into the groundwater basin, and that Black & Decker and certain of its current or former affiliates are liable as a "successor" of WCLC. The Company believes that neither the facts nor the law support an allegation that Black & Decker is responsible for the contamination and is vigorously contesting these claims.

The Company recognizes liabilities for contingent exposures when analysis indicates it is both probable that an asset has been impaired or that a liability has been incurred and the amount of impairment or loss can reasonably be estimated. When a range of probable loss can be estimated, the Company accrues the most likely amount.

In the event that no amount in the range of probable loss is considered most likely, the minimum loss in the range is accrued. In the normal course of business, the Company is involved in various lawsuits and claims. In addition, the Company is a party to a number of proceedings before federal and state regulatory agencies relating to environmental remediation. Also, the Company, along with many other companies, has been named as a PRP in a number of administrative proceedings for the remediation of various waste sites, including 36 active Superfund sites. Current laws potentially impose joint and several liabilities upon each PRP. In assessing its potential liability at these sites, the Company has considered the following: whether responsibility is being disputed, the terms of existing agreements, experience at similar sites, and the Company's volumetric contribution at these sites.

The Company's policy is to accrue environmental investigatory and remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The amount of liability recorded is based on an evaluation of currently available facts with respect to each individual site and includes such factors as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. The liabilities recorded do not take into account any claims for recoveries from insurance or third parties. As assessments and remediation progress at individual sites, the amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. As of January 1, 2011 and January 2, 2010, the Company had reserves of \$173.0 million and \$29.7 million, respectively, for remediation activities associated with Company-owned properties, as well as for Superfund sites, for losses that are probable and estimable. Of the 2010 amount, \$25.9 million is classified as current and \$147.1 million as long-term which is expected to be paid over the estimated remediation period. The range of environmental remediation costs that is reasonably possible is \$157 million to \$349 million which is subject to change in the near term. The Company may be liable for environmental remediation of sites it no longer owns. Liabilities have been recorded on those sites in accordance with policy.

The environmental liability for certain sites that have cash payments beyond the current year that are fixed or reliably determinable have been discounted using a rate of 2.0% to 4.6%, depending on the expected timing of

disbursements. The discounted and undiscounted amount of the liability relative to these sites is \$19.6 million and \$32.5 million, respectively. The payments relative to these sites are expected to be \$2.5 million in 2011, \$3.2 million in 2012, \$1.6 million in 2013, \$1.6 million in 2014, \$1.2 million in 2015 and \$22.4 million thereafter.

The amount recorded for identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. Actual costs to be incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating certain exposures. Subject to the imprecision in estimating future contingent liability costs, the Company does not expect that any sum it may have to pay in connection with these matters in excess of the amounts recorded will have a materially adverse effect on its financial position, results of operations or liquidity.

T. DISCONTINUED OPERATIONS

On July 25, 2008, the Company sold its CST/berger laser leveling and measuring business to Robert Bosch Tool Corporation for \$195.6 million in cash and cumulatively has recognized an \$81.1 million after-tax gain as a result of the sale. The Company sold three other smaller businesses during 2008 for total cash proceeds of \$7.9 million and a total cumulative after-tax loss of \$1.5 million. The net loss from discontinued operations in 2009 primarily related to the wind-down of one small divestiture and purchase price adjustments for CST/berger and other small businesses divested in 2008. Discontinued operations in 2008 reflect the gain recognized on the sale of CST/berger and one small business, as well as the operating results of the businesses prior to divestiture. The divestitures of these businesses were made pursuant to the Company's growth strategy which entails a reduction of risk associated with certain large customer concentrations and better utilization of resources to increase shareowner value.

CST/berger, which was formerly in the Company's CDIY segment, manufactures and distributes surveying accessories as well as building and construction instruments primarily in the Americas and Europe. Two of the small businesses that were sold were part of the Security segment, while the third minor business was part of the Industrial segment.

In accordance with the provisions of ASC 360 "Impairment of Long-Lived Assets", the results of operations of CST/berger and the three small businesses have been reported as discontinued operations. The operating results of the four divested businesses are summarized as follows:

(Millions of Dollars)	2010	2009	2008
Net sales	\$—	\$—	\$60.8
Pretax (loss)/earnings	—	(5.8)	132.8
Income taxes (benefit)	—	(3.3)	44.9
Net (loss)/earnings from discontinued operations	\$—	\$(2.5)	\$87.9

There were no significant assets or liabilities of the divested businesses classified as held for sale in the Consolidated Balance Sheets at January 1, 2011 and January 2, 2010.

U. PARENT AND SUBSIDIARY DEBT GUARANTEES

The following information is presented in accordance with Rule 3-10 of Regulation S-X. In connection with the Merger, on March 12, 2010, Stanley Black & Decker, Inc. ("Stanley") and The Black & Decker Corporation ("Black & Decker") entered into supplemental indentures providing for (i) senior unsubordinated guarantees by Black & Decker of Stanley's existing notes (the "Black & Decker Guarantees") and (ii) senior unsubordinated guarantees by Stanley of Black & Decker's existing notes (the "Stanley Guarantees," together with the Black & Decker Guarantees, the "Guarantees"). The Black & Decker Guarantees are in respect of the Company's: 6.15% Notes due 2013; 4.9% Notes due 2012; convertible notes due 2012; and 5.0% Notes due 2010 (collectively the "Stanley Notes"). The Stanley Guarantees are in respect of Black & Decker's: 5.75% Notes due 2016; 8.95% Notes due 2014; 4.75% Notes due 2014; 7.125% Notes due 2011; and 7.05% Notes due 2028 issued by Black & Decker Holdings, LLC, an indirect wholly-owned subsidiary of

Black & Decker (collectively, the "Black & Decker Notes"). The Stanley Notes and the Black & Decker Notes were issued under indentures attached as Exhibits to this Annual Report on Form 10-K. Each of the Black & Decker Notes (other than the Black & Decker 7.05% Notes) and Black & Decker's guarantee of the Black & Decker 7.05% Notes rank equally with all of Black & Decker's other unsecured and unsubordinated indebtedness. The Stanley Guarantees are unsecured obligations of the Company, ranking equal in right of payment with all the Company's existing and future unsecured and unsubordinated indebtedness.

On August 31, 2010, the Company issued \$400.0 million of senior unsecured Term Bonds, maturing on September 1, 2040. The 2040 Term Bonds are guaranteed on a senior unsecured basis by Black & Decker, a subsidiary of the Company. These 2040 Term Bonds as well as the remaining Stanley senior unsubordinated debt are not obligations of or guaranteed by any of the Company's other subsidiaries. As a result, the 2040 Term Bonds and the remaining Stanley senior unsubordinated debt are structurally subordinated to all debt and other liabilities of the Company's subsidiaries other than Black & Decker. Additionally, on April 29, 2010 the Black & Decker Guarantee of the \$320.0 million of Stanley's convertible notes due May, 2012 was released. The Stanley Guarantees are unsecured obligations of Stanley ranking equal in right of payment with all of its existing and future unsecured and unsubordinated indebtedness.

The following tables present the condensed consolidating balance sheets as of January 2, 2010 and January 1, 2011; the condensed consolidating statements of operations for the years ended January 1, 2011, January 2, 2010 and January 3, 2009; and the condensed consolidating statements of cash flows for the years ended January 1, 2011, January 2, 2010 and January 3, 2009. The condensed consolidated financial statements for the year ended January 1, 2011 include the results of Black & Decker from the Merger date. The 2009 comparative condensed consolidating financial statements reflect only the historical Stanley business.

Unaudited Financial Statements

These financial statements are prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant had audited these figures or expressed his/her opinion with regard to the content or form.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
THREE AND SIX MONTHS ENDED JULY 2, 2011 AND JULY 3, 2010
(Unaudited, Millions of Dollars, Except Per Share Amounts)

	Second Quarter		Year to Date	
	2011	2010	2011	2010
NET SALES	\$ 2,623.2	\$ 2,365.6	\$ 5,003.9	\$ 3,627.6
COSTS AND EXPENSES				
Cost of sales	1,655.8	1,596.6	3,154.0	2,402.7
Selling, general and administrative	628.5	581.1	1,231.4	959.6
Provision for doubtful accounts	6.0	3.1	8.8	7.1
Other, net	59.8	65.1	112.3	130.0
Restructuring charges and asset impairments	21.1	85.8	34.4	183.2
Interest expense	34.1	26.8	68.7	46.1
Interest income	(7.3)	(2.2)	(12.4)	(3.4)
	<u>2,398.0</u>	<u>2,356.3</u>	<u>4,597.2</u>	<u>3,725.3</u>
Earnings (loss) from continuing operations before income taxes	225.2	9.3	406.7	(97.7)
Income taxes (benefit) on continuing operations	27.9	(37.0)	51.0	(35.5)
Net earnings (loss) from continuing operations	<u>197.3</u>	<u>46.3</u>	<u>355.7</u>	<u>(62.2)</u>
Less: Net earnings (loss) attributable to non-controlling interests	-	0.5	(0.3)	0.6
NET EARNINGS (LOSS) ATTRIBUTABLE TO STANLEY BLACK & DECKER, INC.	<u>\$ 197.3</u>	<u>\$ 45.8</u>	<u>\$ 356.0</u>	<u>\$ (62.8)</u>
BASIC EARNINGS (LOSS) PER SHARE OF COMMON STOCK				
Total basic earnings (loss) per share of common stock	<u>\$ 1.17</u>	<u>\$ 0.28</u>	<u>\$ 2.12</u>	<u>\$ (0.49)</u>
DILUTED EARNINGS (LOSS) PER SHARE OF COMMON STOCK				
Total diluted earnings (loss) per share of common stock	<u>\$ 1.14</u>	<u>\$ 0.28</u>	<u>\$ 2.06</u>	<u>\$ (0.49)</u>
DIVIDENDS PER SHARE OF COMMON STOCK	<u>\$ 0.41</u>	<u>\$ 0.33</u>	<u>\$ 0.82</u>	<u>\$ 0.66</u>
AVERAGE SHARES OUTSTANDING (in thousands):				
Basic	<u>168,119</u>	<u>162,847</u>	<u>167,679</u>	<u>129,163</u>
Diluted	<u>173,075</u>	<u>166,084</u>	<u>172,429</u>	<u>129,163</u>

See notes to condensed consolidated financial statements.

THESE FINANCIAL STATEMENTS ARE PREPARED
WITHOUT AN AUDIT. PROSPECTIVE
FRANCHISEES OR SELLERS OF FRANCHISES
SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC
ACCOUNTANT HAD AUDITED THESE FIGURES OR
EXPRESSED HIS/HER OPINION WITH REGARD TO
THE CONTENT OR FORM.

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STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JULY 2, 2011 AND JANUARY 1, 2011
(Unaudited, Millions of Dollars, Except Per Share Amounts)

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,915.0	\$ 1,745.4
Accounts and notes receivable, net	1,624.6	1,417.1
Inventories, net	1,448.4	1,272.0
Prepaid expenses	199.2	224.0
Other current assets	151.8	157.1
Total Current Assets	5,339.0	4,815.6
Property, Plant and Equipment, net	1,186.4	1,166.5
Goodwill	6,248.7	5,941.9
Customer Relationships, net	855.1	889.8
Trade Names, net	1,845.2	1,839.4
Other Intangible Assets, net	145.1	143.0
Other Assets	414.0	343.2
Total Assets	\$ 16,033.5	\$ 15,139.4
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 626.9	\$ 1.6
Current maturities of long-term debt	317.0	416.1
Accounts payable	1,267.9	998.6
Accrued expenses	1,192.9	1,325.9
Total Current Liabilities	3,404.7	2,742.2
Long-Term Debt	2,729.0	3,018.1
Post-Retirement Benefits	648.2	642.8
Deferred Taxes	925.6	901.1
Other Liabilities	742.2	765.5
Commitments and Contingencies (Note Q)	—	—
Stanley Black & Decker, Inc. Shareowners' Equity		
Common stock, par value \$2.50 per share	440.7	440.7
Authorized 300,000,000 shares		
Issued 176,091,572 shares at July 2, 2011 and January 1, 2011		
Additional paid in capital	4,906.4	4,885.7
Retained earnings	2,521.4	2,301.8
Accumulated other comprehensive income (loss)	78.4	(116.3)
ESOP	(71.5)	(74.5)
	7,875.4	7,437.4
	(344.0)	(420.4)
Less: cost of common stock in treasury		
Stanley Black & Decker, Inc. Shareowners' Equity	7,531.4	7,017.0
Non-controlling interests	52.4	52.7
Total Shareowners' Equity	7,583.8	7,069.7
Total Liabilities and Shareowners' Equity	\$ 16,033.5	\$ 15,139.4

See notes to condensed consolidated financial statements.

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STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE AND SIX MONTHS ENDED JULY 2, 2011 AND JULY 3, 2010
(Unaudited, Millions of Dollars)

	Second Quarter		Year to Date	
	2011	2010	2011	2010
OPERATING ACTIVITIES				
Net earnings (loss)	\$ 197.3	\$ 46.3	\$ 355.7	\$ (62.2)
Less: Net (loss) earnings attributable to non-controlling interest	—	0.5	(0.3)	0.6
Net earnings (loss) attributable to Stanley Black & Decker, Inc	197.3	45.8	356.0	(62.8)
Depreciation and amortization	93.8	92.7	197.7	152.4
Inventory step-up amortization	—	117.7	—	159.3
Stock-based compensation	17.4	18.4	32.7	49.9
Settlement of income tax contingencies	(48.5)	(35.7)	(69.2)	(35.7)
Changes in working capital	(5.4)	(20.0)	(75.7)	(110.4)
Changes in other assets and liabilities	(77.3)	2.1	(143.8)	35.6
Cash provided by operating activities	177.3	221.0	297.7	188.3
INVESTING ACTIVITIES				
Capital expenditures and capitalized software	(67.9)	(35.1)	(138.0)	(57.2)
Business acquisitions and asset disposals	(35.6)	(10.9)	(80.1)	(18.1)
Cash acquired from Black & Decker	—	—	—	949.4
Interest rate swap terminations	—	—	—	30.0
Purchases of short-term investments	(42.5)	—	(42.5)	—
Investment in Niscayah	(58.5)	—	(58.5)	—
(Payments on) proceeds from net investment hedge settlements	(6.5)	15.8	(29.2)	(0.3)
Cash (used in) provided by investing activities	(211.0)	(30.2)	(348.3)	903.8
FINANCING ACTIVITIES				
Payments on long-term debt	(400.9)	(0.8)	(401.4)	(201.6)
Proceeds from long-term debt	20.5	—	20.5	—
Net premium paid for equity option	(19.6)	—	(19.6)	—
Stock purchase contract fees	(0.8)	(3.9)	(1.6)	(7.7)
Net short-term borrowings (repayments)	483.4	(357.1)	624.8	78.8
Cash dividends on common stock	(68.9)	(54.6)	(137.5)	(88.9)
Proceeds from the issuance of common stock	30.0	346.9	85.4	360.9
Purchase of common stock for treasury	(5.4)	(2.1)	(6.1)	(2.2)
Cash provided by (used in) financing activities	38.3	(71.6)	164.5	139.3
Effect of exchange rate changes on cash and cash equivalents	26.9	(26.2)	55.7	(33.7)
Increase in cash and cash equivalents	31.5	93.0	169.6	1,197.7
Cash and cash equivalents, beginning of period	1,883.5	1,505.4	1,745.4	400.7
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,915.0	\$ 1,598.4	\$ 1,915.0	\$ 1,598.4

See notes to condensed consolidated financial statements.

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STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREOWNERS' EQUITY
PERIODS ENDED JULY 2, 2011 AND JULY 3, 2010
(Millions of Dollars, Except Per Share Amounts)

	Accumulated							
	Additional		Other			Treasury	Non-controlling	Shareowners'
	Common	Paid In	Retained	Comprehensive	ESOP			
	Stock	Capital	Earnings	Income (Loss)	ESOP	Stock	Interests	Equity
Balance January 1, 2011	\$ 440.7	\$ 4,885.7	\$ 2,301.8	\$ (116.3)	\$ (74.5)	\$ (420.4)	\$ 52.7	\$ 7,069.7
Comprehensive income:								
Net earnings (loss)			356.0				(0.3)	355.7
Currency translation adjustment and other				206.1				206.1
Cash flow hedge, net of tax				(11.8)				(11.8)
Change in pension, net of tax				0.4				0.4
Total comprehensive income (loss)			356.0	194.7			(0.3)	550.4
Cash dividends declared — 50.82 per share			(137.5)					(137.5)
Issuance of common stock		(6.6)				82.5		75.9
Equity purchase contracts - stock issuance		(0.4)						(0.4)
Net premium paid and settlement of equity option		(19.6)						(19.6)
Repurchase of common stock (85,547 shares)						(6.1)		(6.1)
Stock-based compensation related		32.7						32.7
Tax benefit related to stock options exercised		14.6						14.6
ESOP and related tax benefit			1.1		3.0			4.1
Balance July 2, 2011	<u>\$ 440.7</u>	<u>\$ 4,906.4</u>	<u>\$ 2,521.4</u>	<u>\$ 78.4</u>	<u>\$ (71.5)</u>	<u>\$ (344.0)</u>	<u>\$ 52.4</u>	<u>\$ 7,583.8</u>

	Accumulated							
	Additional		Other			Treasury	Non-controlling	Shareowners'
	Common	Paid In	Retained	Comprehensive	ESOP			
	Stock	Capital	Earnings	Income (Loss)	ESOP	Stock	Interests	Equity
Balance January 2, 2010	\$ 230.9	\$ 126.7	\$ 2,295.5	\$ (76.5)	\$ (80.8)	\$ (509.7)	\$ 25.4	\$ 2,011.5
Comprehensive income:								
Net (loss) earnings			(62.8)				0.6	(62.2)
Currency translation adjustment and other				(272.4)				(272.4)
Cash flow hedge, net of tax				(37.8)				(37.8)
Change in pension, net of tax				2.3				2.3
Total comprehensive (loss) income			(62.8)	(307.9)			0.6	(370.1)
Cash dividends declared — \$0.66 per share			(81.2)					(81.2)
Issuance of common stock		(18.6)				56.1		37.5
Equity purchase contracts - stock issuance	12.9	307.1						320.0
Black & Decker consideration paid	196.9	4,458.9				0.4		4,656.2
Repurchase of common stock (36,931 shares)						(2.2)		(2.2)
Non-controlling interest buyout		0.7					(0.7)	—
Settlement of equity option		1.7				(1.7)		—
Stock-based compensation related		49.9						49.9
Tax benefit related to stock options exercised		8.7						8.7
ESOP and related tax benefit			1.0		3.2			4.2
Balance July 3, 2010	<u>\$ 440.7</u>	<u>\$ 4,935.1</u>	<u>\$ 2,152.5</u>	<u>\$ (384.4)</u>	<u>\$ (77.6)</u>	<u>\$ (457.1)</u>	<u>\$ 25.3</u>	<u>\$ 6,634.5</u>

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STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES NOTES TO (UNAUDITED) CONDENSED CONSOLIDATED FINANCIAL STATEMENTS JULY 2, 2011

A. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (hereinafter referred to as "generally accepted accounting principles") for interim financial statements and with the instructions to Form 10-Q and Article 10 of Regulation S-X and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations for the interim periods have been included and are of a normal, recurring nature. Operating results for the three and six months ended July 2, 2011, are not necessarily indicative of the results that may be expected for a full fiscal year. For further information, refer to the consolidated financial statements and footnotes included in the Stanley Black & Decker, Inc.'s (the "Company") Form 10-K for the year ended January 1, 2011.

On March 12, 2010 ("merger date") a wholly owned subsidiary of The Stanley Works ("Stanley") was merged with and into The Black & Decker Corporation ("Black & Decker"), with the result that Black & Decker became a wholly owned subsidiary of Stanley (the "Merger"). In connection with the Merger, Stanley changed its name to Stanley Black & Decker, Inc. The results of the operations and cash flows of Black & Decker have been included in the Company's condensed consolidated financial statements from the time of the consummation of the Merger on the merger date (See Note F, Merger and Acquisitions).

Other comprehensive income (loss) for the six month periods ended July 2, 2011 and July 3, 2010 is presented in the Consolidated Statements of Changes in Shareowners' Equity. Other comprehensive income (loss) for the three month periods ended July 2, 2011 and July 3, 2010 was \$242.4 million and \$(220.5) million, respectively.

Certain prior year amounts have been reclassified to conform to the current year presentation with respect to intercompany receivables and payables included in the Condensed Consolidated Balance Sheet at January 1, 2011 in Note S, Parent and Subsidiary Debt Guarantees. The Company has reclassified certain intercompany receivables to intercompany payables within each of The Black & Decker Corporation and Non-Guarantor Subsidiaries Balance Sheet. The effect of these reclassifications had no impact on the net assets of these subsidiaries.

B. New Accounting Standards

Implemented:

In December 2010, the FASB issued ASU 2010-28, "Intangibles — Goodwill and Other (Topic 350)." This ASU modifies the first step of the goodwill impairment test to include reporting units with zero or negative carrying amounts. For these reporting units, the second step of the goodwill impairment test shall be performed to measure the amount of impairment loss, if any, when it is more likely than not that a goodwill impairment exists. This ASU is effective for fiscal years and interim periods beginning after December 15, 2010. Effective January 1, 2011, the Company adopted this ASU and will apply its guidance when annual goodwill impairment testing is performed although it is not expected to have a material impact on the consolidated financial statements.

In December 2010, the FASB issued ASU 2010-29, "Business Combinations (Topic 805)." This ASU specifies that if a company presents comparative financial statements, the company should disclose revenue and earnings of the combined entity as though the business combination that occurred during the year had occurred as of the beginning of the comparable prior annual reporting period only. The ASU also expands the supplemental pro-forma disclosures under Topic 805 to include a description of the nature and amount of material, nonrecurring pro-forma adjustments directly attributable to the business combination included in the pro-forma revenue and earnings. This ASU is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Effective January 1, 2011, the Company adopted this ASU but was not subject to the disclosure requirements in the first six months of 2011 due to the immateriality of the acquisitions made by the Company during the period.

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In October 2009, the FASB issued ASU 2009-13, "Revenue Recognition (Topic 605) — Multiple-Deliverable Revenue Arrangements." This ASU eliminates the requirement that all undelivered elements must have objective and reliable evidence of fair value before a company can recognize the portion of the consideration that is attributable to items that already have been delivered. Additionally, under the new guidance, the relative selling price method is required to be used in allocating consideration between deliverables and the residual value method will no longer be permitted. This ASU is effective prospectively for revenue arrangements entered into or materially modified beginning in fiscal 2011. The adoption of this ASU did not have any impact on the consolidated financial statements.

Not yet Implemented:

In May 2011, the FASB issued ASU 2011-04, "Fair Value Measurement (Topic 820)." The ASU is the result of joint efforts by the FASB and IASB to develop a single, converged fair value framework on how (not when) to measure fair value and on what disclosures to provide about fair value measurements. While the ASU is largely consistent with existing fair value measurement principles in U.S. GAAP, it expands ASC 820's existing disclosure requirements for fair value measurements and makes other amendments. The amendments could change how the fair value measurement guidance in ASC 820 is applied. This ASU is effective for interim and annual periods beginning after December 15, 2011. The Company is in the process of assessing this new guidance but the adoption of this ASU is not expected to have a material impact on the consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, "Comprehensive Income (Topic 220)." This ASU revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options in ASC 220 and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. The ASU does not change the items that must be reported in other comprehensive income. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Effective January 1, 2012, the Company will adopt the requirements of this ASU.

C. Earnings (Loss) Per Share

The following table reconciles the weighted-average shares outstanding used to calculate basic and diluted earnings (loss) per share for the three and six months ended July 2, 2011 and July 3, 2010:

	Second Quarter		Year to Date	
	2011	2010	2011	2010
Numerator (in millions):				
Net Earnings (Loss) Attributable to Stanley Black & Decker, Inc.	\$ 197.3	\$ 45.8	\$ 356.0	\$ (62.8)
Less Earnings (Loss) Attributable to participating RSUs	0.4	0.2	0.8	(0.1)
Net Earnings (Loss)— basic	<u>\$ 196.9</u>	<u>\$ 45.6</u>	<u>\$ 355.2</u>	<u>\$ (62.7)</u>
Net Earnings (Loss) — dilutive	<u>\$ 197.3</u>	<u>\$ 45.8</u>	<u>\$ 356.0</u>	<u>\$ (62.8)</u>
Denominator (in thousands):				
Basic earnings per share — weighted-average shares	168,119	162,847	167,679	129,163
Dilutive effect of stock options and awards	<u>4,956</u>	<u>3,237</u>	<u>4,750</u>	<u>—</u>
Diluted earnings per share — weighted-average shares	<u>173,075</u>	<u>166,084</u>	<u>172,429</u>	<u>129,163</u>
Earnings (Loss) per share of common stock:				
Basic	<u>\$ 1.17</u>	<u>\$ 0.28</u>	<u>\$ 2.12</u>	<u>\$ (0.49)</u>
Diluted	<u>\$ 1.14</u>	<u>\$ 0.28</u>	<u>\$ 2.06</u>	<u>\$ (0.49)</u>

In connection with the Merger, the Company issued 78.5 million shares, 5.8 million options and 0.4 million restricted stock awards and restricted stock units to former Black & Decker shareowners and employees. These outstanding shares and equity awards were included in the calculation of weighted-average shares outstanding from the period from the merger date.

The following weighted-average stock options, restricted shares and awards, other equity awards, and warrants were outstanding during the three and six months ended July 2, 2011 and July 3, 2010, respectively, but were not included in the computation of diluted shares outstanding because the effect would be anti-dilutive (in thousands):

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	Second Quarter		Year to Date	
	2011	2010	2011	2010
Number of stock options	1,146	3,473	1,518	3,804(a)
Number of restricted shares and awards	—	—	—	671(a)
Number of other equity awards	—	—	—	136(a)
Number of stock warrants	4,939	4,939	4,939	4,939
Number of shares related to the May 2010 equity purchase contracts	—	3,887	—	4,750

(a) Of these excluded shares, 1.6 million stock options, 0.7 million restricted shares and awards, and 0.1 million of other equity awards were anti-dilutive because of the Company's net loss for the year to date period ended July 3, 2010.

The Company has warrants outstanding which entitle the holder to purchase up to 4,938,624 shares of its common stock with a strike price of approximately \$86.25. These warrants are anti-dilutive since the strike price is greater than the market price of the Company's common stock.

As of July 2, 2011, the November 2010 issued Convertible Preferred Units and March 2007 issued Convertible Notes both had a minor impact on diluted shares outstanding. As of July 3, 2010, there were no shares related to the Convertible Notes included in the calculation of diluted earnings per share because the effect of these conversion options was not dilutive. The Convertible Notes and Convertible Preferred Units are more fully discussed in Note H, Long-Term Debt and Financing Arrangements of the Company's Form 10-K for the year ended January 1, 2011.

As more fully disclosed in Note H, Long-Term Debt and Financing Arrangements of the Company's 2010 Annual Report on Form 10-K for the fiscal year ended January 1, 2011, on May 17, 2010, the Company issued 5.2 million shares in conjunction with the Equity Purchase Contracts, whose holders were required to purchase common stock for \$320.0 million cash. The Equity Purchase Contracts were not dilutive at any time prior to their maturity in May 2010 because the holders were required to pay the Company the higher of approximately \$54.17 or then market price.

D. Accounts and Financing Receivable

Trade receivables are dispersed among a large number of retailers, distributors and industrial accounts in many countries. Adequate reserves have been established to cover anticipated credit losses. Long-term trade financing receivables are reported within Other assets in the Consolidated Balance Sheets. Financing receivables and long-term financing receivables are predominately related to certain security equipment leases with commercial businesses. Generally, the Company retains legal title to any equipment leases and bears the right to repossess such equipment in an event of default. All financing receivables are interest bearing and the Company has not classified any financing receivables as held-for-sale. Interest income earned from financing receivables that are not delinquent is recorded on the effective interest method. The Company considers any financing receivable that has not been collected within 90 days of original billing date as past-due or delinquent. Additionally, the Company considers the credit quality of all past-due or delinquent financing receivables as nonperforming.

The Company has an accounts receivable sale program scheduled to expire on December 12, 2011. According to the terms of that program the Company is required to sell certain of its trade accounts receivables at fair value to a wholly owned, consolidated, bankruptcy-remote special purpose subsidiary ("BRS"). The BRS, in turn, must sell such receivables to a third-party financial institution ("Purchaser") for cash and a deferred purchase price receivable. The Purchaser's maximum cash investment in the receivables at any time is \$100.0 million. The purpose of the program is to provide liquidity to the Company. The Company accounts for these transfers as sales under ASC 860 "Transfers and Servicing". Receivables are derecognized from the Company's consolidated balance sheet when the BRS sells those receivables to the Purchaser. The Company has no retained interests in the transferred receivables, other than collection and administrative responsibilities and its right to the deferred purchase price receivable. At July 2, 2011, the Company did not record a servicing asset or liability related to its retained responsibility, based on its assessment of the servicing fee, market values for similar transactions and its cost of servicing the receivables sold.

As of July 2, 2011 and January 1, 2011, \$37.8 million and \$31.5 million, respectively, of net receivables were derecognized. Gross receivables sold amounted to \$141.0 million (\$129.2 million, net) and \$265.1 million (\$241.7 million, net) for the three and six months ended July 2, 2011, respectively. These sales resulted in a pre-tax loss of \$0.3 million and \$0.6 million for the three and six months ended July 2, 2011, respectively. Proceeds from transfers of receivables to the Purchaser totaled \$143.7 million and \$250.8 million for the three and six months ended July 2, 2011, respectively. Collections of previously sold receivables, including deferred

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purchase price receivables, and all fees, which are settled one month in arrears, resulted in payments to the Purchaser of \$136.3 million and \$244.8 million for the three and six months ended July 2, 2011, respectively. Servicing fees amounted to less than \$0.1 million and \$0.1 million for the three and six months ended July 2, 2011, respectively.

Gross receivables sold totaled \$150.9 million (\$136.0 million, net) and \$276.3 million (\$246.0 million, net) for the three and six months ended July 3, 2010, respectively. These sales resulted in a pre-tax loss of \$0.4 million and \$0.7 million for the three and six months ended July 3, 2010, respectively. Proceeds from transfers of receivables to the Purchaser totaled \$195.7 million and \$298.7 million for the three and six months ended July 3, 2010, respectively. Collections of previously sold receivables, including deferred purchase price receivables, and all fees, which are settled one month in arrears, resulted in payments to the Purchaser of \$193.7 million and \$300.3 million for the three and six months ended July 3, 2010, respectively. Servicing fees amounted to \$0.1 million and \$0.2 million for the three and six months ended July 3, 2010, respectively.

The Company's risk of loss following the sale of the receivables is limited to the deferred purchase price, which was \$19.7 million at July 2, 2011 and \$13.8 million at January 1, 2011. The deferred purchase price receivable will be repaid in cash as receivables are collected, generally within 30 days, and as such the carrying value of the receivable recorded approximates fair value. Delinquencies and credit losses on receivables sold were \$0.1 million and \$0.2 million for the three and six months ended July 2, 2011, respectively, and \$0.1 million and \$0.2 million for the three and six months ended July 3, 2010, respectively. Cash inflows related to the deferred purchase price receivable totaled \$32.1 million and \$65.3 million for the three and six months ended July 2, 2011, respectively, and \$49.7 million and \$85.7 million for the three and six months ended July 3, 2010, respectively. All cash flows under the program are reported as a component of changes in accounts receivable within operating activities in the condensed consolidated statements of cash flows since all the cash from the Purchaser is either: 1) received upon the initial sale of the receivable; or 2) from the ultimate collection of the underlying receivables and the underlying receivables are not subject to significant risks, other than credit risk, given their short-term nature.

E. Inventories

The components of inventories, net at July 2, 2011 and January 1, 2011 are as follows (in millions):

	2011	2010
Finished products	\$ 1,049.5	\$ 915.1
Work in process	120.5	117.5
Raw materials	278.4	239.4
Total inventories	<u>\$ 1,448.4</u>	<u>\$ 1,272.0</u>

In connection with the Merger, the Company acquired inventory with a fair value of \$1.068 billion which included a non-cash inventory step-up of \$170.5 million. For the three and six months ended July 3, 2010, \$117.7 million and \$159.3 million, respectively, of this inventory step-up was amortized and recognized as cost of sales in the consolidated statement of operations as the acquired inventory was sold.

F. Merger and Acquisitions

2011 ACQUISITIONS

In January 2011, the Company acquired InfoLogix, Inc. ("Infologix") for \$60.0 million, net of cash acquired. Infologix is a leading provider of enterprise mobility solutions for the healthcare and commercial industries and will add an established provider of mobile workstations and asset tracking solutions to the Company's Security segment. The total purchase price for the acquisition was allocated to the assets acquired and liabilities assumed based on their estimated fair values. Additionally, the Company completed five small acquisitions in the Industrial and Security segments for a combined purchase price of \$45.7 million. The purchase accounting for these 2011 acquisitions is preliminary, principally with respect to finalization of intangible asset valuation and certain other minor items.

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2010 ACQUISITIONS

During 2010 the Company completed ten acquisitions for a total purchase price of \$547.3 million, of which approximately \$451.6 million related to CRC-Evans Pipeline International ("CRC-Evans"). The total purchase price for the acquisitions was allocated to the assets acquired and liabilities assumed based on their estimated fair values. The purchase price allocations for the acquisitions which are still within the measurement period are substantially complete, pending the completion of a few minor items. There were no significant changes to the purchase price allocations made during the first six months of 2011.

MERGER

As discussed in Note A, Basis of Presentation, the Merger occurred on March 12, 2010 and the total fair value of consideration transferred as part of the Merger was \$4,656.5 million. Refer to Note E, Merger and Acquisitions, of the Company's 2010 Annual Report on Form 10-K for the fiscal year ended January 1, 2011 for further discussion regarding the Merger.

The transaction has been accounted for using the acquisition method of accounting which requires, among other things, the assets acquired and liabilities assumed be recognized at their fair values as of the merger date. The purchase price allocation for Black & Decker was completed during the first quarter of 2011 within the measurement period. The measurement period adjustments recorded in the first quarter of 2011 did not have a significant impact on the Company's consolidated statements of operations, balance sheet, or condensed statements of cash flows. The following table summarizes the fair values of major assets acquired and liabilities assumed as part of the Merger:

(Millions of Dollars)

Cash	\$	949.4
Accounts and notes receivable		907.2
Inventory		1,066.3
Prepaid expenses and other current assets		257.7
Property, plant and equipment		545.2
Trade names		1,505.5
Customer relationships		383.7
Licenses, technology and patents		112.3
Other assets		243.4
Short-term borrowings		(175.0)
Accounts payable		(479.1)
Accrued expenses and other current liabilities		(849.9)
Long-term debt		(1,657.1)
Post-retirement benefits		(775.8)
Deferred taxes		(808.5)
Other liabilities		(517.8)
Total identifiable net assets	\$	707.5
Goodwill		3,949.0
Total consideration transferred	\$	4,656.5

ACTUAL AND PRO-FORMA IMPACT OF THE MERGER AND ACQUISITIONS

The following table presents supplemental pro-forma information as if the Merger, 2010 acquisitions and Infologix acquisition had occurred on January 3, 2010 for the six months ended July 3, 2010. This pro-forma information includes merger and acquisition-related charges for the period. The pro-forma consolidated results are not necessarily indicative of what the Company's consolidated net earnings would have been had the Company completed the Merger and acquisitions on January 3, 2010. In addition, the pro-forma consolidated results do not reflect the expected realization of any cost savings associated with the Merger and acquisitions.

(Millions of Dollars, except per share amounts)

	2010
Net sales	\$ 4,759.9
Net loss	(55.2)
Diluted loss per share	\$ (0.33)

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2010 Pro-Forma Results

Pro-forma results for the 2011 year are not shown as the results of Black and Decker and acquisitions are already included in the three and six month period to date results. The pro-forma results are not shown for the three months ended July 3, 2010 because Black & Decker is already included in the three month period and the impact from the acquisitions is not significant.

The 2010 pro-forma results were calculated by combining the results of Stanley Black & Decker with Black & Decker's stand-alone results from January 3, 2010 through March 12, 2010. The pre-acquisition results of the acquisitions were also combined for their respective pre-acquisition periods. The following adjustments were made to account for certain costs which would have been incurred during this pre-Merger period and pre-acquisition period.

- Elimination of the historical pre-Merger and pre-acquisition intangible asset amortization expense and the addition of intangible asset amortization expense related to intangibles valued as part of the Merger and acquisitions that would have been incurred from January 3, 2010 to the merger and/or acquisition dates.
- Additional expense for the inventory step-up which would have been amortized as the corresponding inventory was sold.
- Additional expense pertaining to Merger-related compensation for key executives which would have been incurred from January 3, 2010 to March 12, 2010.
- Reduced interest expense for the Black & Decker debt fair value adjustment which would have been amortized from January 3, 2010 to March 12, 2010.
- Additional depreciation related to property, plant and equipment fair value adjustments that would have been expensed prior to the Merger and acquisition commencement dates.
- The modifications above were adjusted for the applicable tax impact.

G. Goodwill

Changes in the carrying amount of goodwill by segment are as follows (in millions):

	<u>CDIY</u>	<u>Industrial</u>	<u>Security</u>	<u>Total</u>
Balance as of January 1, 2011	\$ 2,924.0	\$ 1,234.6	\$ 1,783.3	\$ 5,941.9
Addition from Merger	77.0	24.4	18.6	120.0
Addition from other acquisitions	—	35.7	49.4	85.1
Foreign currency translation and other	39.1	39.2	23.4	101.7
Balance as of July 2, 2011	<u>\$ 3,040.1</u>	<u>\$ 1,333.9</u>	<u>\$ 1,874.7</u>	<u>\$ 6,248.7</u>

H. Long-Term Debt and Financing Arrangements

At July 2, 2011 and January 1, 2011, long-term debt and financing arrangements are as follows (in millions):

	<u>Interest Rate</u>	<u>2011</u>	<u>2010</u>
Notes payable due 2011	7.13%	\$ -	\$ 409.2
Notes payable due 2012	4.90%	206.8	208.4
Convertible notes payable due in 2012	3 month LIBOR less 3.50%	310.5	305.1
Notes payable due 2013	6.15%	260.8	260.8
Notes payable due 2014	4.75%	310.8	307.9
Notes payable due 2014	8.95%	397.0	405.3
Notes payable due 2016	5.75%	320.2	316.0
Notes payable due 2028	7.05%	168.0	168.5
Notes payable due in 2018 (junior subordinated)	4.25%	632.5	632.5
Notes payable due 2040	5.20%	399.7	399.7
Other, payable in varying amounts through 2021	0.00% – 6.62%	39.7	20.8
Total long-term debt, including current maturities		\$ 3,046.0	\$ 3,434.2
Less: Current maturities of long-term debt		(317.0)	(416.1)
Long-term debt		<u>\$ 2,729.0</u>	<u>\$ 3,018.1</u>

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In May 2011, the Company repaid its \$400 million notes payable due 2011 with proceeds from additional borrowings of commercial paper. At July 2, 2011 the Company has \$626.6 million outstanding against its \$1.5 billion commercial paper program.

On March 11, 2011, the Company entered into a new four year \$1.2 billion committed credit facility (the "Credit Agreement"). in connection with entering into the Credit Agreement the Company terminated the existing \$800.0 million Amended and Restated Credit Agreement. Additionally, the \$700.0 million 364-Day Credit Agreement dated as of March 12, 2010 expired in accordance with its terms on March 11, 2011. Borrowings under the Credit Agreement may include U.S. Dollars up to the \$1.2 billion commitment or in Euro or Pounds Sterling subject to a foreign currency sublimit of \$400.0 million and bear interest at a floating rate dependent upon the denomination of the borrowing. Repayments must be made on March 11, 2015 or upon an earlier termination date of the Credit Agreement, at the election of the Company. Under the terms of the Credit Agreement, the Company must maintain an interest coverage ratio, defined as earnings before interest, taxes, depreciation and amortization ("EBITDA") to interest expense, subject to certain adjustments, of not less than 3.5 to 1.0 for any period of four consecutive quarters. The Company has not drawn on the commitments provided by the Credit Agreement. This credit facility is designed to be a liquidity back-stop for the Company's \$1.5 billion commercial paper program.

In January 2009, the Company entered into fixed-to-floating interest rate swaps on its \$200.0 million notes payable due in 2012 and \$250.0 million notes payable due in 2013. The Company previously had fixed-to-floating interest rate swaps on these notes outstanding that were terminated in 2008. The \$6.8 million adjustment to the carrying value of the \$200.0 million 2012 notes at July 2, 2011 pertains to the unamortized gain on the terminated swap as well as the fair value adjustment of the new swap. At July 2, 2011, the carrying value of the \$250.0 million notes payable due 2013 includes \$11.0 million pertaining to the unamortized gain on the terminated swap as well as the fair value adjustment of the new swap offset by \$0.2 million unamortized discount on the notes.

In December 2010, the Company entered into a fixed-to-floating interest rate swap on its \$300.0 million notes payable due in 2014. At July 2, 2011 the carrying value of the debt includes increases of \$10.4 million associated with the fair value adjustment made in purchase accounting and \$0.4 million pertaining to the fair value adjustment of the swap.

In December 2010, the Company entered into a fixed-to-floating interest rate swap on its \$300.0 million notes payable due in 2016. At July 2, 2011 the carrying value of the debt includes a \$22.1 million increase associated with the fair value adjustment made in purchase accounting partially offset by \$1.9 million pertaining to the fair value adjustment of the swap.

Unamortized gains and fair value adjustments associated with interest rate swaps are more fully discussed in Note I, Derivative Financial Instruments.

The Company's \$320.0 million of Convertible Notes due 2012 and \$632.5 million Convertible Preferred Units each contain conversion features allowing holders to convert to common shares at a predefined rate, which is subject to standard anti-dilution adjustments. As of July 2, 2011, the conversion rate on the Convertibles Notes due 2012 was 15.5886 (equivalent to a conversion price set at \$64.15 per common share) and the conversion rate on the Convertible Preferred Units was 1.3358 (equivalent to a conversion price set at \$74.86 per common share). Refer to Note H, Long-Term Debt and Financing Arrangements of the Company's 2010 Annual Report on Form 10K for the fiscal year ended January 1, 2011 for further discussion of those terms.

I. Derivative Financial Instruments

The Company is exposed to market risk from changes in foreign currency exchange rates, interest rates, stock prices and commodity prices. As part of the Company's risk management program, a variety of financial instruments such as interest rate swaps, currency swaps, purchased currency options, and foreign exchange contracts, are used to mitigate interest rate exposure and foreign currency exposure.

Financial instruments are not utilized for speculative purposes. If the Company elects to do so and if the instrument meets the criteria specified in ASC 815, management designates its derivative instruments as cash flow hedges, fair value hedges or net investment hedges. Generally, commodity price exposures are not hedged with derivative financial instruments and instead are actively managed through customer pricing initiatives, procurement-driven cost reduction initiatives and other productivity improvement projects. In the first quarter of 2010, the Company acquired a portfolio of derivative financial instruments in conjunction with the Merger, which Black & Decker entered into in the ordinary course of business. At the March 12, 2010 merger date, the Company established its intent for each derivative and terminated all outstanding interest rate swaps and foreign currency forwards hedging future purchases of

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inventory denominated in a foreign currency. For other foreign currency forwards, the Company elected to leave the instruments in place as an economic hedge only and account for them as undesignated. Net investment hedges were re-designated.

A summary of the fair value of the Company's derivatives recorded in the Consolidated Balance Sheets at July 2, 2011 and January 1, 2011 is as follows (in millions):

	Balance Sheet Classification	2011	2010	Balance Sheet Classification	2011	2010
Derivatives designated as hedging instruments:						
Interest Rate Contracts Cash Flow	LT other assets	\$ —	\$ —	LT other liabilities	\$ 29.5	\$ 17.3
Interest Rate Contracts Fair Value	Other current assets	18.9	5.5	Accrued expenses	3.5	—
	LT other assets	9.4	10.7	LT other liabilities	8.2	11.9
Foreign Exchange Contracts Cash Flow	Other current assets	—	0.7	Accrued expenses	5.6	5.6
	LT other assets	—	—	LT other liabilities	4.0	—
Net Investment Hedge	Other current assets	3.3	11.7	Accrued expenses	15.9	17.7
		<u>\$ 31.6</u>	<u>\$ 28.6</u>		<u>\$ 66.7</u>	<u>\$ 52.5</u>
Derivatives not designated as hedging instruments:						
Foreign Exchange Contracts	Other current assets	\$ 22.5	\$ 26.4	Accrued expenses	\$ 51.7	\$ 59.1
	LT other assets	0.9	—	LT other liabilities	3.3	4.1
		<u>\$ 23.4</u>	<u>\$ 26.4</u>		<u>\$ 55.0</u>	<u>\$ 63.2</u>

The counterparties to all of the above mentioned financial instruments are major international financial institutions. The Company is exposed to credit risk for net exchanges under these agreements, but not for the notional amounts. The credit risk is limited to the asset amounts noted above. The Company limits its exposure and concentration of risk by contracting with diverse financial institutions and does not anticipate nonperformance by any of its counterparties. Further, as more fully discussed in Note L, Fair Value Measurements, the Company considers non-performance risk of its counterparties at each reporting period and adjusts the carrying value of these assets accordingly. The risk of default is considered remote.

During the six months ended July 2, 2011, significant cash flows related to derivatives including those that are separately discussed in Cash Flow Hedges, Net Investment Hedges and Undesignated Hedges below resulted in net cash paid of \$82.1 million.

During the six months ended July 3, 2010, significant cash flows related to derivatives included net cash paid of \$22.4 million on matured foreign exchange contracts and currency swaps. The Company also received \$30.0 million from the termination of \$325.0 million notional of fixed-to-variable interest rate swaps that became undesignated at the merger date and as a result the cash inflow was reported within investing activities in the condensed consolidated statement of cash flows.

CASH FLOW HEDGES There was a \$62.0 million after-tax loss and a \$50.2 million after-tax loss reported for cash flow hedge effectiveness in Accumulated other comprehensive income as of July 2, 2011 and January 1, 2011, respectively. An after-tax loss of \$13.9 million is expected to be reclassified to earnings as the hedged transactions occur or as amounts are amortized within the next twelve months. The ultimate amount recognized will vary based on fluctuations of the hedged currencies and interest rates through the maturity dates.

The tables below detail pre-tax amounts reclassified from Accumulated other comprehensive income into earnings for active derivative financial instruments during the periods in which the underlying hedged transactions affected earnings for the six months ended July 2, 2011 and July 3, 2010 (in millions):

	Gain (Loss)	Classification of Gain (Loss) Reclassified from	Gain (Loss)	Gain (Loss)
	Recorded in OCI	OCI to Income	Reclassified from OCI to Income (Effective Portion)	Recognized in Income (Ineffective Portion*)
Year-to-date 2011				
Interest Rate Contracts	\$ (12.2)	Interest expense	\$ —	\$ —
Foreign Exchange Contracts	\$ (17.0)	Cost of sales	\$ (10.3)	\$ —

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	Classification of	Gain (Loss)	Gain (Loss)
	Gain (Loss)	Reclassified from	Recognized in
Gain (Loss)	Reclassified from	OCI to Income	Income
Year-to-date 2010	Recorded in OCI	OCI to Income	(Effective Portion)
Interest Rate Contracts	\$ (61.3)	Interest expense	\$ (1.6)
Foreign Exchange Contracts	\$ (0.4)	Cost of sales	\$ —
Foreign Exchange Contracts	\$ 21.5	Other, net	\$ —

* Includes ineffective portion and amount excluded from effectiveness testing.

For the second quarter and first six months of 2011, the hedged items' impact to the Consolidated Statement of Operations was a gain of \$5.1 million and \$10.3 million, respectively, in Cost of sales. For the second quarter and first six months of 2010, the hedged items' impact to the Consolidated Statement of Operations was a loss of \$12.6 million and \$22.4 million, respectively, in Other, net and a loss of approximately \$0.3 million, for both periods in Cost of sales. There was no impact related to the interest rate contracts' hedged items for any period presented. The impact of de-designated hedges was immaterial for all periods presented.

For the second quarter and first six months of 2011, an after-tax loss of \$4.1 million and \$8.3 million, respectively, was reclassified from Accumulated other comprehensive income into earnings (inclusive of the gain/loss amortization on terminated derivative financial instruments) during the periods in which the underlying hedged transactions affected earnings. For the second quarter and first six months of 2010, after-tax gains of \$7.1 million and \$12.6 million, respectively, were reclassified from Accumulated other comprehensive income into earnings (inclusive of the gain/loss amortization on terminated derivative financial instruments) during the periods in which the underlying hedged transactions affected earnings.

Interest Rate Contracts

The Company enters into interest rate swap agreements in order to obtain the lowest cost source of funds within a targeted range of variable to fixed-rate debt proportions. At July 2, 2011 and January 1, 2011, the Company had \$400 million of forward starting swaps outstanding fixing the interest rate on the expected refinancing of debt in 2012.

In May 2010, the Company executed forward starting interest rate swaps with an aggregate notional amount of \$400 million fixing interest at 3.95%. The objective of the hedge was to offset the expected variability on future payments associated with the interest rate on debt instruments. In connection with the August 31, 2010 issuance of the \$400 million of senior unsecured 2040 Term Bonds, these forward-starting interest rate swaps were terminated. The terminations resulted in cash payments of \$48.4 million. This loss (\$30.0 million on an after-tax basis) was recorded in Accumulated other comprehensive income and will be amortized to earnings over the first ten years in which the interest expense related to the 2040 Term Bonds is recognized.

Foreign Currency Contracts

Forward contracts: Through its global businesses, the Company enters into transactions and makes investments denominated in multiple currencies that give rise to foreign currency risk. The Company and its subsidiaries regularly purchase inventory from subsidiaries with non-U.S. dollar functional currencies which creates currency-related volatility in the Company's results of operations. The Company utilizes forward contracts to hedge these forecasted purchases of inventory. Gains and losses reclassified from Accumulated other comprehensive income for the effective and ineffective portions of the hedge as well as any amounts excluded from effectiveness testing are recorded in Cost of sales. Gains and losses incurred after a hedge has been de-designated are not recorded in Accumulated other comprehensive income, but are recorded directly to the Consolidated Statement of Operations in Other, net. At July 2, 2011, the notional value of the forward currency contracts outstanding was \$280.4 million, of which \$29.2 million had been de-designated, maturing at various dates through 2013. At January 1, 2011, the notional value of the forward currency contracts outstanding was \$82.5 million, of which \$13.8 million had been de-designated, maturing at various dates through 2011.

Purchased Option Contracts: The Company and its subsidiaries have entered into various inter-company transactions whereby the notional values are denominated in currencies other than the functional currencies of the party executing the trade. In order to better match the cash flows of its inter-company obligations with cash flows from operations, the Company enters into purchased option contracts. Gains and losses reclassified from Accumulated other comprehensive income for the effective and ineffective portions of the hedge as well as any amounts excluded from effectiveness testing are recorded in Cost of sales. Gains and losses incurred after a hedge has been de-designated are not recorded in Accumulated other comprehensive income, but are recorded directly to the

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consolidated Statement of Operations in Other, net. At January 1, 2011, the notional value of option contracts outstanding was \$54.7 million, \$8.8 million of which had been de-designated. At July 2, 2011, there were no option contracts outstanding.

FAIR VALUE HEDGES

Interest Rate Risk: In an effort to optimize the mix of fixed versus floating rate debt in the Company's capital structure, the Company enters into interest rate swaps. In December 2010, the Company entered into interest rate swaps with notional values which equaled the Company's \$300 million 4.75% notes due in 2014 and \$300 million 5.75% notes due in 2016. In January 2009, the Company entered into interest rate swaps with notional values which equaled the Company's \$200 million 4.9% notes due in 2012 and \$250 million 6.15% notes due in 2013. These interest rate swaps effectively converted the Company's fixed rate debt to floating rate debt based on LIBOR, thereby hedging the fluctuation in fair value resulting from changes in interest rates. The changes in fair value of the interest rate swaps were recognized in earnings as well as the offsetting changes in fair value of the underlying notes. The notional value of open contracts was \$1.050 billion as of July 2, 2011 and January 1, 2011. A summary of the fair value adjustments relating to these swaps for the second quarter and first six months of 2011 and 2010 is as follows (in millions):

Income Statement Classification	Second Quarter 2011		Year to Date 2011	
	Gain/(Loss) on	Gain/(Loss) on	Gain/(Loss) on	Gain/(Loss) on
	Swaps	Borrowings	Swaps	Borrowings
Interest Expense	\$ 15.9	\$(15.9)	\$ 11.1	\$(11.1)
Income Statement Classification	Second Quarter 2010		Year to Date 2010	
	Gain/(Loss) on	Gain/(Loss) on	Gain/(Loss) on	Gain/(Loss) on
	Swaps	Borrowings	Swaps	Borrowings
Interest Expense	\$ 6.4	\$(6.4)	\$ 6.3	\$(6.3)

In addition to the amounts in the table above, the net swap accruals for each period and amortization of the gains on terminated swaps are also reported as a reduction of interest expense and totaled \$5.0 million and \$9.4 million for the second quarter and first six months of 2011, respectively, and \$2.9 million and \$5.9 million for the second quarter and first six months of 2010, respectively. Interest expense on the underlying debt was \$14.1 million and \$27.6 million for the second quarter and first six months of 2011, respectively, and \$6.3 million and \$12.6 million for the second quarter and first six months of 2010, respectively.

NET INVESTMENT HEDGES

Foreign Exchange Contracts: The Company utilizes net investment hedges to offset the translation adjustment arising from remeasurement of its investment in the assets and liabilities of its foreign subsidiaries. The total after-tax amounts in Accumulated other comprehensive income were losses of \$55.3 million and \$32.7 million at July 2, 2011 and January 1, 2011, respectively. As of July 2, 2011, the Company had foreign exchange contracts that mature at various dates through April 2012 with notional values of \$842.9 million outstanding hedging a portion of its pound sterling denominated net investment. As of January 1, 2011, the Company had foreign exchange contracts with notional values totaling \$223.1 million outstanding hedging a portion of its euro denominated net investment and foreign exchange contracts with notional values of \$800.9 million outstanding hedging a portion of its pound sterling denominated net investment. In the first six months of 2011, maturing foreign exchange contracts resulted in cash payments of \$29.2 million. The Company had a foreign exchange contract mature in the first quarter of 2010 resulting in a cash payment of \$16.1 million. Gains and losses on net investment hedges remain in Accumulated other comprehensive income until disposal of the underlying assets. The details of the pre-tax amounts are below (in millions):

Income Statement Classification	Second Quarter 2011			Year-to-Date 2011		
	Effective	Ineffective		Effective	Ineffective	
	Amount	Portion	Portion*	Amount	Portion	Portion*
	Recorded	Recorded in	Recorded in	Recorded in	Recorded in	Recorded in
	in OCI	Income	Income	OCI	Income	Income
	Gain (Loss)	Statement	Statement	Gain (Loss)	Statement	Statement
Other, net	\$ (1.9)	\$—	\$—	\$(35.9)	\$—	\$—

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	Second Quarter 2010			Year-to-Date 2010		
	Effective		Ineffective	Effective		Ineffective
	Amount	Portion	Portion*	Amount	Portion	Portion*
	Recorded	Recorded in	Recorded in	Recorded in	Recorded in	Recorded in
	in OCI	Income	Income	OCI	Income	Income
Income Statement Classification	Gain (Loss)	Statement	Statement	Gain (Loss)	Statement	Statement
Other, net	\$ 35.7	\$—	\$—	\$ 54.3	\$—	\$—

* Includes ineffective portion and amount excluded from effectiveness testing.

UNDESIGNATED HEDGES

Foreign Exchange Contracts: Currency swaps and foreign exchange forward contracts are used to reduce risks arising from the change in fair value of certain foreign currency denominated assets and liabilities (such as affiliate loans, payables and receivables). The objective of these practices is to minimize the impact of foreign currency fluctuations on operating results. The total notional amount of the contracts outstanding at July 2, 2011 was \$3.352 billion of forward contracts and \$105.1 million in currency swaps, maturing at various dates primarily through May 2013 with one currency swap maturing in December 2014. The total notional amount of the contracts outstanding at January 1, 2011 was \$2.273 billion of forward contracts and \$219.4 million in currency swaps. In the first six months of 2011, a maturing currency swap resulted in a cash payment of \$15.8 million. The income statement impacts related to derivatives not designated as hedging instruments for the second quarter and first six months of 2011 and 2010 are as follows (in millions):

Derivatives Not Designated as Hedging Instruments under ASC 815	Income Statement Classification	Second Quarter 2011	Year-to-Date 2011
		Amount of Gain (Loss)	Amount of Gain (Loss)
		Recorded in Income on	Recorded in Income on
		Derivative	Derivative
Foreign Exchange Contracts	Other, net	\$ (29.7)	\$ (39.6)
Derivatives Not Designated as Hedging Instruments under ASC 815	Income Statement Classification	Second Quarter 2010	Year-to-Date 2010
		Amount of Gain (Loss)	Amount of Gain (Loss)
		Recorded in Income on	Recorded in Income on
		Derivative	Derivative
Foreign Exchange Contracts	Other, net	\$ (29.1)	\$ (32.9)
	Cost of Sales	\$ 2.2	\$ 2.7

J. Equity Option

In May 2011, the Company purchased from a financial institution over the counter 3 month "in-the-money" capped call options, subject to adjustments for standard anti-dilution provisions, on 2.4 million shares of its common stock for an aggregate premium of \$19.6 million, or an average of \$8.00 per option. The initial term of the capped call options was one month which was subsequently extended in an addendum to the agreement with the counterparty to a three month term. The purpose of the capped call options is to reduce share price volatility on potential future share repurchases by establishing the prices at which the Company may elect to repurchase 2.4 million shares in the three month term. In accordance with ASC 815-40 the premium paid was recorded as a reduction to Shareowners' equity. The contracts for this series of options generally provide that the options may, at the Company's election, be cash settled, physically settled or net-share settled (the default settlement method). This series of options has various expiration dates within the month of August 2011. The options will be automatically exercised if the market price of the Company's common stock on the relevant expiration date is greater than the applicable lower strike price (i.e. the options are "in-the-money"). If the market price of the Company's common stock at the expiration date is below the applicable lower strike price, the relevant options will expire with no value. If the market price of the Company's common stock on the relevant expiration date is between the applicable lower and upper strike prices, the value per option to the Company will be the then-current market price less that lower strike price. If the market price of the Company's common stock is above the applicable upper strike price, the value per option to the Company will be the difference between the applicable upper strike price and lower strike price. The aggregate fair value of the options at July 2, 2011 was \$10.7 million.

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A summary of the capped call (equity options) issued is as follows:

Series	Original Number of Options	Net Premium Paid (In millions)	(Per Share)	
			Adjusted Lower Strike Price	Adjusted Upper Strike Price
Series I	2,448,588	\$ 19.6	\$ 70.16	\$ 80.35

In November 2010, the Company purchased from financial institutions over the counter 5-year "in-the-money" capped call options on 8.43 million shares of its common stock for an aggregate premium of \$50.3 million, or an average of \$5.97 per option. The purpose of the capped call options is to reduce share price volatility on potential future share repurchases by establishing the prices at which the Company may elect to repurchase 8.43 million shares in the five year term. In accordance with ASC 815-40 the premium paid was recorded as a reduction to equity. The gain or loss on the options will depend on the actual market price of the Company's stock on exercise dates which occur in December 2015. The contracts for each of the three series of options generally provide that the options may, at the Company's election, be cash settled, physically settled or net-share settled (the default settlement method). Each series of options has various expiration dates within the month of December 2015. The options will be automatically exercised if the market price of the Company's common stock on the relevant expiration date is greater than the applicable lower strike price (i.e. the options are "in-the-money"). If the market price of the Company's common stock at the expiration date is below the applicable lower strike price, the relevant options will expire with no value. If the market price of the Company's common stock on the relevant expiration date is between the applicable lower and upper strike prices, the value per option to the Company will be the then-current market price less that lower strike price. If the market price of the Company's common stock is above the applicable upper strike price, the value per option to the Company will be the difference between the applicable upper strike price and lower strike price. The upper and lower strike prices have been adjusted in accordance with standard anti-dilution provisions, due to an increase in the Company's common stock dividend rate since the November, 2010 contract inception. The aggregate fair value of the options at July 2, 2011 was \$66.8 million.

A summary of the capped call (equity options) issued is as follows:

Series	Original Number of Options	Net Premium Paid (In millions)	(Per Share)	
			Adjusted Lower Strike Price	Adjusted Upper Strike Price
Series I	2,811,041	\$16.8	\$74.86	\$97.81
Series II	2,811,041	\$16.8	\$74.86	\$97.81
Series III	2,811,041	\$16.7	\$74.86	\$97.81
	8,433,123	\$ 50.3	\$ 74.86	\$ 97.81

K. Net Periodic Benefit Cost — Defined Benefit Plans

Following are the components of net periodic benefit cost for the three and six months ended July 2, 2011 and July 3, 2010 (in millions):

	Second Quarter					
	Pension Benefits				Other Benefits	
	U.S. Plans		Non-U.S. Plans		U.S. Plans	
	2011	2010	2011	2010	2011	2010
Service cost	\$ 1.4	\$ 5.6	\$ 3.1	\$ 2.8	\$ 0.3	\$ 0.4
Interest cost	17.5	18.4	13.5	12.2	1.0	1.4
Expected return on plan assets	(17.3)	(15.7)	(12.9)	(10.9)	—	—
Amortization of prior service cost (credit)	0.2	0.2	0.1	—	(0.4)	(0.1)
Amortization of transition obligation	—	—	0.1	—	—	—
Amortization of net loss	0.6	0.5	0.7	1.0	—	—
Net periodic benefit cost	\$ 2.4	\$ 9.0	\$ 4.6	\$ 5.1	\$ 0.9	\$ 1.7
	Year to Date					
	Pension Benefits				Other Benefits	
	U.S. Plans		Non-U.S. Plans		U.S. Plans	
	2011	2010	2011	2010	2011	2010
Service cost	\$ 3.2	\$ 7.3	\$ 6.1	\$ 4.3	\$ 0.5	\$ 0.6
Interest cost	35.0	24.8	26.6	17.7	1.9	2.0
Expected return on plan assets	(35.0)	(21.0)	(25.5)	(16.3)	—	—
Amortization of prior service cost (credit)	0.5	0.4	0.2	—	(0.7)	(0.1)
Amortization of transition obligation	—	—	0.1	—	—	—
Amortization of net loss	1.3	1.0	1.5	2.0	—	—
Curtailment loss	—	—	—	0.9	—	—
Net periodic benefit cost	\$ 5.0	\$ 12.5	\$ 9.0	\$ 8.6	\$ 1.7	\$ 2.5

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L. Fair Value Measurements

ASC 820 defines, establishes a consistent framework for measuring, and expands disclosure requirements about fair value. ASC 820 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 — Quoted prices for identical instruments in active markets.

Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs and significant value drivers are observable.

Level 3 — Instruments that are valued using unobservable inputs.

The Company holds various derivative financial instruments that are employed to manage risks, including foreign currency and interest rate exposures. These financial instruments are carried at fair value and are included within the scope of ASC 820. The Company determines the fair value of derivatives through the use of matrix or model pricing, which utilizes verifiable inputs such as market interest and currency rates. When determining the fair value of these financial instruments for which Level 1 evidence does not exist, the Company considers various factors including the following: exchange or market price quotations of similar instruments, time value and volatility factors, the Company's own credit rating and the credit rating of the counter-party.

The following table presents the Company's financial assets and liabilities that are measured at fair value on a recurring basis for each of the hierarchy levels (millions of dollars):

	Total Carrying			
	Value	Level 1	Level 2	Level 3
July 2, 2011:				
Assets:				
Money market fund	\$ 1,016.7	\$ 1,016.7	\$ —	\$ —
Investment in common stock of Niscayah	\$ 61.5	\$ 61.5	\$ —	\$ —
Derivative assets	\$ 55.0	\$ —	\$ 55.0	\$ —
Liabilities:				
Derivative liabilities	\$ 121.7	\$ —	\$ 121.7	\$ —
January 1, 2011:				
Assets:				
Money market fund	\$ 716.7	\$ 716.7	\$ —	\$ —
Derivative assets	\$ 55.0	\$ —	\$ 55.0	\$ —
Liabilities:				
Derivative liabilities	\$ 115.7	\$ —	\$ 115.7	\$ —

A summary of the Company's financial instruments carrying and fair values at July 2, 2011 and January 1, 2011 follows. Refer to Note I, Derivative Financial Instruments for more details regarding derivative financial instruments, and Note H, Long-Term Debt and Financing Arrangements, for more information regarding carrying values of the Long-term debt shown below.

(millions of dollars)	July 2, 2011		January 1, 2011	
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
Assets:				
Derivative assets	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0
Liabilities:				
Long-term debt, including current portion	\$ 3,046.0	\$ 3,287.2	\$ 3,434.2	\$ 3,607.1
Derivative liabilities	\$ 121.7	\$ 121.7	\$ 115.7	\$ 115.7

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The fair values of Long-term debt instruments are estimated using a discounted cash flow analysis, based on the Company's marginal borrowing rates. The fair value of the Company's variable rate short term borrowings approximate their carrying value at July 2, 2011. The fair values of foreign currency and interest rate swap agreements, comprising the derivative assets and liabilities in the table above, are based on current settlement values.

As discussed in Note D, Accounts and Financing Receivable, the Company has a deferred purchase price receivable related to sales of trade receivables. The deferred purchase price receivable will be repaid in cash as receivables are collected, generally within 30 days, and as such the carrying value of the receivable approximates fair value.

There were no assets measured at fair value on a non-recurring basis during the six months ended July 2, 2011.

M. Other Costs and Expenses

Other-net is primarily comprised of intangible asset amortization expense, currency impact, environmental expense and merger and acquisition-related charges primarily consisting of transaction costs. During the second quarter and six months ended July 2, 2011, \$6.5 million and \$9.8 million, respectively, was recorded to Other, net for certain investment banking fees, other transaction-related costs and advisory consulting fees (acquisition deal costs) that related to certain acquisitions. During the second quarter and six months ended July 3, 2010, \$11.6 million and \$43.7 million, respectively, was recorded to Other, net resulting from the costs described above primarily related to the Merger.

N. Restructuring

At July 2, 2011, restructuring reserves totaled \$96.0 million. A summary of the restructuring reserve activity from January 1, 2011 to July 2, 2011 is as follows (in millions):

	<u>1/1/11</u>	<u>Net Additions</u>	<u>Usage</u>	<u>Currency</u>	<u>7/2/11</u>
2011 Actions					
Severance and related costs	\$ —	\$ 29.2	\$ (4.8)	\$ 0.7	\$ 25.1
Facility closure	—	2.0	(2.0)	—	—
Other	—	1.0	(1.0)	—	—
Subtotal 2011 actions	—	32.2	(7.8)	0.7	25.1
Pre-2011 Actions					
Severance and related costs	97.8	0.1	(31.9)	2.3	68.3
Facility closure	2.3	1.8	(2.3)	—	1.8
Other	1.1	0.3	(0.6)	—	0.8
Subtotal Pre-2011 actions	101.2	2.2	(34.8)	2.3	70.9
Total	<u>\$ 101.2</u>	<u>\$ 34.4</u>	<u>\$ (42.6)</u>	<u>\$ 3.0</u>	<u>\$ 96.0</u>

2011 Actions: In the first half of 2011, the Company continued to initiate restructuring activities associated with the Merger and other acquisitions, and recognized \$29.3 million of restructuring charges related to activities initiated in the current year. Of those charges, \$26.5 million relates to severance charges associated with the reduction of 633 employees, \$1.8 million relates to facility closure costs, and \$1.0 million represents other charges. For the three months ended July 2, 2011, the Company recognized \$19.7 million of restructuring charges associated with the Merger and other acquisitions, of which \$18.9 million relates to severance charges associated with the reduction of 358 employees, \$0.3 million relates to facility closure costs, and \$0.5 million represents other charges.

In addition, the Company has initiated cost reduction actions in the first half of 2011 that were not associated with the Merger or other acquisitions, resulting in severance and related charges of \$2.7 million pertaining to the reduction of 83 employees, and facility closure costs of \$0.2 million. Such restructuring actions initiated in the three months ended July 2, 2011 resulted in severance charges of \$1.2 million associated with the reduction of 66 employees.

Of the \$32.2 million recognized for these 2011 actions, \$7.8 million has been utilized to date, with \$25.1 million of reserves remaining as of July 2, 2011 with the majority expected to be utilized in 2011 and 2012.

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Pre-2011 Actions: As more fully disclosed in Note O of the Company's Annual Report on Form 10-K for the year ended January 1, 2011 the Company initiated restructuring activities associated with the Merger and acquisition of Stanley Solutions de Sécurité ("SSDS"). Charges recognized in the first half of 2011 associated with these prior year initiatives amounted to \$2.8 million. Additionally, in the first half of 2011 the Company released \$0.6 million of the reserve related to residual liabilities for prior year initiatives that were not associated with the Merger. The charge in the second quarter of 2011 was \$0.2 million for these actions.

As of January 1, 2011, the reserve balance related to these pre-2011 actions totaled \$101.2 million. Utilization of the reserve balance related to pre-2011 actions was \$34.8 million in the first half of 2011. The vast majority of the remaining reserve balance of \$70.9 million is expected to be utilized in 2011 with the remainder in 2012.

Segments: The \$34.4 million of charges recognized in the first half of 2011 includes: \$14.5 million pertaining to the CDIY segment; \$14.0 million pertaining to the Security segment; and \$5.9 million pertaining to the Industrial segment. The \$21.1 million of charges recognized in the three months ended July 2, 2011 includes: \$8.2 million pertaining to the CDIY segment; \$12.5 million pertaining to the Security segment; and \$0.4 million pertaining to the Industrial segment.

In addition to the restructuring charges described in the preceding paragraphs, the Company recognized \$11.1 million of restructuring-related costs in the first half of 2011 pertaining to the Merger. Those costs are classified in Cost of Sales and include accelerated depreciation and other charges associated with facility closures.

O. Income Taxes

The Company recognized income tax expense of \$27.9 million and \$51.0 million for the three and six month periods ended July 2, 2011, respectively, resulting in an effective tax rate of 12.4% and 12.5%, respectively. The income tax expense for the three and six month periods include tax benefits of \$48.5 million and \$69.9 million, respectively, for the favorable settlement of certain tax contingencies. In addition, the effective tax rate differs from the statutory tax rate for the three and six month periods ended July 2, 2011 due to a portion of the Company's earnings realized in lower-taxed foreign jurisdictions. Lastly, these benefits were partially offset by the inclusion of \$17.5 million of uncertain tax positions in the current period related to ongoing operational and legal entity integrations. The effective tax rates for the three and six month periods ended July 3, 2010 were (397.8%) and 36.3%, respectively. The effective tax rates differed from the statutory tax rate for the three and six month periods ended July 3, 2010 primarily due to various non-deductible transaction costs and other restructuring costs associated with the Merger and the inclusion of a \$35.7 million tax benefit attributable to the favorable settlement of certain tax contingencies.

Refer to note E, Merger and Acquisitions, of the Company's 2010 Annual Report on Form 10-K for the fiscal year ended January 1, 2011 for further discussion of tax-related items arising from the Merger.

The Company is subject to the examination of its income tax returns by the Internal Revenue Service and other taxing authorities both domestically and internationally. The final outcome of the future tax consequences of these examinations and legal proceedings, as well as the outcome of competent authority proceedings, changes and interpretation in regulatory tax laws, or expiration of statute of limitations could impact the Company's financial statements. Accordingly, the Company has tax reserves recorded for which it is reasonably possible that the amount of the unrecognized tax benefit will increase or decrease which could have a material effect on the financial results for any particular fiscal quarter or year. However, based on the uncertainties associated with litigation and the status of examinations, including the protocols of finalizing audits by the relevant tax authorities which could include formal legal proceedings, it is not possible to reliably estimate the impact of any such change.

P. Business Segments

The Company classifies its business into three reportable segments, which also represent its operating segments: Construction & Do It Yourself ("CDIY"), Security, and Industrial.

The CDIY segment manufactures and markets hand tools, corded and cordless electric power tools and equipment, lawn and garden products, consumer portable power products, home products, accessories and attachments for power tools, plumbing products, consumer mechanics tools, storage systems, and pneumatic tools and fasteners. These products are sold to professional end users, distributors, and consumers, and are distributed through retailers (including home centers, mass merchants, hardware stores, and retail lumber yards).

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The Security segment provides access and security solutions primarily for consumers, retailers, educational, financial and healthcare institutions, as well as commercial, governmental and industrial customers. The Company provides an extensive suite of mechanical and electronic security products and systems, and a variety of security services. These include security integration systems, software, related installation, maintenance, monitoring services, automatic doors, door closers, exit devices, healthcare storage and supply chain solutions, patient protection products, hardware (including door and cabinet knobs and hinges, door stops, kick plates, house numbers, gate hardware, cabinet pulls, hooks, braces and shelf brackets), locking mechanisms, electronic keyless entry systems, keying systems, tubular and mortise door locksets, and enterprise mobility solutions. Security products are sold primarily on a direct sales basis, and in certain instances, through third party distributors. As discussed in Note F, Merger and Acquisitions, in January 2011, the Company completed the acquisition of Infologix, which is a leading provider of enterprise mobility solutions for healthcare and commercial industries. Infologix's operations are presented within the Security segment and reflect activity since the acquisition date.

The Industrial segment manufactures and markets professional industrial and automotive mechanics tools and storage systems, metal and plastic fasteners and engineered fastening systems, hydraulic tools and accessories, and specialty tools. These products are sold to industrial customers including automotive, transportation, electronics, aerospace, machine tool and appliance industries and distributed through third party distributors as well as through direct sales forces. The industrial segment, through its CRC-Evans subsidiary, also provides services and specialized tools and equipment such as custom pipe handling, joint welding and coating equipment used in the construction of large and small diameter pipelines.

The Company utilizes segment profit, which is defined as net sales minus cost of sales and SG&A inclusive of the provision for doubtful accounts (aside from corporate overhead expense), and segment profit as a percentage of net sales to assess the profitability of each segment. Segment profit excludes the corporate overhead expense element of SG&A, interest income, interest expense, other-net (inclusive of intangible asset amortization expense), restructuring, and income tax expense. Refer to Note N, Restructuring for the amount of restructuring charges by segment. Corporate overhead is comprised of world headquarters facility expense, cost for the executive management team and cost for certain centralized functions that benefit the entire Company but are not directly attributable to the businesses, such as legal and corporate finance functions. Transactions between segments are not material. Segment assets primarily include accounts receivable, inventory, other current assets, property, plant and equipment, intangible assets and other miscellaneous assets.

	Second Quarter		Year to Date	
	2011	2010	2011	2010
NET SALES				
CDIY	\$ 1,364.4	\$ 1,300.0	\$ 2,575.2	\$ 1,849.0
Security	622.4	571.4	1,179.8	985.3
Industrial	636.4	494.2	1,248.9	793.3
Total	<u>\$ 2,623.2</u>	<u>\$ 2,365.6</u>	<u>\$ 5,003.9</u>	<u>\$ 3,627.6</u>
SEGMENT PROFIT				
CDIY	\$ 190.6	\$ 112.8	\$ 347.1	\$ 160.3
Security	102.6	67.7	175.3	131.8
Industrial	97.5	57.1	204.4	94.4
Segment profit	390.7	237.6	726.8	386.5
Corporate overhead	(57.8)	(52.8)	(117.1)	(128.3)
Other, net	(59.8)	(65.1)	(112.3)	(130.0)
Restructuring charges and asset impairments	(21.1)	(85.8)	(34.4)	(183.2)
Interest expense	(34.1)	(26.8)	(68.7)	(46.1)
Interest income	7.3	2.2	12.4	3.4
Earnings (loss) from continuing operations before income taxes	<u>\$ 225.2</u>	<u>\$ 9.3</u>	<u>\$ 406.7</u>	<u>\$ (97.7)</u>

The Company recast 2010 segment net sales and profit between the CDIY and Industrial segments to align reporting with the current management of certain industrial end customers to be comparable with the 2011 presentation. This recast had no material impact on previously reported 2010 net sales by geographic area.

The Company recorded \$5.3 million and \$11.3 million, respectively, in cost of sales associated with facility closures and an additional \$1.3 million and \$2.2 million, respectively, in SG&A primarily for integration costs associated with the Merger for the three and six months ended July 2, 2011. For the three and six months ended July 3, 2010, the Company recorded \$123.7 million and \$165.3 million, respectively, in cost of sales which primarily related to the inventory step-up amortization stemming from the turn of inventory acquired with the Merger which was recorded in purchase accounting at its fair value and facility closures within the Security segment. These charges reduced segment profit by \$4.2 million in CDIY, \$2.1 million in Security and \$0.3 million in Industrial for the three months ended July 2, 2011, and \$6.6 million in CDIY, \$6.6 million in Security and \$0.3 million in Industrial for the six months ended July 2, 2011. Segment profit for the three months ended July 3, 2010 was reduced for these charges by \$88.4 million in CDIY, \$21.7 million in Security and \$13.6 million in Industrial. For the six months ended July 3, 2010, segment profit was reduced by \$120.3 million in CDIY, \$27.0 million in Security and \$18.0 million in Industrial.

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Corporate overhead for the three and six months ended July 2, 2011, includes \$16.4 million and \$31.4 million, respectively, of charges pertaining primarily to certain merger and acquisition-related executive compensation and Black & Decker integration costs. For the three and six months ended July 3, 2010, such charges included in corporate overhead were \$15.7 million and \$64.7 million, respectively.

The following table is a summary of total assets by segment for the periods ended July 2, 2011 and January 1, 2011:

	2011	2010
Segment Assets		
CDIY	\$ 7,912.2	\$ 7,417.6
Security	3,710.0	3,496.3
Industrial	3,484.7	3,209.3
	15,106.9	14,123.2
Corporate assets	926.6	1,016.2
Consolidated	\$ 16,033.5	\$ 15,139.4

In connection with the previously discussed recast of 2010 segment net sales and profit, the Company correspondingly recast certain segment assets between the CDIY and Industrial segments.

Corporate assets are primarily cash and deferred taxes.

Q. Commitments and Contingencies

The Company is involved in various legal proceedings relating to environmental issues, employment, product liability, workers' compensation claims and other matters. The Company periodically reviews the status of these proceedings with both inside and outside counsel, as well as an actuary for risk insurance. Management believes that the ultimate disposition of these matters will not have a material adverse effect on operations or financial condition taken as a whole.

In connection with the Merger, the Company assumed certain commitments and contingent liabilities. Black & Decker was involved in lawsuits in the ordinary course of business, which primarily involve claims for damages arising out of the use of Black & Decker's products and allegations of patent and trademark infringement. Black & Decker also was involved in litigation and administrative proceedings involving employment matters, commercial disputes, and income tax matters. Some of these lawsuits include claims for punitive as well as compensatory damages. Additionally, Black & Decker is a party to litigation and administrative proceedings with respect to claims involving the discharge of hazardous substances into the environment. Some of these assert claims for damages and liability for remedial investigations and clean-up costs with respect to sites that have never been owned or operated by Black & Decker but at which Black & Decker has been identified as a potentially responsible party. Other matters involve current and former manufacturing facilities.

The Environmental Protection Agency ("EPA") and the Santa Ana Regional Water Quality Control Board have each initiated administrative proceedings against Black & Decker and certain of its current or former affiliates alleging that Black & Decker and numerous other defendants are responsible to investigate and remediate alleged groundwater contamination in and adjacent to a 160-acre property located in Rialto, California. The cities of Colton and Rialto, as well as Goodrich Corporation, also initiated lawsuits against Black & Decker and certain of its former or current affiliates in the Federal District Court for California, Central District alleging similar claims that Black & Decker is liable under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Resource Conservation and Recovery Act, and state law for the discharge or release of hazardous substances into the environment and the contamination caused by those alleged releases. The City of Colton also has a companion case in California State court, which is currently stayed for all purposes. Certain defendants in that case have cross-claims against other defendants and have asserted claims against the State of California. The administrative proceedings and the lawsuits generally allege that West Coast Loading Corporation ("WCLC"), a defunct company that operated in Rialto between 1952 and 1957, and an as yet undefined number of other defendants are responsible for the release of perchlorate and solvents into the groundwater basin, and that Black & Decker and certain of its current or former affiliates are liable as a "successor" of WCLC. The Company believes that neither the facts nor the law support an allegation that Black & Decker is responsible for the contamination and is vigorously contesting these claims.

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The EPA has provided an affiliate of Black & Decker a "Notice of Potential Liability" related to environmental contamination found at the Centredale Manor Restoration Project Superfund site, located in North Providence, Rhode Island. The EPA has discovered a variety of contaminants at the site, including but not limited to, dioxins, polychlorinated biphenyls, and pesticides. The EPA alleged that an affiliate of Black & Decker is liable for site clean-up costs under CERCLA as a successor to the liability of Metro-Atlantic, Inc., a former operator at the site, and demanded reimbursement of the EPA's costs related to this site. The EPA released a draft Feasibility Study Report in May 2010, which identified and evaluated possible remedial alternatives for the site.

The estimated remediation costs related to this Centredale site (including the EPA's past costs as well as costs of additional investigation, remediation, and related costs such as EPA's oversight costs, less escrowed funds contributed by primary potentially responsible parties (PRPs) who have reached settlement agreements with the EPA), which the Company considers to be probable and reasonably estimable, range from approximately \$68.3 million to \$212.9 million, with no amount within that range representing a more likely outcome until such time as the EPA completes its remedy selection process for the site. The Company's reserve for this environmental remediation matter of \$68.3 million reflects the fact that the EPA considers Metro-Atlantic, Inc. to be a primary source of contamination at the site. The Company has determined that it is likely to contest the EPA's claims with respect to this site. Further, to the extent that the Company agrees to perform or finance additional remedial activities at this site, it intends to seek participation or contribution from additional PRPs and insurance carriers. As the specific nature of the environmental remediation activities that may be mandated by the EPA at this site have not yet been determined, the ultimate remedial costs associated with the site may vary from the amount accrued by the Company at July 2, 2011.

In the event that no amount in the range of probable loss is considered most likely, the minimum loss in the range is accrued. In the normal course of business, the Company is involved in various lawsuits and claims. In addition, the Company is a party to a number of proceedings before federal and state regulatory agencies relating to environmental remediation. Also, the Company, along with many other companies, has been named as a PRP in a number of administrative proceedings for the remediation of various waste sites, including 34 active Superfund sites. Current laws potentially impose joint and several liabilities upon each PRP. In assessing its potential liability at these sites, the Company has considered the following: whether responsibility is being disputed, the terms of existing agreements, experience at similar sites, and the Company's volumetric contribution at these sites.

The Company's policy is to accrue environmental investigatory and remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The amount of liability recorded is based on an evaluation of currently available facts with respect to each individual site and includes such factors as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. The liabilities recorded do not take into account any claims for recoveries from insurance or third parties. As assessments and remediation progress at individual sites, the amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. As of July 2, 2011 and January 1, 2011, the Company had reserves of \$171.1 million and \$173.0 million, respectively, for remediation activities associated with Company-owned properties, as well as for Superfund sites, for losses that are probable and estimable. Of the 2011 amount, \$13.4 million is classified as current and \$157.7 million as long-term which is expected to be paid over the estimated remediation period. The range of environmental remediation costs that is reasonably possible is \$148.8 million to \$364.2 million which is subject to change in the near term. The Company may be liable for environmental remediation of sites it no longer owns. Liabilities have been recorded on those sites in accordance with policy.

The amount recorded for identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. Actual costs to be incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating certain exposures. Subject to the imprecision in estimating future contingent liability costs, the Company does not expect that any sum it may have to pay in connection with these matters in excess of the amounts recorded will have a materially adverse effect on its financial position, results of operations or liquidity.

As discussed in Note T, Offer to Acquire Niscayah, the Company entered into a commitment to undertake a tender offer for shares of Niscayah.

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R. Guarantees

The Company's financial guarantees at July 2, 2011 are as follows (in millions):

(Millions of Dollars)	Term	Maximum	Carrying
		Potential	Amount of
		Payment	Liability
Financial guarantees as of July 2, 2011:			
Guarantees on the residual values of leased properties	One to four years	\$ 32.8	\$ —
Guarantee on the residual value of aircraft	Less than nine years	24.2	—
Standby letters of credit	Up to three years	71.9	—
Commercial customer financing arrangements	Up to six years	23.1	12.8
Total		<u>\$ 152.0</u>	<u>\$ 12.8</u>

The Company has guaranteed a portion of the residual value arising from its synthetic lease and U.S. master personal property lease programs. The lease guarantees aggregate \$32.8 million while the fair value of the underlying assets is estimated at \$38.4 million. The related assets would be available to satisfy the guarantee obligations and therefore it is unlikely the Company will incur any future loss associated with these lease guarantees.

The Company has issued \$71.9 million in standby letters of credit that guarantee future payments which may be required under certain insurance programs.

The Company provides various limited and full recourse guarantees to financial institutions that provide financing to U.S. and Canadian Mac Tool distributors for their initial purchase of the inventory and trucks necessary to function as a distributor. In addition, the Company provides limited and full recourse guarantees to financial institutions that extend credit to certain end retail customers of its U.S. Mac Tool distributors. The gross amount guaranteed in these arrangements is \$23.1 million and the \$12.8 million carrying value of the guarantees issued is recorded in debt and other liabilities as appropriate in the consolidated balance sheet.

The Company leases an aircraft under an operating lease that includes a \$24.2 million residual value guarantee. The fair value of that aircraft is estimated at \$39.5 million.

The Company provides product and service warranties which vary across its businesses. The types of warranties offered generally range from one year to limited lifetime, while certain products carry no warranty. Further, the Company sometimes incurs discretionary costs to service its products in connection with product performance issues. Historical warranty and service claim experience forms the basis for warranty obligations recognized. Adjustments are recorded to the warranty liability as new information becomes available.

The changes in the carrying amount of product and service warranties for the six months ended July 2, 2011 and July 3, 2010 are as follows (in millions):

	2011	2010
Balance beginning of period	\$ 119.6	\$ 67.4
Warranties and guarantees issued	49.4	33.4
Liability assumed in the Merger	9.5	51.5
Warranty payments	(50.4)	(32.9)
Foreign currency translation and other	9.1	(6.1)
Balance end of period	<u>\$ 137.2</u>	<u>\$ 113.3</u>

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S. Parent and Subsidiary Debt Guarantees

The following notes were issued by Stanley Black & Decker, Inc. ("Stanley") and are fully and unconditionally guaranteed by The Black & Decker Corporation ("Black & Decker"), a 100% owned direct subsidiary of Stanley: 4.9% Notes due 2012; 6.15% Notes due 2013; and the 5.2% Notes due 2040 (collectively, the "Stanley Notes").

The following notes were issued by Black & Decker and are fully and unconditionally guaranteed by Stanley: 4.75% Notes due 2014; 8.95% Notes due 2014 and 5.75% Notes due 2016 (collectively, the "Black & Decker Notes").

The Stanley Notes and the Black & Decker Notes were issued under indentures attached as Exhibits to the Company's Annual Report on Form 10-K for the year ended January 1, 2011 filed on February 18, 2011. Each of the Black & Decker Notes and Black & Decker's guarantee of the Stanley Notes rank equally with all of Black & Decker's other unsecured and unsubordinated indebtedness. The Stanley Guarantees of the Black and Decker notes are unsecured obligations of the Company, ranking equal in right of payment with all the Company's existing and future unsecured and unsubordinated indebtedness.

The following tables, in accordance with Rule 3-10(e) of Regulation S-X for the Stanley Notes, and Rule 3-10(c) of Regulation S-X for the Black & Decker Notes, present the condensed consolidating balance sheets as of July 2, 2011 and January 1, 2011; the condensed consolidating statements of operations for the three and six months ended July 2, 2011 and July 3, 2010; and the condensed consolidating statements of cash flows for the six months ended July 2, 2011 and July 3, 2010. The condensed consolidated financial statements for the six months ended July 3, 2010 include the results of Black & Decker from the Merger date.

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Stanley Black & Decker, Inc. Condensed Consolidating Statement of Operations (Unaudited, Millions of Dollars) Three Months Ended July 2, 2011

	Parent	The Black &	Non-		
	Stanley Black	Decker	Guarantor		
	& Decker, Inc.	Corporation	Subsidiaries	Eliminations	Consolidated
NET SALES	\$ 428.9	\$ -	\$ 2,321.6	\$ (127.3)	\$ 2,623.2
COSTS AND EXPENSES					
Cost of sales	290.7	-	1,470.2	(105.1)	1,655.8
Selling, general and administrative	180.6	0.6	475.5	(22.2)	634.5
Other, net	0.7	9.5	49.6	-	59.8
Restructuring charges and asset impairments	0.9	-	20.2	-	21.1
Interest expense, net	17.0	12.8	(3.0)	-	26.8
	489.9	22.9	2,012.5	(127.3)	2,398.0
(Loss) earnings from continuing operations before income taxes and equity in earnings of subsidiaries	(61.0)	(22.9)	309.1	-	225.2
Income taxes (benefit) on continuing operations before equity in earnings of subsidiaries	(16.5)	(8.3)	52.7	-	27.9
Equity in earnings of subsidiaries	241.8	222.8	-	(464.6)	-
Net earnings from continuing operations	197.3	208.2	256.4	(464.6)	197.3
Less: Net (loss) attributable to non-controlling interests	-	-	-	-	-
NET EARNINGS ATTRIBUTABLE TO STANLEY BLACK & DECKER, INC.	\$ 197.3	\$ 208.2	\$ 256.4	\$ (464.6)	\$ 197.3

Stanley Black & Decker, Inc. Condensed Consolidating Statement of Operations (Unaudited, Millions of Dollars) Six Months Ended July 2, 2011

	Parent	The Black &	Non-		
	Stanley Black	Decker	Guarantor		
	& Decker, Inc.	Corporation	Subsidiaries	Eliminations	Consolidated
NET SALES	\$ 804.1	\$ -	\$ 4,435.3	\$ (235.5)	\$ 5,003.9
COSTS AND EXPENSES					
Cost of sales	544.5	-	2,802.8	(193.3)	3,154.0
Selling, general and administrative	348.5	2.1	931.8	(42.2)	1,240.2
Other, net	(13.6)	(30.0)	155.9	-	112.3
Restructuring charges and asset impairments	2.4	-	32.0	-	34.4
Interest expense, net	35.6	26.4	(5.7)	-	56.3
	917.4	(1.5)	3,916.8	(235.5)	4,597.2
(Loss) earnings from continuing operations before income taxes and equity in earnings of subsidiaries	(113.3)	1.5	518.5	-	406.7
Income taxes (benefit) on continuing operations before equity in earnings of subsidiaries	(35.7)	0.6	86.1	-	51.0
Equity in earnings of subsidiaries	433.3	345.8	-	(779.1)	-
Net earnings from continuing operations	355.7	346.7	432.4	(779.1)	355.7
Less: Net (loss) attributable to non-controlling interests	-	-	(0.3)	-	(0.3)
NET EARNINGS ATTRIBUTABLE TO STANLEY BLACK & DECKER, INC.	\$ 355.7	\$ 346.7	\$ 432.7	\$ (779.1)	\$ 356.0

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Stanley Black & Decker, Inc. Condensed Consolidating Statement of Operations (Unaudited, Millions of Dollars) Three Months Ended July 3, 2010

	Parent Stanley Black & Decker, Inc.	The Black & Decker Corporation	Non- Guarantor Subsidiaries	Eliminations	Consolidated
NET SALES	\$ 407.7	\$ -	\$ 2,060.2	\$ (102.3)	\$ 2,365.6
COSTS AND EXPENSES					
Cost of sales	268.8	-	1,410.8	(83.0)	1,596.6
Selling, general and administrative	135.7	31.2	436.6	(19.3)	584.2
Other, net	14.4	(39.8)	90.5	-	65.1
Restructuring charges and asset impairments	54.8	2.7	28.3	-	85.8
Interest expense, net	10.8	11.4	2.4	-	24.6
	484.5	5.5	1,968.6	(102.3)	2,356.3
(Loss) earnings from continuing operations before income taxes and equity in earnings of subsidiaries	(76.8)	(5.5)	91.6	-	9.3
Income taxes (benefit) on continuing operations before equity in earnings of subsidiaries	(18.6)	(0.9)	(17.5)	-	(37.0)
Equity in earnings of subsidiaries	104.5	52.6	-	(157.1)	-
Net earnings from continuing operations	46.3	48.0	109.1	(157.1)	46.3
Less: Net earnings attributable to non-controlling interests	-	-	0.5	-	0.5
NET EARNINGS ATTRIBUTABLE TO STANLEY BLACK & DECKER, INC.	\$ 46.3	\$ 48.0	\$ 108.6	\$ (157.1)	\$ 45.8

Stanley Black & Decker, Inc. Condensed Consolidating Statement of Operations (Unaudited, Millions of Dollars) Six Months Ended July 3, 2010

	Parent Stanley Black & Decker, Inc.	The Black & Decker Corporation	Non- Guarantor Subsidiaries	Eliminations	Consolidated
NET SALES	\$ 765.1	\$ -	\$ 3,054.0	\$ (191.5)	\$ 3,627.6
COSTS AND EXPENSES					
Cost of sales	506.9	-	2,049.9	(154.1)	2,402.7
Selling, general and administrative	285.9	44.9	673.3	(37.4)	966.7
Other, net	45.0	(53.9)	138.9	-	130.0
Restructuring charges and asset impairments	55.0	90.2	38.0	-	183.2
Interest expense, net	23.8	14.4	4.5	-	42.7
	916.6	95.6	2,904.6	(191.5)	3,725.3
(Loss) earnings from continuing operations before income taxes and equity in earnings of subsidiaries	(151.5)	(95.6)	149.4	-	(97.7)
Income taxes (benefit) on continuing operations before equity in earnings of subsidiaries	(38.4)	(9.5)	12.4	-	(35.5)
Equity in earnings of subsidiaries	50.9	41.5	-	(92.4)	-
Net earnings (loss) from continuing operations	(62.2)	(44.6)	137.0	(92.4)	(62.2)
Less: Net earnings attributable to non-controlling interests	-	-	0.6	-	0.6
NET EARNINGS (LOSS) ATTRIBUTABLE TO STANLEY BLACK & DECKER, INC.	\$ (62.2)	\$ (44.6)	\$ 136.4	\$ (92.4)	\$ (62.8)

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Stanley Black & Decker, Inc.
Condensed Consolidating Balance Sheet
(Unaudited, Millions of Dollars)
July 2, 2011

	Parent Stanley Black & Decker, Inc.	The Black & Decker Corporation	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 31.6	\$ 2.7	\$ 1,880.7	\$ -	\$ 1,915.0
Accounts and notes receivable, net	191.5	-	1,433.1	-	1,624.6
Inventories, net	125.2	-	1,323.2	-	1,448.4
Other current assets	30.8	7.0	313.2	-	351.0
Total Current Assets	379.1	9.7	4,950.2	-	5,339.0
Property, Plant and Equipment, net	206.0	-	980.4	-	1,186.4
Goodwill and intangible assets, net	220.6	1,623.5	7,250.0	-	9,094.1
Investment in Subsidiaries	9,861.0	3,376.9	-	(13,237.9)	-
Intercompany Receivables	-	10,388.2	10,291.9	(20,680.1)	-
Other Assets	36.6	43.9	333.5	-	414.0
Total Assets	\$ 10,703.3	\$ 15,442.2	\$ 23,806.0	\$ (33,918.0)	\$ 16,033.5
LIABILITIES AND SHAREOWNERS' EQUITY					
Current Liabilities					
Short-term borrowings	\$ 626.7	\$ -	\$ 0.2	\$ -	\$ 626.9
Current maturities of long-term debt	314.6	-	2.4	-	317.0
Accounts payable and accrued expenses	212.6	166.9	2,081.3	-	2,460.8
Total Current Liabilities	1,153.9	166.9	2,083.9	-	3,404.7
Intercompany Payables	558.3	8,615.6	11,506.2	(20,680.1)	-
Long-Term Debt	1,531.1	1,028.0	169.9	-	2,729.0
Other Liabilities	98.1	23.7	2,194.2	-	2,316.0
Accumulated other comprehensive (loss) income	(91.1)	(78.7)	248.2	-	78.4
Other Shareowners' Equity	7,453.0	5,686.7	7,551.2	(13,237.9)	7,453.0
Non-controlling interests	-	-	52.4	-	52.4
Total Equity	7,361.9	5,608.0	7,851.8	(13,237.9)	7,583.8
Total Liabilities and Shareowners' Equity	\$ 10,703.3	\$ 15,442.2	\$ 23,806.0	\$ (33,918.0)	\$ 16,033.5

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Stanley Black & Decker, Inc.
Condensed Consolidating Balance Sheet
(Unaudited, Millions of Dollars)
January 1, 2011

	Parent	The Black &	Non-		
	Stanley Black &	Decker	Guarantor		
	Decker, Inc.	Corporation	Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets					
Cash and cash equivalents	\$ (5.0)	\$ 3.5	\$ 1,746.9	\$ -	\$ 1,745.4
Accounts and notes receivable, net	153.4	-	1,263.7	-	1,417.1
Inventories, net	120.8	-	1,151.2	-	1,272.0
Other current assets	24.8	13.0	343.3	-	381.1
Total Current Assets	294.0	16.5	4,505.1	-	4,815.6
Property, Plant and Equipment, net	172.0	5.0	989.5	-	1,166.5
Goodwill and intangible assets, net	186.7	1,620.5	7,006.9	-	8,814.1
Investment in Subsidiaries	9,367.5	3,034.1	-	(12,401.6)	-
Intercompany Receivables	307.6	10,632.8	8,807.6	(19,748.0)	-
Other Assets	40.2	45.9	257.1	-	343.2
Total Assets	\$ 10,368.0	\$ 15,354.8	\$ 21,566.2	\$ (32,149.6)	\$ 15,139.4
LIABILITIES AND SHAREOWNERS' EQUITY					
Current Liabilities					
Short-term borrowings	\$ -	\$ -	\$ 1.6	\$ -	\$ 1.6
Current maturities of long-term debt	4.2	409.2	2.7	-	416.1
Accounts payable and accrued expenses	288.5	90.1	1,945.9	-	2,324.5
Total Current Liabilities	292.7	499.3	1,950.2	-	2,742.2
Intercompany Payables	1,147.9	8,877.7	9,722.4	(19,748.0)	-
Long-Term Debt	1,817.5	1,029.2	171.4	-	3,018.1
Other Liabilities	52.0	138.3	2,119.1	-	2,309.4
Accumulated other comprehensive (loss) income	(75.4)	(96.8)	55.9	-	(116.3)
Other Shareowners' Equity	7,133.3	4,907.1	7,494.5	(12,401.6)	7,133.3
Non-controlling interests	-	-	52.7	-	52.7
Total Equity	7,057.9	4,810.3	7,603.1	(12,401.6)	7,069.7
Total Liabilities and Shareowners' Equity	\$ 10,368.0	\$ 15,354.8	\$ 21,566.2	\$ (32,149.6)	\$ 15,139.4

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Stanley Black & Decker, Inc.
Condensed Consolidating Statements of Cash Flow
(Unaudited, Millions of Dollars)
Six Months Ended July 2, 2011

	Parent				
	Stanley Black & Decker, Inc.	The Black & Decker Corporation	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash (used in) provided by operating activities	\$ (214.9)	\$ 377.2	\$ 135.4	\$ -	\$ 297.7
Investing Activities					
Capital expenditures and capitalized software	(51.9)	-	(86.1)	-	(138.0)
Business acquisitions and asset disposals	(75.2)	-	(4.9)	-	(80.1)
Purchases of short-term investments	-	-	(42.5)	-	(42.5)
Investment in Niscayah	-	-	(58.5)	-	(58.5)
Intercompany payables and receivables	781.5	491.1	495.1	(1,767.7)	-
Other investing activities	(18.4)	(10.8)	-	-	(29.2)
Cash provided by (used in) investing activities	636.0	480.3	303.1	(1,767.7)	(348.3)
Financing Activities					
Net proceeds (payments) on long-term debt	20.5	(400.0)	(1.4)	-	(380.9)
Net premium paid for equity option	(19.6)	-	-	-	(19.6)
Stock purchase contract fees	(1.6)	-	-	-	(1.6)
Net short-term borrowings (repayments)	626.2	-	(1.4)	-	624.8
Cash dividends on common stock	(137.5)	-	-	-	(137.5)
Proceeds from the issuance of common stock	85.4	-	-	-	85.4
Purchase of common stock for treasury	(6.1)	-	-	-	(6.1)
Intercompany payables and receivables	(951.8)	(458.3)	(357.6)	1,767.7	-
Cash (used in) provided by financing activities	(384.5)	(858.3)	(360.4)	1,767.7	164.5
Effect of exchange rate changes on cash and cash equivalents	-	-	55.7	-	55.7
Change in cash and cash equivalents	36.6	(0.8)	133.8	-	169.6
Cash and cash equivalents, beginning of period	(5.0)	3.5	1,746.9	-	1,745.4
Cash and cash equivalents, end of period	\$ 31.6	\$ 2.7	\$ 1,880.7	\$ -	\$ 1,915.0

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Stanley Black & Decker, Inc.
Condensed Consolidating Statements of Cash Flow
(Unaudited, Millions of Dollars)
Six Months Ended July 3, 2010

	Parent	The Black &			
	Stanley Black &	Decker	Non-Guarantor		
	Decker, Inc.	Corporation	Subsidiaries	Eliminations	Consolidated
Cash (used in) provided by operating activities	\$ (283.4)	\$ (299.4)	\$ 771.1	\$ -	\$ 188.3
Investing Activities					
Capital expenditures and capitalized software	(12.2)	-	(45.0)	-	(57.2)
Business acquisitions and asset disposals	5.6	(15.0)	(8.7)	-	(18.1)
Cash acquired from Black & Decker	-	1.8	947.6	-	949.4
Intercompany payables and receivables	(4.6)	171.3	-	(166.7)	-
Other investing activities	(16.1)	45.8	-	-	29.7
Cash (used in) provided by investing activities	(27.3)	203.9	893.9	(166.7)	903.8
Financing Activities					
Payments on long-term debt	(200.0)	-	(1.6)	-	(201.6)
Stock purchase contract fees	(7.7)	-	-	-	(7.7)
Net short-term borrowings	253.8	(175.0)	-	-	78.8
Cash dividends on common stock	(81.2)	(7.7)	-	-	(88.9)
Purchase of common stock for treasury	(2.2)	-	-	-	(2.2)
Proceeds from the issuance of common stock	360.9	-	-	-	360.9
Intercompany payables and receivables	-	281.4	(448.1)	166.7	-
Cash provided by (used in) financing activities	323.6	98.7	(449.7)	166.7	139.3
Effect of exchange rate changes on cash and cash equivalents	-	-	(33.7)	-	(33.7)
Increase in cash and cash equivalents	12.9	3.2	1,181.6	-	1,197.7
Cash and cash equivalents, beginning of period	9.2	-	391.5	-	400.7
Cash and Cash Equivalents, End of Period	<u>\$ 22.1</u>	<u>\$ 3.2</u>	<u>\$1,573.1</u>	<u>\$ -</u>	<u>\$ 1,598.4</u>

EXHIBIT B

MAC TOOLS FRANCHISE AGREEMENT

The person or persons signing below are referred to as “you” and “your.” If the party signing this Mac Tools Franchise Agreement (this “Agreement”) is a corporation, limited liability company, partnership or other business entity, “you” and “your” shall refer to such entity and shall also refer to the natural person signing below on behalf of such entity, provided that no natural person (other than the undersigned individual (as defined below)) shall be entitled to any of the rights and benefits under this Agreement. (The natural person signing below is called the “undersigned individual”).

“Mac Tools” refers to the Mac Tools Division of Stanley Black & Decker, Inc., a Connecticut corporation, and its successors and assigns. Mac Tools’ principal place of business is located at 505 North Cleveland Avenue, Westerville, Ohio 43082. Mac Tools also has a distribution center located at 4380 Old Roberts Road, Columbus, Ohio.

1. Your Appointment as a Franchisee; Fees.

1.1. Appointment. Mac Tools appoints you as an authorized franchisee to operate a Mac Tools mobile tool distribution business (the “Mac Tools Business”) and to distribute products and equipment manufactured by Mac Tools or its affiliate(s) for sale under the “MAC Tools®” name and trademarks (the “Manufactured Products”) and of products manufactured by others and distributed by Mac Tools (the “Distributed Products”). (The Manufactured Products and the Distributed Products are referred to collectively as the “Products.”) During the Term (as defined below in Section 2.1), Mac Tools may periodically provide you the opportunity to purchase and distribute certain products sold under other brands owned by Stanley Black & Decker, Inc. (the “SBD Products”). Mac Tools has developed a method of business operation in connection with providing products and services, utilizing certain standards, specifications, methods, procedures, techniques and management systems, identification schemes and proprietary marks and information (the “Mac Tools System”), all of which may be changed, improved and further developed from time to time by Mac Tools. You will use the Mac Tools System in your operation of the Mac Tools Business. You agree to this appointment. Your operation of the Mac Tools Business under this Agreement includes the operation of at least one assigned Route (as defined below in Section 3.1(a)) and, upon the agreement by you and Mac Tools to the assignment of one or more additional Route(s), to the operation of the Mac Tools Business on those Route(s), as well. Mac Tools reserves its rights, in its sole discretion and on a case by case basis, to decide whether or not to approve your request to add another route to your assigned Route(s) and reserves its rights to consider any factors of its choosing in making these decisions. Your appointment by Mac Tools, and the assignment of your Route(s) and of the Stops (as defined below in Section 3.1), is nonexclusive, except that Mac Tools will not assign any Stop(s) assigned to any of your Route(s) to any other franchisee, distributor or Mac Tools employee distributors. Mac Tools further reserves its rights, in its sole discretion, through the Mac Tools Division or through a parent, subsidiaries, or affiliated or related business entities, to market and sell the Products and the SBD Products to customers in any location through any method of product distribution (including, without limitation, through the Internet, direct mail solicitation, sale of Products at automotive racing venues and through retail automotive products stores) other than the distribution method described in the immediately preceding sentence.

1.2. Initial Franchise Fee. You must pay Mac Tools an initial franchise fee (the “Initial Franchise Fee”) in the amount of Three Thousand Dollars (\$3,000). The Initial Franchise Fee shall be fully earned, due and payable upon Mac Tools’ execution of this Agreement and is not refundable.

1.3. Annual Fee. During each full calendar year during the Term, you must pay Mac Tools an annual fee (the “Annual Fee”) in the amount of Nine Hundred Ninety Dollars (\$990.00). The Annual

Fee is not refundable. The Annual Fee is payable by you in the form of a debit or debits to your trade account (as referenced in Section 5.3 of this Agreement) either (a) in monthly installments of \$82.50 on or before the fifteenth (15th) day of each month during the calendar year; or (b) in a single (discounted) payment amount of \$900.00 on or before the fifteenth (15th) day of January in each calendar year.

2. Term of Agreement; Renewal.

2.1. Initial Term. This Agreement shall begin on the date Mac Tools signs it in its offices in Ohio and, unless it is terminated earlier in accordance with the termination provisions of this Agreement, it will continue for a period of five (5) years from that date (the "Initial Term"). If the laws of the state in which you live, or in which the Route is located, require a longer initial term, the Initial Term will be as long as required by the applicable law. The Initial Term and any Renewal Term(s) are collectively referred to in this Agreement as the "Term".

2.2. Renewal. After the Initial Term, you may, at your option, renew this Agreement for up to two (2) additional successive renewal terms (each, a "Renewal Term") of five (5) years each, provided that at the end of the Initial Term and each such Renewal Term you have met each of the following requirements (unless you and Mac Tools have otherwise agreed in writing to a waiver of a particular requirement):

- (a) You have given Mac Tools written notice of your election to renew not more than six (6) months, nor less than thirty (30) days, prior to the end of the then-current term;
- (b) You are not in default under any provision of this Agreement, or any other agreement between Mac Tools and you, and you have been in full compliance with all material terms and conditions of such agreements during their terms;
- (c) You execute Mac Tools' then-current form of Mac Tools Franchise Agreement, which agreement shall supersede in all respects this Agreement, and the terms of which may differ from the terms of this Agreement;
- (d) You execute a general release, in a form prescribed by Mac Tools, of any and all claims through the date of renewal against Mac Tools, Stanley Black & Decker, Inc. and its corporate affiliates, and their respective officers, directors, members, agents, and employees in their corporate and individual capacities;
- (e) You comply with Mac Tools' then-current qualifications and training requirements, including, without limitation, training requirements specifically designed for renewing franchisees; and
- (f) You agree to upgrade your Truck to conform to Mac Tools' then-current standards as outlined in writing.

3. Your Obligations and Responsibilities as a Franchisee.

3.1. The Business. You agree that you will establish and operate a Mac Tools Business. In your operation of the Mac Tools Business, you will aggressively and actively sell and promote the sale and service of the Products and, as applicable, the SBD Products at Customer (as defined below in Section 3.1(a)) locations (the "Stop" or "Stops"). The Mac Tools Business will include any operations by any of your employee(s) ("Employee" or "Employee(s)") on any Route(s) assigned to you.

(a) **The Route(s).** A Route is a list of Stops assigned by Mac Tools and listed on Exhibit A to this Agreement (the "Route" and, if more than one Route is assigned, collectively, the "Route(s)"). Each Route assigned by Mac Tools may be operated by the natural person signing this Agreement or by an Employee under the direct supervision and control of the natural person signing this Agreement, provided that there must be a minimum of one individual assigned to operate each Route and you must keep Mac Tools informed at all times of the name of the individual assigned to operate each Route. After the initial assigned Route, each Route will have the list of Stops assigned by Mac Tools and listed in Exhibit A on an Additional Route Assignment form. You will ensure that your Employee(s) operate any Route(s) assigned to them in such a manner as will enhance Mac Tools' and your business reputation and goodwill. (The Route(s), and your obligations regarding them, are more fully explained in Article 4 below.) There may be one or more purchasers or potential purchasers of the Products and, as applicable, the SBD Products (the "Customers") at each Stop. You will not have any ownership interest in any of the Route(s) or the lists of Stops and Customers assigned to the Route(s). You are responsible for keeping each of your Route assignment lists current and for submitting to Mac Tools annually on or before December 1st for each Route a current Route assignment list signed and dated by you and in a format prescribed by Mac Tools. If a location has not been assigned to one of your Routes as described in Article 4 of this Agreement, then it is not considered a part of such Route, even if you (or one of your Employee(s)) provide(s) service to the unassigned location.

(b) **The Manual.** You will operate the Mac Tools Business in accordance with the terms of this Agreement and the Mac Tools Field Operations Manual (the "Manual"). The Manual includes written rules and procedures which Mac Tools issues to its franchisees from time to time in written and/or electronic form, at Mac Tools' sole discretion. The Manual is Mac Tools' property, and Mac Tools is loaning it to you for the duration of this Agreement. The Manual will be provided to you when you attend the initial training. As provided in Section 3.19 of this Agreement, the Manual is proprietary and you must keep it confidential and you must ensure that your Employee(s) keep it confidential, as well. You must return it to Mac Tools (or destroy it) upon termination or expiration of this Agreement. Mac Tools has the right to add to or otherwise modify the Manual from time to time to reflect changes in authorized Products and services, standards or Product quality, and operations of Mac Tools Businesses. In the event of a dispute as to the contents of the Manual, the master copy of the Manual maintained by Mac Tools at its principal place of business shall control. When Mac Tools revises the Manual, the Manual will be re-issued in its entirety to you and other franchisees.

(c) **The Employee(s).** In the event that you decide to request Mac Tools' consent under this Agreement to hire one or more Employees to operate one or more Routes, for each such Employee proposed to be hired, you must (i) conduct a background check and prepare a background check report, and (ii) submit to Mac Tools in writing a proposal to hire an Employee and to operate a Route, including a copy of any and all applicable background check reports. Mac Tools reserves its right to object to your proposal if any Employee proposed by you fails to meet its qualifications, if the proposed employee was previously involved in any business or employment relationship with Mac Tools that, in its view, was not satisfactory, if the proposed Employee has within the last year been either an employee of Mac Tools or a Mac Tools franchisee, or if Mac Tools has evidence that the proposed Employee has previously committed any act constituting a default pursuant to Section 10.1(c) or (d) of this Agreement. Within a reasonable time of Mac Tools' receipt of your written proposal, Mac Tools will provide you with written notice of its decision regarding your proposal.

Any Employee(s) hired by you under this Agreement will be solely your Employee(s) and under your control and active direction and such Employee(s) will not be under Mac Tools' control or supervision and will not be its employee(s), agent(s) or legal representative(s) for any purposes. You hereby acknowledge and agree that you are responsible for the additional obligations resulting from your

employment of any Employee(s), including, without limitation, (i) performing the employer's obligations respecting payroll, employment-related taxes and withholding, and employee benefits, (ii) performing recordkeeping, reporting, collections and service obligations for all Route(s), providing an approved Mac Tools Truck (as defined below in Section 3.11(a)) in compliance with the Franchise Agreement and the Manual for use on each of the Route(s), (iii) bearing financial responsibility for all business conducted on the Route(s), (iv) obtaining and maintaining during the Initial Term and any Renewal Term(s) of this Agreement any additional insurance coverage for the additional Truck(s) and inventory of the Products and required pursuant to Section 3.16 of this Agreement and (v) taking reasonable steps to ensure that your Employee(s) comply with the prohibition set forth in Section 3.2 against taking illegal drugs or engaging in Mac Tools Business operations while under the influence of alcoholic beverages or illegal drugs.

You must assign one individual to have primary responsibility for each of your Route(s) and must provide Mac Tools with written notice of such assignments. You may reassign Employees to Routes, subject to Mac Tools' reservation of its' rights to object, as provided above in this Section 3.1(c), by providing Mac Tools with written notice of the new assignments promptly after the effective dates of such assignments.

(d) Sale of Products. You agree that you will sell, and supervise the sale by your Employee(s) of, the Products and, as applicable, the SBD Products only at Stops on the Route(s) to Customers who are users of the Products and, as applicable, the SBD Products in the automotive after-market, service stations, independent garages, car and truck dealerships, non-automotive accounts such as cycle shops, lawn mower shops, airports, marinas, machine shops, factories, farm implement dealers or repairers, commercial agricultural use, and other commercial users of tools and shop equipment. You will sell, and supervise the sale by your Employee(s) of, the Products and, as applicable, the SBD Products to professional mechanics and others whom you reasonably believe will use them in their trade or business. You agree that you and your Employee(s) will not knowingly sell the Products and, as applicable, the SBD Products (a) to any person(s) who is/are, or who you and/or your Employee(s) have reason to know is/are, in the business of reselling tools and equipment or (b) to individuals who are going to use them primarily for personal, family, household or other consumer purposes, and you agree to direct each of your Employee(s) accordingly. You agree not to use the Internet to offer the Products, or the SBD Products, for sale.

(e) Uniforms. You agree that you will wear, and you will require each of your Employee(s) to wear, an approved Mac Tools uniform while operating the Route(s).

3.2 Best Efforts and Behavior. You will dedicate your full working time and your resources, and you will apply your best efforts, to the conduct of the Mac Tools Business. While conducting the Mac Tools Business, you and your Employee(s) will not engage in behavior damaging to the MAC Tools® name and its business reputation, including, without limitation, fighting, drinking alcoholic beverages, taking, or involvement in any manner with, illegal drugs, engaging in operation of the Mac Tools Business while under the influence of alcoholic beverages or illegal drugs, and immoral or illegal behavior. You and your Employee(s) also will not engage in fighting or other behavior damaging to the MAC Tools® name and its business reputation with, or in the presence of, any individual who you or your Employee(s) have come into contact with in the conduct of the Mac Tools Business, regardless of when such behavior takes place. You, and each of your Employee(s) assigned to a Route, must maintain a valid driver's license and a driving record demonstrating reasonable care in operating the Truck on the Route. In the event that any individual assigned to a Route under your Mac Tools Business is charged with any violation that could result in suspension of the individual's driver's license, such individual may not operate a Route under your Mac Tools Business while proceedings involving such charges are

pending. An individual who is the subject of a conviction, or a plea agreement, involving a suspension of the individual's driver's license shall be deemed not to possess a driving record demonstrating reasonable care.

3.3 Training. Before you start the Mac Tools Business, you must successfully complete Mac Tools' initial orientation and its training classes to its satisfaction. Mac Tools will pay the cost of the training and teaching materials. You will pay your travel, lodging and personal expenses during any training that takes place at its location in Ohio. You must also complete the follow-up training on your Route with a representative of Mac Tools.

You shall ensure that, prior to communicating with Customers on any Route, each Employee hired by you attends and successfully completes Mac Tools' initial orientation and training classes for franchisees' employees and successfully completes any follow-up training conducted by your District Manager or his/her designee. You will pay your Employee(s)' travel, lodging and personal expenses associated with attending any training that takes place at Mac Tools' location in Ohio or that requires your employee(s) to travel out of town. You shall further ensure that each Employee is fully trained in Mac Tools' policies and procedures prior to the first week of work with Customers, and you shall permit your District Manager or his/her designee to ride on the Truck with each new Employee during the Employee's first week of work with Customers.

Further, you shall ensure that each such Employee fully complies with your duties and obligations under this Agreement as may be applicable to such Employee's operation of the Route, including, without limitation, the following: (i) Sections 3.1(b) and 3.19(a) regarding the Manual and the sale of Products; (ii) Section 3.1(d) regarding sales of Products to resellers; (iii) Section 3.2 regarding best efforts; (iv) Sections 3.19(b) and 3.20 regarding confidentiality of the Manual and confidential information; and (v) Sections 7.1 through 7.8 regarding use of the Proprietary Marks.

You hereby acknowledge that your failure to comply with your obligations under this Agreement regarding your direction of the activities of Employee(s) shall constitute a default under this Agreement providing Mac Tools with a right to terminate this Agreement, in whole or in part, subject to Article 10 of this Agreement.

3.4 Minimum Inventory. You will keep at all times at least a minimum level of Product inventory, unless you are complying with a written business improvement plan approved by Mac Tools. The required minimum inventory level is the lesser of (a) Mac Tools' current level of starter inventory (the "Starter Inventory") for new franchisees, multiplied by the number of Routes assigned to you, or (b) such other level as Mac Tools may determine from time to time.

3.5 Personal Contacts. You will establish a regular Route schedule for each Route assigned to you, make a good faith effort to maintain Customer goodwill, and provide, and ensure that your Employee(s) provide, prompt, efficient, and courteous service with respect to the Products.

3.6 Payments. You will pay when due all amounts payable to Mac Tools under the terms of this Agreement, including without limitation the provisions of Section 1.2 and 1.3 of this Agreement, and under all other agreements which you make with Mac Tools or its affiliates, including without limitation agreements for the payment and/or financing of the Products and, as applicable, the SBD Products (collectively, the "Indebtedness").

3.7 Compliance with This Agreement and Other Agreements. You shall comply with all provisions of this Agreement and other agreements with Mac Tools or its affiliates. You shall also comply with any agreements relating to any financing program that may be offered by third parties that

(i) from time to time provide credit to certain of your customers to enable them to purchase Products and SBD Products from you (the "Customer Credit Programs"), or (ii) provide financing to you to acquire a Truck, your initial inventory or general working capital in connection with the start up of your Mac Tools Business (the "Business Start Up Credit Programs" and, collectively, with the Customer Credit Programs, the "Third Party Credit Programs"). You acknowledge and agree that Mac Tools or any third parties offering the Third Party Credit Programs may modify, supplement, amend or terminate such programs at any time and from time to time upon delivery of written notice to you. In furtherance of the foregoing, you agree that if, in any instance, (i) you fail to satisfy any of your financial obligations arising under any agreements that are associated with any of the Third Party Credit Programs, and (ii) Mac Tools makes payments in respect of your financial obligations under such agreements, you immediately will reimburse Mac Tools for any such amounts Mac Tools has paid, and you expressly agree that Mac Tools may collect such amounts from you by setting off, against such amounts, any amounts that otherwise would be due and owing from Mac Tools to you, including, without limitation, any amounts credited to your trade account.

3.8 Inspections. You hereby grant Mac Tools and its authorized representatives the right at any time and from time to time during regular business hours to inspect the operations of your Mac Tools Business, including, without limitation, speaking with your Customers, entering and inspecting any Truck(s) (and any physical premises used in your Mac Tools Business), and inventory display(s), conducting an inventory of the Products and the SBD Products and other items on any Truck(s), and accompanying you (and/or any of your Employee(s)) on any of the Truck(s) on the Route(s) to ensure that you (and your Employee(s)) are complying with this Agreement and the Manual. You shall cooperate fully with such inspections and immediately take such steps as may be necessary to correct any deficiencies detected during such inspections and to conform your operation of the Mac Tools Business to this Agreement and the Manual.

3.9 Noncompetition.

(a) During the Term of this Agreement, you shall not individually or in conjunction with any person, firm, partnership, corporation, limited liability company or other third party as principal, agent, shareholder, director, officer, employee, consultant or guarantor or in any other manner whatsoever, directly or indirectly carry on or be engaged in or concerned with or interested in, financially or otherwise, or advise in the establishment or operation of, any business which consists substantially of the supply of products to users in the automotive after-market, service stations, independent garages, car and truck dealerships and to non-automotive accounts such as cycle shops, lawn mower shops, marinas, machine shops, factories, airports, farm implement dealers or repairers, commercial agricultural use and other commercial users of tools and shop equipment; provided, however, that this provision shall not apply to your operation of another Mac Tools Business, or to your ownership of less than three percent (3%) of the outstanding stock of any publicly held corporation.

(b) During the Term of this Agreement, you and your Employee(s) may only sell (a) products manufactured by Mac Tools, (b) products distributed by Mac Tools, (c) other products and merchandise to ensure Customer satisfaction if you are unable to obtain such other products and/or merchandise from Mac Tools within the required time period, and (d) items that are traded-in by your Customers. All products manufactured or distributed by Mac Tools that you and your Employee(s) sell must have been purchased by you from Mac Tools unless such restrictions are invalid under the laws of the state(s) in which you conduct the Mac Tools Business. Neither you nor your Employee(s) will compete with Mac Tools, or with any of its other franchisees or distributors or its employee distributors, directly or indirectly, whether individually or as an officer, director, shareholder, employee, agent, or affiliate of any competitor of ours or otherwise, without Mac Tools' prior written consent.

(c) You acknowledge and agree that the covenants in this Section 3.9 are fair and reasonable. If the scope of any limitations or restrictions imposed by the covenants in this Section 3.9 are deemed by a court or arbitrator to be too broad to permit enforcement of such limitations or restrictions as written, then you and Mac Tools hereby consent and agree that such scope may be modified by the court or arbitrator accordingly in any proceeding brought to enforce such limitations or restrictions to the maximum extent permitted under applicable law.

3.10 Nonsolicitation. During the Term of this Agreement and thereafter, you shall not directly or indirectly, either as a principal, agent, employee, officer or director of any corporation or as a member of any limited liability company or as a partner or sole proprietor, or in any other way, employ or seek to employ any person who is employed by the Mac Tools Division or who is a party to a franchise agreement or another agreement with the Mac Tools Division, or otherwise directly or indirectly solicit, or seek to encourage another person to solicit, or seek to induce any person to leave his or her employment with the Mac Tools Division or to terminate his or her status as a Mac Tools franchisee or distributor, without obtaining the advance written consent of the Mac Tools Division to the specific action that you propose to take.

3.11 The Truck.

(a) **Obtaining the Truck(s).** You shall obtain a truck or van which is one of the approved models specified by Mac Tools as the same may be modified by Mac Tools from time to time for each of the Route(s) the rights to which you have been assigned (or in the future are assigned) under this Agreement (the "Truck" or the "Trucks"). It is your decision whether to lease or purchase the Truck(s). You may acquire the Truck(s) from any supplier of your choice. You will maintain the Truck(s) in good repair and working order and in a clean condition at all times. You must obtain and maintain all licenses for the Truck required by your state. You may not use with your Truck(s) any federal and/or state transportation department numbers issued to Mac Tools.

(b) **Operation of the Truck(s).** You will comply with any agreement or lease relating to the Truck(s) (or other property in which all or part of your inventory of the Products or any SBD Products may be stored). You and your Employee(s) will operate the Truck(s) only in connection with the Mac Tools Business and shall neither use nor permit others to use the Truck(s) for any other reason. You and your Employee(s) will at all times operate the Truck(s) in a safe and courteous manner. You and your Employee(s) will also operate and maintain the Truck(s) in compliance with traffic and motor vehicle laws.

(c) **MAC Tools® Logo.** Each of the Truck(s) shall display the Proprietary Marks (as provided by Section 7.1 of this Agreement) and any other references to your affiliation with Mac Tools in such manner and form as Mac Tools may specify in the Manual or elsewhere in writing. You and your Employee(s) will display the Products and, as applicable, any SBD Products on the Truck(s) in an effective and attractive manner acceptable to Mac Tools. The appearance of your Truck(s) must be acceptable to Mac Tools and comply with any specifications for the appearance of Truck(s) in the Manual. You and your Employee(s) will not put any other advertising or other logos on the Truck(s) without Mac Tools' prior written permission.

3.12 Use of Computer System; Recordkeeping. At its option, Mac Tools will provide you at its expense with the Mac Tools Mobile Business Assistant computer software, or such other software as Mac Tools identifies for use by franchisees (the "Software"), including adequate licenses for each of the Employee(s) operating a Route under your Mac Tools Business, as well as one license for your back office use. Unless you have obtained Mac Tools' express written consent for your use of specified

alternative software, you must obtain the licenses and the necessary personal computer system components to permit your Employee(s) to use the Software and must ensure that they do so. You are required, for each of the Route(s) under your Mac Tools Business, to use the Software specified by Mac Tools unless you have obtained Mac Tools' prior written consent to use other software. You must purchase a personal computer system or systems meeting Mac Tools' specifications and must fully utilize the Software in the operation of the Mac Tools Business. You must transmit to Mac Tools on, at a minimum, a twice weekly basis the information generated by, and stored on, your computer system for each of the Route(s) under your Mac Tools Business. You must accept and install any update(s) of information to the Software within 7 days of its availability to you. If Mac Tools decides to discontinue the use of the Software by its franchisees and provide you with written notice of this, you must return the Software to Mac Tools within 60 days of your receipt of such notice.

In addition to fully complying with the immediately preceding paragraph, for each of the Route(s) under your Mac Tools Business, you shall keep complete records in written and/or electronic format as Mac Tools specifies dealing with the sale of the Products and, as applicable, the SBD Products and any other Mac Tools Business records and any other items sold by you which you obtain from a source other than Mac Tools (including collection of accounts receivable). You will provide reports to Mac Tools, and in the proper format, as Mac Tools may from time to time require. Records must be maintained, and reports must be provided to Mac Tools, by Route. For purposes of providing assistance to you regarding the operation of your Mac Tools Business and/or confirming your compliance with your obligations under this Agreement, Mac Tools or its representatives have the right to physically examine your records for your Mac Tools Business in all formats at reasonable times during business hours and the right to copy and examine your computer system records, including without limitation all information on your Mac Tools Mobile Business Assistant software database, at any time. You shall make backup copies of your electronic records in accordance with Mac Tools' directives and, at its request, provide Mac Tools with such copies in a mutually convenient format.

3.13 Notification of Litigation and Other Events. You shall notify Mac Tools of any action, suit, proceeding, claim, demand, inquiry, or investigation, and the issuance of any order, writ, injunction, award or decree of any court, agency or governmental instrumentality which relates to the operation of the Mac Tools Business, which relates in any manner to the status of the driver's license held by any individual operating a Route under your Mac Tools Business or which may adversely affect your financial condition or ability to meet its obligations hereunder, within ten (10) days after you first become aware of the same.

3.14 Customer Complaints. You and Mac Tools will fully cooperate with each other in dealing with customer complaints concerning the Products and, as applicable, the SBD Products (except the price thereof) and will take all necessary actions to resolve such complaints. As provided in Section 5.2 of this Agreement, you have the unqualified, unilateral, right to set the prices at which you sell the Products (including any SBD Products) (subject only to applicable federal or state laws).

3.15 Compliance with Law. You and your Employee(s) shall advertise, promote, and sell the Products and, as applicable, the SBD Products, and otherwise operate the Mac Tools Business, in strict compliance with any statute, law, regulation, or order. You shall pay when due all taxes and license fees imposed with respect to the sale of the Products and, as applicable, the SBD Products and the conduct of the Mac Tools Business by you and your Employee(s).

3.16 Insurance. You shall at all times maintain comprehensive liability and property insurance coverage, covering you, your inventory of the Products and the SBD Products, your

Employee(s), if any, and each of the Truck(s) with at least \$2,000,000 of coverage, as well as workers' compensation insurance at not less than the statutory minimum level of coverage.

(a) **Property Insurance.** The property insurance covering your inventory of the Products and the SBD Products must insure against fire, theft and extended coverage, must contain a "lenders loss payable" clause identifying Mac Tools as the "lender", and must be in an amount at least equal to the lesser of (i) the full replacement cost of your inventory or (ii) the total amount of any Indebtedness owed by you to Mac Tools. This policy must also name Mac Tools as the "loss payee."

(b) **Liability Insurance.** You shall obtain comprehensive general liability insurance coverage and commercial auto liability coverage. The liability insurance shall insure against a person suffering personal injury (including death) or damage to their property, caused by any product sold by you, or your Employee(s) (including the Products and the SBD Products), or caused by the use of any such product (including the Products and the SBD Products) or caused by the Truck(s) or any motor vehicle being operated by you, or your Employee(s), in your conduct of the Mac Tools Business, or in any other way as a result of or in connection with your operation of the Mac Tools Business. You must maintain at least the following types and amounts of insurance coverage: (i) comprehensive general liability insurance in an amount of not less than \$2,000,000 per occurrence and combined single limit bodily injury and property damage, \$2,000,000 in the aggregate for each policy, (ii) commercial automobile liability insurance for each Truck with minimum limits of \$1,000,000 per accident for bodily injury and property damage, and minimum limits of \$1,000,000 for uninsured and underinsured motorist statutory personal injury protection, and (iii) automobile physical damage insurance, including earthquake and flood coverage, on each Truck with a valuation of the lesser of actual cash value or cost of repair, minus a maximum deductible of \$500. Mac Tools must be included as an "additional insured" on the comprehensive general liability insurance and as an "additional insured grantor of franchise" and, if applicable, an "additional insured lessor" on the automobile liability insurance.

In addition to the minimum insurance coverage described above, you must obtain and maintain such additional insurance coverage as Mac Tools may require from time to time during the Term of this Agreement.

(c) **The Insurance Policies.** All such property and liability insurance shall not be subject to modification, cancellation or nonrenewal except upon 30 days written notice of cancellation to Mac Tools from the insurer. You must provide Mac Tools with proof of such insurance before you begin to operate the Mac Tools Business, before you or your Employee(s) begin to operate each additional assigned Route, and on the first business day of each year after that during the Term. You must also provide Mac Tools with proof of insurance at other times when Mac Tools requests it. Mac Tools is under no duty either to ascertain the existence of your insurance coverage, to examine your insurance coverage, or to advise you in the event that your insurance coverage does not comply with the requirements of this Agreement. Mac Tools makes no warranty as to the adequacy for your Mac Tools Business of the minimum insurance coverage requirements provided above.

3.17 Your Indemnification of Mac Tools.

(a) **Wrongful Acts by You.** You shall, and hereby do, indemnify and hold Mac Tools and its officers, directors, and employees harmless from and against any and all such damages or liability (including attorneys' fees and disbursements and other litigation expenses) arising out of (i) any negligent or wrongful act or omission by you and/or your Employee(s), (ii) any breach by you and/or your Employee(s) under this Agreement, (iii) any claims made against Mac Tools by any of your Employee(s) or former employees, or (iv) any claims made against Mac Tools by any party alleging that

you and/or any of your Employee(s) engaged in any behavior prohibited by Section 3.10 of this Agreement regarding nonsolicitation.

(b) Third Party Credit Programs. You also shall indemnify and hold Mac Tools and its officers, directors, and employees harmless from and against any and all damages, liability and expenses related to your activities associated with the Third Party Credit Programs, including, without limitation, any (i) credit card application and/or transactional processing activities and/or (ii) debt collection activities associated with the Customer Credit Programs.

3.18 Mac Tools' Indemnification of You For Manufactured Product Liability. Mac Tools will defend, indemnify and hold you harmless from and against any and all costs, loss, liability, claims and suits (including attorneys' fees and disbursements and other litigation expenses) resulting from or related in any way to claims by third parties against you, claiming personal injury or property damage arising out of a manufacturing defect in a Manufactured Product or in the design of a Manufactured Product or strict liability with respect to a Manufactured Product. This provision (in the prior sentence), however, shall not apply to the extent any such claim arises (a) with respect to a Manufactured Product that was improperly used, altered, abused, damaged or repaired by you or others at your direction or request or others employed by you, (b) where the Manufactured Product was not sold by you or your Employee(s) in, or accompanied by, its original packaging, or (c) from improper use, alteration, abuse, damage or repair of a Manufactured Product or a SBD Product manufactured by Stanley Black & Decker, Inc. resulting from your negligent act or omission or the negligent act or omission by others at your direction or request. This indemnification provision shall apply only to Manufactured Products (as well as any SBD Products that are manufactured by Stanley Black & Decker, Inc.) purchased from Mac Tools.

3.19 Field Operations Manual.

(a) Conduct of Mac Tools Business in Accordance with the Manual. To protect Mac Tools' and your reputation and goodwill and to maintain high standards of operations under the Proprietary Marks, as provided in Section 3.1(b) of this Agreement, you shall conduct the Mac Tools Business in accordance with the Manual and this Agreement.

(b) Confidentiality - The Manual. You shall at all times treat the Manual (including any amendments from time to time), any other manuals or electronic files created for, approved for, or provided to you for your use in the operation of the Mac Tools Business, and the information contained therein, as confidential. You will use all reasonable efforts to maintain such information as secret and confidential. You shall not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, nor otherwise make them available to any unauthorized person without Mac Tools' prior written consent.

(c) Mac Tools Owns the Manual. The Manual shall at all times remain Mac Tools' sole property. Mac Tools keeps the ownership of the Manual to protect Mac Tools' trade secrets. Mac Tools may from time to time revise or add to the contents of the Manual. As provided in Section 3.1(b) of this Agreement, when Mac Tools revises the Manual, the Manual will be re-issued in its entirety in a format determined by Mac Tools to you and other franchisees.

3.20 Confidential Information. You shall not, during the Term of this Agreement or afterwards, communicate, disclose, or use for your benefit (other than for the operation of your Mac Tools Business during the Term of this Agreement) or the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge, or know-how

concerning the methods of operation of the Mac Tools Business which are trade secrets, including without limitation the Software, your electronic business records, any electronic records which Mac Tools has provided to you, and the Manual. Any and all information, knowledge, know-how, and techniques which Mac Tools designates as confidential shall be deemed confidential for purposes of this Agreement. You shall ensure that your Employee(s) do not violate this Section 3.20.

You acknowledge that any failure to comply with the requirements of this Section 3.20 will cause irreparable injury to Mac Tools. You agree to pay all attorneys' fees and disbursements and other litigation expenses incurred by Mac Tools in enforcement of this Section 3.20 or in obtaining specific performance of, or an injunction against violation of the requirements of, this Section 3.20.

You shall execute with each of your Employee(s) a confidentiality agreement consistent with the requirements set forth above in this Section 3.20 regarding the Manual and any other proprietary information that you may share with your Employee(s), and you shall provide Mac Tools with copies of each of such executed Agreements.

3.21 Statements By You. Neither you, nor your Employee(s), will make any oral or written statements or representations which vary in any way whatsoever from the specifications, descriptions, instructions, warranties (if any), or representations (if any) given or made by Mac Tools to you with respect to the Products and, as applicable, the SBD Products.

3.22 Mac Tools' Rights as Secured Creditor. As a secured creditor, Mac Tools has the right, after default by you or any Customer(s), if applicable, to repossess any collateral, including without limitation any Products or SBD Products, that are subject to Mac Tools' security interest against you and/or the Customer(s) and to sell or otherwise dispose of such collateral to any person or entity at any location, including any locations on the Route. You hereby agree that Mac Tools and its authorized representatives shall have the right to enter your Truck(s) and other areas under your control to take possession of such Products and, as applicable, the SBD Products. Notwithstanding anything in this Agreement or any other agreement between you and Mac Tools to the contrary, Mac Tools' rights to make sales or other dispositions of such collateral after default by you or any Customer(s) shall supersede any rights given to you in any agreement to sell the Products or SBD Products.

Mac Tools also has the right after your default to repossess any Truck(s) that are subject to Mac Tools' security interest against you and to sell or otherwise dispose of such Truck(s) to any person or entity at any location and you hereby agree that Mac Tools and its authorized representatives shall have the right to take possession of the Truck(s).

4. Route and Customer Calls.

To control distribution of Mac Tools' Products, to ensure service to Customers and to avoid overlap among routes operated by Mac Tools' franchisees, distributors and employee distributors, Mac Tools must have control over the routes of Mac Tools' franchisees and distributors. Because of this, Mac Tools has the right to make the ultimate decisions on routes, including each of your Route(s). Mac Tools may conduct such surveys of Customers on the Route(s) as Mac Tools believes necessary or advisable for the purpose of determining the number of Customers on the Route(s), the frequency and quality of the service provided to Customers or for any other business purpose.

4.1 Sale to Assigned Stops Only. Except in circumstances in which you have obtained Mac Tools' written consent to offer and sell Products in other locations, you and your Employee(s) shall offer and sell the Products and, as applicable, the SBD Products only to Customers at the Stops assigned to

you on your Route(s), as your Route(s) appear on Mac Tools' records. Except as provided above in this Section 4.1, you and your Employee(s) may not sell the Products and, as applicable, the SBD Products to customers who are not working at Stops on your Route(s). If you or your Employee(s) identify Stops that are not being serviced by an authorized franchisee or distributor of Mac Tools, you should notify Mac Tools as provided in Section 4.6 of this Agreement and follow the procedures described in Section 4.4 of this Agreement.

4.2 Service Level Requirements.

(a) Reassignment of Stop for Failure to Service. You agree that, if Mac Tools determines that you or your Employee(s) have failed to provide consistent service (including, without limitation, the conduct of consistent sales and/or collection activities) to the Customers at a Stop during any period of 30 consecutive days, Mac Tools will have the right to remove the Stop from the applicable Route and to reassign it.

(b) Weekly Customer Calls; Minimum Service Level Requirements. Regular weekly visits to Stops and Customers are critical to a successful Mac Tools Business and to the distribution of Mac Tools' Products. During each calendar month during the Term of this Agreement, you (or your Employee(s)) will personally visit (i) a weekly average of at least 80% of the Customers within each Stop on each of the Route(s) and (ii) all of the Customers on each of the Route(s) at least once per calendar month (collectively, the "Minimum Service Level Requirements"). You agree that, if Mac Tools determines that you have failed to meet the Minimum Service Level Requirements respecting a Stop, Mac Tools will have the right to remove the Stop from your Route and to reassign it. The obligations of this Section 4.2(b) shall apply separately to each of your Route(s). As provided in Section 3.1(c) of this Agreement, you must assign one Employee primary responsibility for each of your Route(s) that is not directly operated by you.

(c) Service to National Accounts. You shall provide service to Customers which Mac Tools designates to you in writing as national account customers in compliance with the requirements of the provisions of Mac Tools' agreements with such national account customers as Mac Tools communicates such requirements to you.

4.3 Adjustment of the Route(s).

(a) Proposed Adjustment. The size of each of your Route(s) is determined by Mac Tools according to the numbers of Stops and Customers that Mac Tools believes you, and your Employee(s), can consistently and effectively service. If the number of Stops and/or the number of Customers at Stops on any Route is such that Mac Tools reasonably believes that your Customers have not received consistent service pursuant to Section 4.2, or that the number of minimum personal contacts required under Section 4.2 have not been made, then Mac Tools will have the right to adjust the number of Stops on the Route and/or designate different Stops as part of the Route, so that the Route is, in Mac Tools' opinion, more manageable by you and your Employee(s). Mac Tools will give you at least 30 days written notice of any proposed change in a Route ("30-day period").

(b) Objections. If you do not object to the proposed change by giving written notice to Mac Tools within that 30-day period, then the change shall become effective at the end of the 30-day period. If you give Mac Tools written notice of your objection within the 30-day period, Mac Tools will work with you to try to find an alternate Route change acceptable to you and Mac Tools. However, if you and Mac Tools fail to agree on a mutually acceptable change within 60 days after receipt of your

objection, the Route change originally proposed by Mac Tools will take effect at the end of such 60-day period.

4.4 Revisions to Your Routes. At any time, you may make a request to Mac Tools, in writing, to add one or more new Stops to any of your Route(s) or to delete one or more Stops from any of your Route(s). Mac Tools will advise you in writing within 30 days after Mac Tools receives your request whether or not Mac Tools approves it. Failure by Mac Tools to respond will be the same as disapproval of your request. Any additions or deletions to any of your Route(s) must be approved by Mac Tools in a writing to you and must be entered by Mac Tools on Mac Tools' computer database prior to your implementation of such changes. Any approval will be subject to further adjustments in the future as set forth in Section 4.3 above and Section 4.5 below. Mac Tools may approve or disapprove your request in Mac Tools' reasonable judgment.

4.5 Other Changes in the Routes. Mac Tools reserves the right to make other additions, deletions and/or other changes in any of the Route(s) of whatever nature, as are necessary and equitable under the circumstances (in the reasonable exercise of Mac Tools' business judgment) (a) to insure an adequate Customer base, (b) to insure the proper level of Customer service, and (c) to balance conflicting considerations for local, regional and national accounts.

4.6 Problems Related to Your Routes. If you identify any problem(s) with any of your Route(s), you should bring these problem(s) to the attention of (a) your District Manager, and (b) the Route Management Department at Mac Tools.

5. Purchase and Sale of Products.

You agree to purchase the Products (including any SBD Products) from Mac Tools, and Mac Tools agrees to sell the Products (including any SBD Products) to you, in accordance with the terms and procedures set forth in this Agreement and in the Manual.

5.1 Price and Terms. Mac Tools shall sell the Products (including any SBD Products) to you at Mac Tools' published prices in effect from time to time. Mac Tools shall determine the terms of the sale of the Products (including any SBD Products) to you. The terms will be set forth in the Manual from time to time. Mac Tools shall have the right to change Mac Tools' prices, discounts, or terms of sale at any time. Such changes will become effective upon Mac Tools' giving notice to you. All orders for the sale of the Products (including any SBD Products) to you shall be subject to acceptance by Mac Tools at its offices in Ohio. Mac Tools reserves the right not to ship your orders of the Products (including any SBD Products) if you have failed to pay any outstanding amounts due to Mac Tools by the applicable payment due date(s).

5.2 You Set the Retail Prices. Any "suggested retail prices" published by Mac Tools with respect to the Products are guidelines only. There is no requirement that you sell the Products (including any SBD Products) at that price. You have the unqualified, unilateral, right to set the prices at which you sell the Products (including any SBD Products) (subject only to applicable federal or state laws). Your prices can be greater than, less than or the same as the suggested retail prices. Nothing in this Agreement is intended to limit or restrict your exercise of that right.

5.3 Credit Policy. Mac Tools does not have an obligation to extend any credit to you. Mac Tools may, however, permit you to purchase the Products (including any SBD Products) from Mac Tools and pay the purchase price over time, in accordance with the terms of any separate purchase agreement between you and Mac Tools. In connection with any extension by Mac Tools of credit to you for Product and SBD Product purchases, Mac Tools will establish for you a franchisee trade account which trade

account shall reflect (i) the amounts of any such credit that Mac Tools extends to you, (ii) any offsetting amounts that Mac Tools credits to you pursuant to this Agreement, any other agreements between you and Mac Tools, and/or the Manual, and (iii) the amounts of any payments you make to Mac Tools with respect to credit Mac Tools has extended to you or with respect to any other amounts you owe Mac Tools under the terms of this Agreement, any other agreements between you and Mac Tools, and/or the Manual. To the extent that any third party that provides financing to your customers under any of the Customer Credit Programs remits to Mac Tools, on your behalf, any amounts that, from time to time, are owing to you from that third party under agreements relating to one of the Customer Credit Programs (any such remitted amounts, the "Program Remittances"), you agree that, before crediting them to your trade account, Mac Tools may hold and/or apply all such Program Remittances (i) to satisfy any and all of your outstanding obligations to Mac Tools, including without limitation, your obligations with respect to credit Mac Tools extends to you and your reimbursement obligations under Section 3.6 above, and (ii) to cover the amounts of any open orders or new orders that you have placed with Mac Tools.

5.4 Right of Setoff. Any amount which you at any time may owe to Mac Tools for any reason whether related to this Agreement or not may be set off and applied against any amount which Mac Tools owes to you at that time.

5.5 Deliveries. Mac Tools will not incur any liability to you (a) if Mac Tools fails to accept any purchase order of yours; or (b) if Mac Tools does not fill any accepted order due to the lack of available production facilities or capacity or due to the shortage of raw materials, components or supplies, the demands of other customers of ours, labor disputes, accidents, lack of available transportation, acts of God, governmental regulations or orders, or conditions beyond Mac Tools' control whether similar or dissimilar to those described. In the event that Mac Tools has insufficient Products to fill your and other franchisees' and distributors' orders and orders from Mac Tools' direct customers, Mac Tools may allocate the available supply among franchisees, distributors and Mac Tools' direct customers as it chooses.

5.6 Returns. Mac Tools will accept the return of any Products or SBD Products to Mac Tools in accordance with the terms of Mac Tools' then-current return policy as set forth in the Manual, or as otherwise agreed to by Mac Tools in writing. Mac Tools does not otherwise accept returns of the Products or SBD Products.

5.7 Changes to Product Line. You agree that Mac Tools can at any time add items to, or delete items from, the line of Products or SBD Products Mac Tools offers, or change the design of any Product, without liability or prior notice to you.

5.8 Minimum Product Purchase Requirements. During each year during the Term of this Agreement, unless you are currently complying with a written business improvement plan approved by Mac Tools, you must purchase a quantity of the Products (the "Minimum Product Purchase Requirement") having a total dollar value (calculated based upon the prices that you pay Mac Tools for the Products and net of the dollar value of your returns of Products accepted by Mac Tools) greater than or equal to at least eighty percent (80%) of the National Franchisee Average and multiplied by the number of Routes assigned to you. The "National Franchisee Average" will be defined under this Agreement to be the amount of purchases determined at least annually by Mac Tools by dividing the total number of Routes operated by Mac Tools franchisees and distributors into the total dollar amount of the Products purchased by franchisees and distributors during the applicable period of time used to determine the National Franchisee Average. You will be advised in writing or electronically of the National Franchisee Average (per Route and in the aggregate) each time that it is determined by Mac Tools.

6. Limited Warranty.

6.1 Limited Warranty. Mac Tools warrants its Manufactured Products for the published warranty period of the particular Manufactured Product against deficiency in material or workmanship. This Limited Warranty is subject to the disclaimers and limitations on liability described below. This Limited Warranty gives you specific legal rights, and you may also have other rights which vary from State to State. Some States do not allow limitations on how long an implied warranty lasts, so the above limitation may not apply to you.

6.2 Disclaimers and Limitations. This LIMITED WARRANTY does not extend to any Manufactured Product that, in Mac Tools' judgment, was improperly used, altered, abused or repaired by others.

- Distributed Products (which are those that are not manufactured by Mac Tools) are not warranted by Mac Tools. The exclusive warranties on Distributed Products are those provided by the manufacturer or a supplier (other than Mac Tools), as the case may be.
- The exclusive warranties on the SBD Products shall be those provided by Stanley Black & Decker, Inc. for those particular Products.
- **THERE IS NO WARRANTY WHICH EXTENDS BEYOND THOSE DESCRIBED IN THIS AGREEMENT. MAC TOOLS MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY OTHER KIND, EXPRESS OR IMPLIED, REGARDING PRODUCTS MANUFACTURED OR DISTRIBUTED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER MATTER.**
- It is further understood that the prices at which Mac Tools sells the Products are in consideration of limiting Mac Tools' liability for the Products manufactured or distributed. The prices Mac Tools charges for its Products are established, in part, in reliance on the validity and enforceability of the limitations on, and exclusions of, certain potential liabilities set forth in this Agreement.
- You understand that Mac Tools' warranties to you are set forth in this Agreement and that any warranty set forth in any Product catalog, Product packaging or otherwise provided by Mac Tools is for the benefit of the Customer and not you.
- Employees or agents of ours have no authority to make representations of any sort beyond those contained in this Agreement, including any amendments hereto.

6.3 Exclusive Remedy and Claim Procedure. The exclusive remedy for a Manufactured Product that fails to perform as warranted is repair, replacement or the issuance of a credit at Mac Tools' option as provided in the Manual. There will be no charge if the Product is returned to one of Mac Tools' representatives or warehouses, postage or freight prepaid.

6.4 Incidental or Consequential Damages. Mac Tools is not liable for incidental or consequential damages, costs or losses incurred by the Product purchaser or user. Some States do not allow the exclusion or limitation of incidental or consequential damages, so the above limitation or exclusion may not apply to you.

7. Proprietary Marks.

7.1 Grant of Rights; Your Use of the Proprietary Marks. Mac Tools hereby grants to you the limited, nonexclusive rights to use any and all of Mac Tools' trademarks and trade names associated with the Manufactured Products (including all marks, legends, decals, and other insignia indicating that you are a seller of the Manufactured Products, "MAC[®]," "MAC Tools[®]," "Mac Quality Tools[®]," the MAC Tools logo design[®], and the color scheme and stripe design of the Truck, collectively, the "Proprietary Marks") solely in connection with the advertising, promotion, and sale of the Manufactured Products and solely during the Term of this Agreement. You have not been granted the right to use "MAC[®]," "MAC Tools[®]," the MAC Tools logo design[®] or any of the other Proprietary Marks as or in the name of your business entity or to grant any sublicenses to the rights granted to you. Your rights to use the Proprietary Marks are further limited to their use in connection with the business operations of the Mac Tools Business as described herein and in the Manual and as is prescribed in writing by Mac Tools from time to time. You agree that any Products sold or services performed by you bearing one or more of the Proprietary Marks shall be of a quality which is acceptable to Mac Tools and in compliance with standards, methods, procedures and specifications from time to time furnished by Mac Tools or its authorized representatives. Where such standards, methods, procedures and specifications have not been specified by Mac Tools, the Manufactured Products sold or services performed under the Proprietary Marks shall not be of a standard or quality less than that of the Products sold or services performed by Mac Tools under the Proprietary Marks.

7.2 Property of Mac Tools. You hereby acknowledge the validity of and Mac Tools' right, title and interest in and to the Proprietary Marks, along with the identification schemes, trade dress, logos, colors, standards, specifications, operating procedures, and other concepts embodied in the Mac Tools System. Except as expressly provided by this Agreement, you will acquire no right, title or interest therein, and, as between you and Mac Tools, any and all goodwill associated with the Mac Tools System and the Proprietary Marks will inure exclusively to Mac Tools' benefit. Upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Mac Tools System or the Proprietary Marks.

You shall when using the Proprietary Marks licensed hereunder give notice of the fact that such use is a licensed use and of the identity of the trademark owner, in a form substantially similar to the following (or other form communicated to you by Mac Tools): "The MAC Tools[®] trademarks are owned by Stanley Black & Decker, Inc. or its affiliates and are used under license." You shall not use any language or display the Proprietary Marks in such a way as to create the impression that the Proprietary Marks belong to you. You hereby waive all claims to any rights in your use, advertising or display of the Proprietary Marks beyond the limited permission to use the Proprietary Marks granted in this Agreement.

7.3. Prohibited Uses. You and your Employee(s) shall not use the Proprietary Marks as part of your company's name or in other legal names, nor in registering the Truck(s). You will not use the Proprietary Marks on your bank accounts, letterheads, business cards, or literature except to describe the Products or to identify you as a seller of the Products. You and your Employee(s) shall not do, or permit to be done, any act or thing that will disparage or otherwise impair the value of, or Mac Tools' rights in and to, the Proprietary Marks. You shall not use the Proprietary Marks in connection with any products other than the Products.

7.4 Infringement by Franchisee. You acknowledge that the use of the Proprietary Marks outside of the scope of this Agreement without the prior written consent of Mac Tools is an infringement of the right, title and interest of Mac Tools in and to the Proprietary Marks. You expressly covenant that, during the Term of this Agreement and after the expiration or termination hereof, you shall not, directly

or indirectly, commit any act of infringement or contest, or aid in contesting, the validity or ownership of the Proprietary Marks or take any other action in derogation thereof

7.5 Use by Others. You shall not permit any third party to imprint the Proprietary Marks on any products, materials, documents and supplies utilized by you in connection with the operation of your Mac Tools Business without first obtaining the prior written consent of Mac Tools and causing such third party to execute a license agreement in a form acceptable to Mac Tools.

7.6 Infringement by Others. If you become aware of any use of the Proprietary Marks by any person, persons, partnership, association, corporation, or other entity ("Person") other than Mac Tools, Stanley Black & Decker, Inc. or its affiliates or any of its representatives and agents or other franchisees, you will promptly notify Mac Tools of such infringement and will cooperate with Mac Tools in any legal action brought by Mac Tools or Stanley Black & Decker, Inc., either in Mac Tools' name or in the name of Stanley Black & Decker, Inc., to enjoin such infringement. You further agree to notify Mac Tools promptly of any litigation involving the Proprietary Marks instituted by any Person against Mac Tools or you. In the event Mac Tools, in its sole discretion, undertakes the defense, prosecution, or settlement of any litigation relating to the Proprietary Marks, you agree to execute any and all documents and to render such assistance as may, in the opinion of Mac Tools, be reasonably necessary to carry out such defense, prosecution, or settlement.

7.7 Advertising. You shall send copies of any and all advertising and other promotional materials that you plan to use to Mac Tools' Marketing Department for review, and you shall not use them until Mac Tools approves them in writing. If Mac Tools has not responded within 10 business days, approval is deemed to have been withheld. Once Mac Tools has approved them, you may not change them unless Mac Tools approves the changes.

7.8 Nonexclusive Use. You expressly acknowledge and agree that this license to use the Proprietary Marks is nonexclusive and that Mac Tools has and retains the rights, among others:

(a) To grant other licenses for the use of the Proprietary Marks, in addition to those already granted to existing Mac Tools franchisees and distributors and to you; and

(b) To develop and establish other systems and programs for products and services utilizing the Proprietary Marks or similar trademarks, and to grant franchises therein without providing you any rights therein.

8. Independent Contractor.

8.1 No Agent or Representative. Neither you nor your Employee(s) shall hold yourselves out as an agent or legal representative of Mac Tools or any of its affiliates. You shall operate the Mac Tools Business under this Agreement and all other agreements between you and Mac Tools as an independent contractor. This Agreement shall grant no rights other than those expressly granted in this Agreement (see Article 18 and Exhibit C below). Nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever.

8.2 No Fiduciary Relationship. It is understood and agreed by the parties hereto that this Agreement does not and is not intended to create a fiduciary relationship between Mac Tools and you.

9. Transferability of Interest.

9.1 Mac Tools' Limited Right to Assign. Mac Tools shall have the right to transfer or assign all or any part of Mac Tools' rights and/or obligations under this Agreement to any individual or business entity which assumes Mac Tools' obligations under this Agreement, without your prior consent. Mac Tools may also assign to any person without your consent all or any portion of the Indebtedness and the right to receive payment thereof and all rights of whatever kind and nature under this Agreement, and any other agreement between you and Mac Tools, related thereto. You agree to execute any documents that Mac Tools may reasonably request to effectuate any transfer or assignment by Mac Tools.

9.2 Transfer by Franchisee.

(a) You understand and acknowledge that the rights and duties set forth in this Agreement are personal to the undersigned individual (either in his or her individual capacity or as an officer or principal of a business entity which is the franchisee under this Agreement), and that Mac Tools has granted this Mac Tools franchise to the franchisee (whether an individual or a business entity) in reliance on the business skills, financial capacity and personal character of the undersigned individual. Accordingly, you may not assign this Agreement or any right, responsibility or interest granted to you by this Agreement without Mac Tools' prior written consent. Except as specifically provided under Sections 1 and 3.1(a) of this Agreement, you also may not delegate your duties under this Agreement, transfer all or substantially all of your assets, transfer your Mac Tools Business to a business entity (if you are not already conducting the Mac Tools Business through a business entity), or participate in any merger, consolidation, reorganization, or other action involving any change in the undersigned individual's ownership or control, direct or indirect, of the Mac Tools Business, without Mac Tools' prior written consent. Such transfer, sale, assignment, pledge or encumbrance not having Mac Tools' written consent shall be null and void and shall constitute a material breach of this Agreement, for which Mac Tools may then terminate this Agreement. Mac Tools' consent may be withheld for any bona fide business reason or may be made subject to such conditions as Mac Tools may determine are necessary and appropriate.

(b) Mac Tools will not unreasonably withhold its consent to a transfer of any interest in this Agreement, the Mac Tools Business, the franchisee business entity or in the Mac Tools franchise granted under this Agreement, provided, however, that, prior to the time of transfer, Mac Tools may, in its sole discretion, require that:

(1) All of your accrued monetary obligations to Mac Tools and all other outstanding obligations related to the Mac Tools Business shall have been satisfied;

(2) Your right to receive compensation, pursuant to any agreement or agreements for the purchase of any interest in the franchisee business entity or in the Mac Tools Business, shall be subordinate and secondary to Mac Tools' rights to receive any outstanding monetary obligation or other outstanding obligations due from you pursuant to this Agreement, and whether arising before or after the transfer;

(3) You shall have executed a general release in a form satisfactory to Mac Tools, effective as of the date of transfer, of any and all claims against Mac Tools, Stanley Black & Decker, Inc. and its corporate affiliates, and the officers, members, directors, shareholders, and employees of each of them in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(4) The transferee franchisee shall enter into a written assumption, in a form satisfactory to Mac Tools, assuming and agreeing to discharge all of your obligations under this Agreement prior to the completion of the sale or transfer and to fully repair, refurbish and update any equipment used in the Mac Tools Business and therewith, in accordance with Mac Tools' most current specifications;

(5) The transferee franchisee shall demonstrate to Mac Tools' satisfaction that he or she, if an individual, its general partners, if it is a partnership, its members, if it is a limited liability company, and its officers, directors and principal shareholders or other owners, if it is a corporation or other business entity, meets Mac Tools' educational, managerial and professional standards; possesses a good moral character, professional reputation, and credit rating; has the aptitude and ability to conduct the Mac Tools Business (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Mac Tools Business;

(6) The transferee franchisee shall execute the then-current standard form of Mac Tools Franchise Agreement and other ancillary agreements as Mac Tools may require for the Mac Tools Business for a term ending on the date of expiration of this Agreement; and

(7) At transferee franchisee's expense, and upon such other terms and conditions as Mac Tools may reasonably require, the transferee franchisee shall complete the training course then in effect for new franchisees to Mac Tools' satisfaction.

(c) If you are a corporation, partnership, limited liability company, or similar entity, the terms of this Section 9.2 shall apply to any sale, resale, pledge, assignment, transfer or encumbrance of any voting stock of, or other ownership interest in your business entity.

9.3 Transfer to Franchisee's Corporation or Other Business Entity. In the event that you propose to transfer all of your interest in the Mac Tools franchise granted pursuant to this Agreement to a corporation or other business entity formed by you solely for the convenience of ownership, the provisions of Section 9.2(b) shall not apply; provided that Mac Tools' consent to such transfer may, in its sole discretion, be conditioned on the following requirements:

(a) The transferee corporation (or other business entity) shall be newly organized, its Articles of Incorporation and/or Bylaws (or other governing documents) shall provide that its activities are confined exclusively to operate the Mac Tools Business and activities related thereto and its legal name(s) and trade names shall comply with Sections 7.1(a) and 7.3 of this Agreement;

(b) You shall own all of the stock (or other ownership interest) in the transferee business entity, except as may be required by law, and shall act as its principal executive and operating officer;

(c) You shall enter into an agreement, in a form satisfactory to Mac Tools, unconditionally guaranteeing the full payment and performance of the transferee business entity's obligations to Mac Tools;

(d) Each stock (or other ownership) certificate of the transferee business entity shall have conspicuously endorsed upon its face the following legend:

"The transfer for this stock [or other ownership] certificate is subject to the terms and conditions of a certain Mac Tools Franchise Agreement or agreements executed with the Mac Tools Division of Stanley Black & Decker, Inc. Reference is made to the

provisions of such agreements and to the articles and bylaws [or other governing documents] of this corporation [or other entity].”;

(e) Copies of transferee corporation’s (or other business entity’s) Articles of Incorporation, Bylaws and other governing documents, including the resolutions of the Board of Directors (or other governing body) authorizing entry into this Agreement, shall be furnished to Mac Tools for its approval prior to the transfer; and

(f) The name of the transferee corporation (or other business entity) shall not, without Mac Tools’ prior written approval, consist of or contain the Proprietary Marks or any colorable variation thereof or any other mark in which Mac Tools has or claims a proprietary interest.

9.4 Mac Tools’ Right of First Refusal. If you or your owners at any time decide to sell, transfer or assign any right or interest under this Agreement and/or the Mac Tools franchise granted pursuant hereto, or any ownership interest in the business entity if you are a corporation, partnership or other entity, you or your owners shall first obtain a bona fide, executed, written offer from a responsible and fully disclosed purchaser. You must submit an exact copy of such offer from the third party purchaser to Mac Tools. For a period of 10 business days from the date of delivery of such offer, Mac Tools will have the right, exercisable by providing written notice to you or your owners, to purchase such rights or interests that the third party purchaser offered to purchase for the price and on the terms and conditions contained in such offer, provided that Mac Tools may substitute equivalent cash for any other form of payment proposed in such offer. If Mac Tools does not wish to exercise its right to purchase, it shall provide you with prompt notice that it does not wish to exercise its option. Any purchase by Mac Tools must be completed within 60 days of Mac Tools’ delivery to you of written notice of its intent to exercise its right to purchase. If Mac Tools does not exercise its right of first refusal and if Mac Tools approves of the purchaser, you or your owners may complete the sale of such interest to the third party purchaser, provided, however, that if the sale to such purchaser is not completed within 120 days after your initial delivery of a copy of the offer to Mac Tools, Mac Tools shall again have the right of first refusal provided in this Section 9.4.

10. Termination.

10.1 Immediate Termination by Mac Tools. Mac Tools may terminate this Agreement, in whole or in part, with no prior written notice, or upon such notice as applicable state law requires, and you shall have no right to cure, in the event of:

(a) **Bankruptcy.** Any filing by or against you of any proceeding under the Federal Bankruptcy Act or any similar law, or a decision by a court that you are bankrupt or insolvent or any appointment of a receiver or trustee for you or any of your assets (to the extent permitted by applicable law).

(b) **Insolvency.** Your insolvency or any transfer of assets in an attempt to avoid creditors (which would constitute a so-called “fraudulent conveyance” under Ohio law) or any assignment for the benefit of creditors.

(c) **Fraud, Criminal Acts or Assaults.** Any fraudulent act or misrepresentation by you in connection with any of your applications provided to Mac Tools or agreements with Mac Tools, any conviction of you or any of your Employee(s) of any felony, or any crime involving moral turpitude or financial dishonesty, or any assault by you, or any of your Employee(s), on a Customer or other individual that you have come into contact with while conducting the Mac Tools Business (regardless of

when such assault takes place), which, in Mac Tools' reasonable opinion, may adversely affect its goodwill.

(d) **Engagement in Behavior Damaging to Mac Tools' Name and Business Reputation.** Either of (i) Mac Tools' receipt of five or more complaints about your behavior, and/or the behavior of any of your Employee(s), while conducting operations of the Mac Tools Business that Mac Tools determines is a breach of Section 3.2 of this Agreement and is damaging to the MAC Tools® name and its business reputation, or (ii) its receipt of any single complaint about your behavior, or the behavior of any of your Employee(s), while conducting operations of the Mac Tools Business that Mac Tools determines is a breach of Section 3.2 of this Agreement and that Mac Tools believes is of such a serious nature that your continued operation of the Mac Tools Business would be damaging to the MAC Tools® name and its business reputation and/or presents an unacceptable risk of claims against Mac Tools.

(e) **Failure to Complete Training.** Any failure by you or any of your Employee(s) to complete the initial training program as required under Section 3.3 of this Agreement.

(f) **Failure to Comply with the Prohibition Against Competitive Products.** Sale by you or your Employee(s) of any products other than (i) products manufactured by Mac Tools, (ii) products distributed by Mac Tools, (iii) other products and merchandise to ensure Customer satisfaction if you are unable to obtain such other products and/or merchandise from Mac Tools within the required time period, and (iv) items that are traded-in by your Customers; your failure to purchase from Mac Tools all products that you or your Employee(s) sell which are manufactured or distributed by Mac Tools; your competition with Mac Tools without its consent by you or your Employee(s); or your involvement in competitive businesses; each in breach of Section 3.9 of this Agreement.

(g) **Failure to Comply with Computer System Requirements.** Your failure to fully utilize a computer system operating the Software in the Mac Tools Business, as provided by Section 3.12 of this Agreement, to transmit to Mac Tools on, at a minimum, a twice weekly basis such information generated using the Software as Mac Tools may require or to permit Mac Tools to examine the records of your Mac Tools Business, as provided by Section 3.12 of this Agreement.

(h) **Failure to Participate in Collections.** The failure by you or your Employee(s) to participate in, or to comply with Mac Tools' instructions regarding, any collection effort(s), as provided in Section 3.13 of this Agreement.

(i) **Disclosure of Confidential Information.** Any disclosure by you of Confidential Information, including the contents of the Manual, as provided in Sections 3.19 and 3.20.

(j) **Failure to Comply with Service Requirements.** Mac Tools' determination of your failure, without Mac Tools' prior written consent, to meet one or more of the Minimum Service Requirements as provided in Section 4.2(b) of this Agreement or of the other customer service requirements set forth in Section 4.2 of this Agreement.

(k) **Abandonment.** Voluntary abandonment of the Mac Tools Business by you, including without limitation any failure by you (i) to comply with Section 4.2(b) above for any period of 30 consecutive days without Mac Tools' written consent, or (ii) to service any of your Route(s) for more than two consecutive weeks without prior notice to the Customers and to your District Manager.

(l) **Sale of Products to Customers Not Assigned to You.** Your failure, or the failure of any of your Employee(s), to comply with Section 4.1 of this Agreement by offering to sell or

selling any Products or any SBD Products, without the prior written authorization of your District Manager, to customer(s) not assigned to you as a Customer on any of the Route(s).

(m) **Failure to Pay Obligations by Applicable Due Dates.** Your failure, more than twice within a 30 day period, to pay outstanding invoices by the applicable payment due dates, as provided in Section 3.6 of this Agreement, or otherwise to meet any payment obligations to Mac Tools or its affiliates (including without limitation any obligation to make a payment or payments in connection with any loan or other financing provided to you).

(n) **Failure to Purchase Products in an Amount Greater Than or Equal to Eighty Percent of National Franchisee Average or to Meet Minimum Product Purchase Requirement.** Your failure, respecting one or more of the Route(s), (i) to purchase an amount of the Products greater than or equal to eighty percent (80%) of the applicable National Franchisee Average multiplied by the number of Routes assigned to you, as provided in Section 5.8 of this Agreement, during any year, or (ii) if instituted by Mac Tools, your failure to meet the Minimum Product Purchase Requirement, as provided in Section 5.8 of this Agreement, during any two full fiscal quarters of Stanley Black & Decker, Inc. within a twelve (12) month period.

(o) **Repeated Default.** Any default by you or your Employee(s) under this Agreement or any other agreement between you and an affiliate of ours which occurs within 6 months after written notice of another default by you or your Employee(s) for the same reason was provided to you under Section 10.2 below.

(p) **Multiple Defaults.** Any default by you or your Employee(s) under this Agreement which occurs at any time after Mac Tools has provided written notices to you under Section 10.2 below of at least 3 other defaults, for any reasons.

(q) **Customer Credit Program.** Your failure to comply with any agreements or any written rules and procedures relating to any of the Third Party Credit Programs, to the extent that such failure (i) results in the termination or expiration of any agreement relating to any of the Third Party Credit Programs, regardless of whether Mac Tools is a party to such agreement, or (ii) involves the commission of fraud on your part.

(r) **Your Disability.** The disability of the undersigned individual to the extent you cannot perform your obligations hereunder for a period of 6 consecutive months, or for any 6 months within a period of 18 consecutive months (if you have not complied with the provisions of this Agreement in hiring an Employee to perform each of such obligations).

(s) **Your Death.** The death of the undersigned individual (regardless of whether or not a business entity has been formed to operate the Mac Tools Business and to act as franchisee under this Agreement), subject to the provisions of Mac Tools' then-effective policy regarding franchisee survivorship.

(t) **Uncured Default Under Financing Agreement(s) with Mac Tools.** Any default by you, that remains uncured as of the end of the applicable cure period, under any agreement(s) between you and Mac Tools if Mac Tools is providing you with financing.

10.2 Termination by Mac Tools After Your Right to Cure. Except as provided in Section 10.1, if you are in default under any provision of this Agreement or of any other agreement between you and Mac Tools, Mac Tools may terminate, in whole or in part, this Agreement upon 30 days prior written notice to you of such default, or such longer period as applicable state law requires. You shall have the

right to cure such default within such 30-day period. If you have not cured such default to Mac Tools' reasonable satisfaction within such period, then this Agreement shall be terminated (in whole or in part, as set forth in the notice) as of the effective date set forth in the notice without any further action on Mac Tools' part.

10.3 Termination By You. If Mac Tools is in default under any provision of this Agreement, you may terminate this Agreement upon 60 days prior written notice to Mac Tools of such default, or such longer period as applicable state law requires. Mac Tools shall have the right to cure such default within such 60-day period. If Mac Tools has not cured such default to your reasonable satisfaction within such period, then this Agreement shall be terminated as of the effective date set forth in the notice without any further action on your part.

In order to facilitate the transition of the Route(s) and to avoid harm to customer relationships, you agree that any termination of this Agreement by you which termination is not related to a default by Mac Tools under this Agreement must be preceded by your provision to Mac Tools of at least 30 days prior written notice of such termination.

10.4 Termination of a Route.

(a) It is understood and agreed that, in the event of termination or expiration of this Franchise Agreement, all of your rights respecting each assigned Route or Routes shall automatically be terminated.

(b) Notwithstanding any other provision of this Agreement to the contrary, in the event that either you or your employee are in breach of this Agreement as described in either of Sections 10.1 or 10.2 of this Agreement relating to any particular Route, Mac Tools will have the right, in Mac Tools' sole discretion, to terminate the Agreement pursuant to Sections 10.1 or 10.2, as applicable, or, without regard to whether Section 10.1 or Section 10.2 is applicable to the breach, to terminate your rights to such Route (and leaving this Agreement and your rights to any other assigned Route(s) in effect) immediately upon providing you with notice of such termination. In the event that you fail to service any one or more of your Route(s) for a cumulative time period of more than 30 days, Mac Tools will have the right to terminate your rights to one or more of the assigned Route(s) with such termination taking effect immediately upon Mac Tools' providing you with notice of such termination.

(c) Upon Mac Tools' termination of your rights to any particular Route, you shall, solely with respect to such Route, comply with the obligations of Sections 3.9, 11.2 and 11.3 of this Agreement.

10.5 Mac Tools' Transition Rights. Mac Tools shall have the right to commence recruitment of one or more franchisee candidates to operate a Route assigned to you under this Agreement as soon as (a) Mac Tools determines that any of the events listed under Section 10.1(a) of this Agreement has occurred, (b) Mac Tools sends notice of termination to you pursuant to Section 10.2 or Section 10.4 of this Agreement (with respect to the Route for which recruitment of candidates is at issue), or (c) you have sent Mac Tools a notice of termination.

11. Procedure Upon Termination or Expiration.

11.1 Payment of Amounts Due. Upon termination or expiration of this Agreement, you shall promptly pay to Mac Tools all Indebtedness due as of the date of termination. In the event of termination for any default by you, the Indebtedness shall include all damages, costs, and expenses, including reasonable attorneys' fees and disbursements incurred by Mac Tools as a result of the default.

11.2 Cessation of Business. Upon termination or expiration of this Agreement:

(a) **You Will Stop the Business.** All rights granted to you under this Agreement and any credit or borrowing privileges under any associated agreements with Mac Tools or its affiliates shall immediately terminate, you shall immediately cease to operate the Mac Tools Business, and shall not thereafter, directly or indirectly represent yourself to the public or hold yourself out as a present or former franchisee of ours, and you shall immediately return to Mac Tools all copies of the Manual, the current backup copies of your electronic records and, after removing all copies of the Software from your computer system(s), the Software in accordance with the terms of the license agreement(s) relating thereto.

(b) **You Will Not Use the Name MAC Tools®.** You shall immediately and permanently cease to use in any manner whatsoever, the name "MAC Tools®" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with Mac Tools. In particular, you shall cease to use, without limitation, all signs, advertising materials, paper goods, displays, stationery, forms, and any other articles which display any of the Proprietary Marks.

(c) **You Will Alter the Truck.** If you own the Truck(s), you shall make such modifications or alterations to the Truck(s) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Truck(s) from that of other trucks used by other franchisees of ours, including removal of all Proprietary Marks, logos, and the color scheme and shall make such specific additional changes thereto as Mac Tools may reasonably request for that purpose, including but not limited to repainting the Truck(s). If you are leasing the Truck(s), you will take all reasonable steps to either return the Truck(s) or cause the above changes to be made, in a manner consistent with the terms of the lease.

(d) **If You Start Up Again in Another Business.** You agree that if you subsequently begin to operate any other business, you will not use any reproduction, counterfeit, copy, or imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Mac Tools' rights in and to the Proprietary Marks. You further agree not to use any designation of origin, description, or representation which suggests or represents a past or present association or connection with Mac Tools.

(e) **Mac Tools' Purchase Option.** Within 15 days following the expiration or termination of this Agreement (i) by you without your provision to Mac Tools of written notice of a default by Mac Tools under this Agreement, or (ii) by Mac Tools with its provision to you of written notice of a default under this Agreement which has not been cured, Mac Tools shall have the option (but not the obligation unless otherwise required by state law) to purchase all or any portion of your inventory of the Products and/or the SBD Products for the following purchase prices: for truck-worn inventory, in an amount equal to fifty percent (50%) of the most recent franchisee net price(s) for such inventory, and, for new inventory in restockable condition, in an amount equal to ninety percent (90%) of the most recent franchisee net price(s) for such inventory. Discontinued inventory shall not be returned to Mac Tools, no credit shall be issued for discontinued inventory, and Mac Tools shall have the right to dispose of any discontinued inventory that is returned to Mac Tools. Mac Tools' determination of the condition of the inventory for purposes of this Section 11.2(e) shall be final and binding, with no recourse.

(f) **Your Liability for the Assets of the Business.** You are liable for insuring and maintaining the value of any assets of the Mac Tools Business in which Mac Tools has any legal interest

until the earlier of your delivery of possession of such asset to Mac Tools in full compliance with its policies or its legal interest in such asset has expired or been concluded.

11.3 Covenant Not to Compete. For a period of one year following the effective date of the termination or expiration of this Agreement for any reason, the undersigned individual shall not, directly or indirectly, either as a principal, agent, employee, officer or director of any corporation or as a member of any limited liability company or as a partner or sole proprietor, or in any other manner, at any location or locations within three (3) miles of any Stop on any Route assigned to the franchisee under this Agreement, (i) engage in any business involving the sale of products manufactured and/or sold by Snap-on Incorporated, the Mateo Tools subsidiary of Danaher Corporation, or The Cornwell Quality Tools Company, or any parent company, successor, subsidiary or corporate affiliate of any of them or (ii) carry on or be engaged in or concerned with or interested in, financially or otherwise, or advise in the establishment or operation of, any business which consists substantially of the supply of products to users in the automotive after-market, service stations, independent garages, car and truck dealerships and to non-automotive accounts such as cycle shops, lawn mower shops, marinas, machine shops, factories, airports, farm implement dealers or repairers, commercial agricultural use and other commercial users of tools and shop equipment; provided, however, that this provision shall not apply to your operation of another Mac Tools Business, or to your ownership of less than three percent (3%) of the outstanding stock of any publicly held corporation. You acknowledge and agree that the covenants in this Section 11.3 are fair and reasonable. If the scope of any limitations or restrictions imposed by the covenants in this Section 11.3 are deemed by a court or arbitrator to be too broad to permit enforcement of such limitations or restrictions as written, then such limitations or restrictions shall be enforced to the maximum extent permitted by applicable law, and you and Mac Tools hereby consent and agree that such scope may be modified by the court or arbitrator accordingly in any proceeding brought to enforce such limitations or restrictions. In the event that you hire any Employee(s) to operate a Route or Routes under this Agreement, you must require each such Employee, as a condition of commencing employment, to execute a noncompetition agreement in a form provided by or satisfactory to Mac Tools and provide copies of the executed agreements to Mac Tools.

11.4 Subsequent Transactions. If either party has any business transactions with the other party after the termination of this Agreement, such transactions shall not constitute a renewal of this Agreement or a waiver of the termination or expiration of this Agreement.

11.5 No Liability for Termination or Expiration. You acknowledge that termination and expiration as provided for in Articles 10 and 11 of this Agreement shall not be the basis of any claim by you for damages or any other cause of action.

11.6 Survival of Certain Provisions. In the event of termination of this Agreement, the provisions of Sections 3.6, 3.7, 3.10, 3.12, 3.17, 3.19(b) and (c), 3.20, 3.22, 3.24, 5.3, 5.4 and 5.6, and Articles 6, 7, 8, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, 21 and 22 shall survive and shall continue in full force and effect.

12. Notices.

12.1 Method of Giving Notice. Any notices required or permitted under this Agreement shall be made in writing and shall be deemed to have been given when personally delivered, or delivered by certified mail (return receipt requested, proper postage prepaid) or by registered mail (proper postage prepaid), or Federal Express or other similar private overnight express delivery service ("Private Carrier") addressed to Mac Tools or you, as the case may be, at the respective addresses provided at the

end of this Agreement following the respective signatures of the parties. The parties can agree to expand the permitted methods of giving notice under this Section 12.1.

12.2 Refusal of Notice. If any notice sent by certified or registered mail or Private Carrier is refused or unclaimed, it shall be deemed given and received on the date the U.S. Postal Service or the Private Carrier, as the case may be, indicates on the return receipt or other evidence of attempted delivery that delivery was refused or unclaimed, provided that the sending party sends a duplicate copy of the notice by regular U. S. mail. Either party may change its address for notice purposes by giving the other party written notice of its new address.

13. Waiver.

No consent or waiver by either party shall be effective unless made in writing signed by that party. No consent or waiver, express or implied, by either party as to any default by the other party under this Agreement shall be deemed a consent to or waiver of any other breach or default. The failure of either party to declare the other party in default under this Agreement, regardless of how long such failure continues, shall not constitute a waiver of the non-defaulting party's rights under this Agreement.

14. Credit Investigation and Disclosures.

You authorize Mac Tools (a) to make credit checks on you by, among other means, obtaining consumer reports from consumer reporting agencies, and by making direct inquiries of businesses where you have accounts and where you worked, and other sources, and (b) to report concerning your performance with Mac Tools to consumer reporting agencies and others who may properly receive such information. You agree that the provisions of this Section 14 constitute, and shall be deemed to be, your "written instructions" pursuant to Section 604(a)(2) of the Fair Credit Reporting Act. In addition, you agree that the provision of this Section 14 shall continuously remain in full force and effect so long as you have any application pending with or obligation owing to Mac Tools.

In the event that Mac Tools and/or its affiliates assign your account with Mac Tools to a third party, you consent to the disclosure of your personal information to such assignees and to the collection, use and disclosure of your personal information by them as required to service, monitor and collect your account(s) and to give effect to the assignment of the account to them.

If you have instructed Mac Tools to disclose personal information about you, including any credit reports and other financial information, to one or more financial institutions with which Mac Tools has a business arrangement involving the offering of financing to qualified franchisees, Mac Tools will make such disclosure to such financial institutions.

15. Interpretation.

The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties, and will not in any way affect the meaning or interpretation of this Agreement. In the event of any conflict between this Agreement, the Manual, or any other agreement between Mac Tools and you, this Agreement shall control.

16. Severability.

If any one or more of the provisions in this Agreement are held to be invalid, illegal or unenforceable in any respect for any reason, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof, and any such provision shall be deemed severed from this Agreement. It is

the intention of the parties that if any provision is held to be invalid, illegal, or unenforceable, there shall be added in lieu thereof a valid and enforceable provision as similar in terms to such provision as is possible.

17. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, or other legal representatives. If the signatories to this Agreement consist of more than one person, their liability under this Agreement shall be deemed to be joint and several.

18. Entire Agreement; Termination of Prior Franchise Agreement.

It is important that you understand that you should not rely on verbal statements made to you by Mac Tools' employees or agents. You can only rely on what is written in this Agreement, including the exhibits, and the most recent version of Mac Tools' Franchise Disclosure Document provided to you (the "Franchise Disclosure Document"). Mac Tools has set forth a procedure in Exhibit C for documenting representations, if any, which you believe Mac Tools, or anyone acting on its behalf, have made. If you are relying on any such representations in your decision to sign this Agreement, you must describe them in the space provided on Exhibit C. This Agreement (including the exhibits), as well as the Franchise Disclosure Document, the other agreements between you and Mac Tools executed in connection with this Agreement and the Manual, constitutes the entire agreement of you and Mac Tools with respect to you becoming a franchisee authorized to distribute the Products and supersedes all prior oral or written agreements and understandings between you and Mac Tools with respect to your Mac Tools Business. Except for revisions to the Manual which Mac Tools may make from time to time in its discretion, no modification or amendment of this Agreement shall be effective unless it is in writing and signed by both parties.

In the event that you and Mac Tools are parties to a Mac Tools Franchise Agreement at the time that this Agreement is fully executed, upon the full execution of this Agreement, such prior Mac Tools Franchise Agreement shall automatically be terminated and superseded in its entirety by this Agreement.

19. Governing Law: Three Step Resolution Process.

19.1 Governing Law. This Agreement takes effect upon its acceptance and execution by Mac Tools in Ohio and shall be interpreted and construed under the laws of the State of Ohio. Ohio laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Ohio choice of law rules) except: (a) to the extent governed by the U. S. Trademark Act of 1946, 15 U.S.C. Sec. 1051, et seq. (the so-called "Lanham Act"); (b) with regard to such Sections where, and to the extent that, Mac Tools has specifically provided otherwise; and (c) with respect to all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article which shall be governed by the U. S. Arbitration Act, 9 U.S.C. Sec. 1, et seq., and the federal common law of arbitration as interpreted by the United States District Court for the Southern District of Ohio.

19.2 Resolution of Disputes. Except with respect to the enforcement of Mac Tools' rights and remedies under (i) any promissory note executed by you in Mac Tools' favor and/or under any security agreement between Mac Tools, or (ii) any promissory note executed by you in favor of a third party and/or under any security agreement between you and a third party, either of which promissory note and/or security agreement is assigned to Mac Tools by such third party, as to which the procedures specified in this Section 19.2 shall not apply, the procedures specified in this Section 19.2 are the only procedures for the resolution of any and all controversies, disputes or claims of any nature whatsoever

arising out of or related to this Agreement or any other agreement between you and Mac Tools, including the breach, termination or validity of any such agreement, or the relationship between you and Mac Tools and/or the operation of the Mac Tools Business and including any and all controversies, disputes or claims of any nature against Mac Tools by anyone claiming through you. However, before or during the time that you and Mac Tools follow these procedures, either you or Mac Tools can go to the appropriate court to get a preliminary injunction or other preliminary judicial relief if you or Mac Tools reasonably believes that such a step is necessary to avoid irreparable damage or harm. Even if either you or Mac Tools takes such action, you and Mac Tools will continue to participate in good faith in the procedures specified in this Article 19.

(a) Negotiations. You and Mac Tools will both attempt in good faith to resolve promptly any controversy or claim arising out of or relating to this Agreement and any other agreement between you and Mac Tools, the relationship between you and Mac Tools or your operation of the Mac Tools Business or any claims of any nature against Mac Tools by anyone claiming through you, by negotiations between representatives of the parties who have authority to settle the controversy (and, where applicable, who do not have direct responsibility for administration of this Agreement or any other agreement between you and Mac Tools).

(b) Notice and Response. The disputing party will give the other party written notice of the dispute. Within 30 business days after receipt of this notice, the receiving party shall submit to the other a written response. The notice and response shall include (a) a statement of each party's position and a summary of the facts and arguments supporting its position, and (b) the name and title of the person who will represent that party. The persons shall meet and/or otherwise communicate at a mutually acceptable time and place within 30 days of the date of the responding party's written response and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the dispute.

(c) Mediation. If the matter has not been resolved within 60 business days of the disputing party's notice, or if the responding party will not meet and/or otherwise communicate within 30 days of the written response, either party may initiate mediation of the controversy or claim with JAMS, The Resolution Experts, which is a private alternative dispute resolution provider having its New York City office located at 620 Eighth Avenue, New York, New York 10018 (telephone 212-751-2700), or its successor. Unless the parties agree otherwise in writing, the location of the mediation shall be at the JAMS Resolution Center in New York, New York. Any mediator shall be mutually selected by you and Mac Tools or, if you and Mac Tools cannot agree, by JAMS, The Resolution Experts in accordance with its then-effective rules and procedures applicable to selection of mediators.

(d) Arbitration. If the matter has not been resolved pursuant to mediation within 60 business days of the initiation of such procedure, or if either party will not participate in a mediation, the controversy shall be settled by arbitration by a sole arbitrator in accordance with the then-effective JAMS Comprehensive Arbitration Rules and Procedures. Any arbitrator shall be mutually selected by you and Mac Tools or, if you and Mac Tools cannot agree, by JAMS, The Resolution Experts in accordance with the then-effective JAMS Comprehensive Arbitration Rules and Procedures. The arbitrator is not empowered to and shall not, award punitive, exemplary, indirect, special, consequential or incidental damages or any other damages in excess of actual direct damages or in excess of any limit on direct damages set forth in this Agreement, whichever is lower. Unless the parties agree otherwise in writing, the place of arbitration shall be at the JAMS Resolution Center in New York, New York. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. §§ 1-16. Courts of the State of Ohio or the United States District Court for the Southern District of Ohio will have sole jurisdiction over enforcement of arbitration and/or enforcement of the Agreement. Judgment upon the award

rendered by the arbitrator may be entered by any state or federal court in Ohio having jurisdiction thereof. If either party is required to compel arbitration, that party shall be reimbursed for the costs and expenses incurred in connection therewith.

(e) Extension of Deadlines. All deadlines specified in this Section 19.2 may be extended by mutual agreement.

(f) Claims Must Be Brought in One Year. Except with respect to the enforcement of Mac Tools' rights and remedies under (i) any promissory note executed by you in Mac Tools' favor and/or under any security agreement between Mac Tools, or (ii) any promissory note executed by you in favor of a third party and/or under any security agreement between you and a third party, as to which the limitation provided by this Section 19.2(f) shall not apply, any and all claims, controversies and other disputes arising out of or relating to this Agreement, the relationship between you and Mac Tools or your operation of the Mac Tools Business, brought by any party hereto against the other, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or dispute, or such claim or dispute shall be barred.

(g) Class Arbitration Waiver. Any arbitration will be conducted and resolved on an individual basis and not a class-wide, multiple plaintiff, or similar basis. Any arbitration will not be consolidated with any other arbitration proceeding involving any other person, except controversies, disputes or claims of any nature against Mac Tools by anyone claiming through you, as provided in Section 19.2 above.

19.3 Waiver of Trial by Jury. YOU AND MAC TOOLS EACH WAIVE THE RIGHT TO HAVE A CLAIM OR DISPUTE UNDER THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN YOU AND MAC TOOLS DECIDED BY A JURY.

20. Waiver of Damages.

20.1 Waiver. You and Mac Tools hereby waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary, indirect, special, consequential or incidental damages against the other.

20.2 Limitation to Actual Damages. You and Mac Tools agree that, in the event of a dispute or claim with or against the other, each party shall be limited to the recovery of any actual direct damages sustained by it, subject to any limit on direct damages set forth in this Agreement.

20.3 No Attempt to Collect. Neither you nor Mac Tools will accept or attempt to collect through the courts or otherwise any punitive, exemplary, indirect, consequential or incidental damages from the other even if such damages are entered, ordered or awarded by the arbitrator despite the agreement between you and Mac Tools to the contrary.

21. Limitation of Liability.

NEITHER MAC TOOLS NOR YOU SHALL BE LIABLE TO THE OTHER FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES ARISING OUT OF OR RELATED IN ANY WAY TO THE SALE OF THE PRODUCTS OR THE SBD PRODUCTS OR THE PERFORMANCE OF ANY OBLIGATION UNDER THIS AGREEMENT OR UNDER ANY OTHER AGREEMENT BETWEEN YOU AND MAC TOOLS, WHETHER RESULTING FROM TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, BREACH OF CONTRACT OR WARRANTY OR OTHERWISE, AND ANY LIABILITY MAC

TOOLS MAY HAVE TO YOU ARISING IN ANY MANNER AS A RESULT OF SALES OF THE PRODUCTS OR THE SBD PRODUCTS TO YOU SHALL NOT EXCEED THE PRICE PAID TO MAC TOOLS BY YOU FOR THE PRODUCT OR THE SBD PRODUCT GIVING RISE TO SUCH LIABILITY.

22. Acknowledgments and Representations; Agreement Regarding Same.

YOU ACKNOWLEDGE AND REPRESENT TO MAC TOOLS THAT:

- YOU HAVE RECEIVED THE FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS PRIOR TO THE DATE YOU SIGNED THIS AGREEMENT AND YOU HAVE RECEIVED COPIES OF THIS AGREEMENT AND THE OTHER DOCUMENTS LISTED IN EXHIBIT B AT LEAST 7 CALENDAR DAYS PRIOR TO THE DATE YOU SIGNED THIS AGREEMENT.
- YOU HAVE READ AND UNDERSTAND THEM.
- YOU HAVE HAD THE OPPORTUNITY TO ASK QUESTIONS ABOUT THEM AND TO CONSULT WITH LEGAL OR OTHER ADVISORS.
- YOU ARE SIGNING THIS AGREEMENT VOLUNTARILY, FOR YOUR OWN COMMERCIAL PURPOSES AND AS YOUR FREE ACT AND DEED.

YOU FURTHER ACKNOWLEDGE AND REPRESENT TO MAC TOOLS THAT:

- YOU HAVE DONE AN INDEPENDENT INVESTIGATION OF THE MAC TOOLS BUSINESS.
- YOU RECOGNIZE THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT YOUR SUCCESS MAY BE AFFECTED BY DIFFICULT ECONOMIC CONDITIONS.
- YOU UNDERSTAND THAT THE SUCCESS OF YOUR MAC TOOLS BUSINESS WILL BE LARGELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON, AND THAT YOUR ABILITY TO COMPETE WITH OTHER SELLERS OF SIMILAR MERCHANDISE IS DEPENDENT UPON, AMONG OTHER THINGS, YOUR EXPENSES, THE SERVICE YOU RENDER TO CUSTOMERS AND THE EFFORT YOU PUT INTO YOUR MAC TOOLS BUSINESS.
- YOU UNDERSTAND THAT YOUR APPOINTMENT AS A MAC TOOLS FRANCHISEE IS MADE BY MAC TOOLS ON A NON-EXCLUSIVE BASIS AND THAT MAC TOOLS MAY USE OTHER MEANS, INCLUDING WITHOUT LIMITATION DIRECT MAIL AND INTERNET SALES, TO SELL THE PRODUCTS, THE SBD PRODUCTS, OR ANY THIRD PARTY PRODUCTS TO CUSTOMERS, INCLUDING CUSTOMERS ON YOUR ROUTE(S).
- YOU UNDERSTAND THAT MAC TOOLS MAY PERIODICALLY MODIFY ITS PRODUCT DISTRIBUTION SYSTEM, INCLUDING THE MANUAL, AS PROVIDED IN SECTION 3.19 OF THIS AGREEMENT, AND THAT YOU WILL BE

REQUIRED TO MAKE SUCH EXPENDITURES AS SUCH MODIFICATIONS MAY REQUIRE.

- MAC TOOLS MAY FROM TIME TO TIME ENGAGE IN NATIONAL, REGIONAL OR LOCAL ADVERTISING AND/OR PROMOTIONS. MAC TOOLS MAY IDENTIFY SUGGESTED RETAIL PRICES IN SUCH MATERIALS AND MAY OFFER DIRECT REBATES OR OTHER BENEFITS FROM MAC TOOLS TO CUSTOMERS, INCLUDING CUSTOMERS ON YOUR ROUTE. YOU SHALL HAVE THE SOLE RIGHT TO DETERMINE THE PRICES AT WHICH YOU SELL PRODUCTS AND YOU SHALL NOT SUFFER IN YOUR BUSINESS RELATIONS WITH MAC TOOLS OR ANY OTHER PERSON OVER WHOM MAC TOOLS OR ITS AFFILIATES MAY HAVE CONTROL IF MAC TOOLS' PRICE SUGGESTION IS NOT FOLLOWED.
- YOU UNDERSTAND THAT YOU MAY SELL THE PRODUCTS AND THE SBD PRODUCTS ONLY AT THOSE STOPS AND TO THOSE CUSTOMERS IDENTIFIED ON THE ROUTE(S), AS MODIFIED FROM TIME TO TIME, AND YOU MAY NOT SELL PRODUCTS AT LOCATIONS NOT LISTED ON THE ROUTE(S).
- YOUR APPOINTMENT AS A MAC TOOLS FRANCHISEE IS BASED ON MAC TOOLS' ASSESSMENT OF INDIVIDUAL(S) SIGNING THIS AGREEMENT, EVEN IF SIGNING ON BEHALF OF A CORPORATION OR OTHER LEGAL ENTITY, AND MAC TOOLS' UNDERSTANDING THAT SUCH INDIVIDUAL(S) WILL BE THE INDIVIDUAL(S) OVERSEEING OPERATION OF THE MAC TOOLS BUSINESS. MAC TOOLS WILL HAVE THE RIGHT TO TERMINATE THIS AGREEMENT IN THE EVENT SUCH INDIVIDUAL(S) CEASE TO OVERSEE OPERATION OF THE MAC TOOLS BUSINESS.

YOU FURTHER ACKNOWLEDGE AND REPRESENT TO MAC TOOLS THAT:

- YOU HAVE NOT RECEIVED ANY PROMISE, WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, EARNINGS, INCOME, EXPENSES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT EXCEPT SUCH GENERAL PURCHASE VOLUME INFORMATION -- WHICH IS NOT INTENDED AS, AND SHALL NOT CONSTITUTE, A PROMISE, WARRANTY OR GUARANTEE -- AS MAY BE SPECIFICALLY SET FORTH IN ITEM 19 OF THE FRANCHISE DISCLOSURE DOCUMENT.
- YOU HAVE NOT RELIED ON ANY ORAL REPRESENTATIONS BY MAC TOOLS, ITS EMPLOYEES OR AGENTS (INCLUDING WITHOUT LIMITATION, OTHER MAC TOOLS FRANCHISEES, MAC TOOLS' DISTRICT MANAGERS, ITS REGIONAL MANAGERS OR ITS REGIONAL RECRUITING MANAGERS) EXCEPT AS SPECIFICALLY ALLOWED IN EXHIBIT C, ALL SUCH REPRESENTATIONS BEING SUPERSEDED BY THIS AGREEMENT AND THE EXHIBITS.
- YOU HAVE SPOKEN WITH EACH OF THE INDIVIDUALS, IF ANY, WHO WILL BE CONTRIBUTING MONEY OR OTHER RESOURCES TO THE BUSINESS,

HAVE PROVIDED EACH OF THEM WITH THE FRANCHISE DISCLOSURE DOCUMENT AND HAVE ADVISED EACH OF THEM THAT THIS IS THE ONLY INFORMATION THAT THEY SHOULD RELY ON WITH RESPECT TO THE BUSINESS.

- YOU HEREBY ACKNOWLEDGE YOUR UNDERSTANDING THAT MAC TOOLS, IN ENTERING INTO THIS AGREEMENT WITH YOU, HAS REASONABLY RELIED, AND WAS ENTITLED TO RELY, ON THE TRUTH, ACCURACY AND COMPLETENESS OF YOUR ACKNOWLEDGEMENTS AND REPRESENTATIONS THAT ARE SET FORTH ABOVE IN THIS SECTION 22. YOU HEREBY AGREE THAT IF IN ANY ARBITRATION OR LITIGATION PROCEEDING YOU EVER ASSERT THAT ANY OF YOUR ACKNOWLEDGEMENTS AND REPRESENTATIONS SET FORTH ABOVE WERE NOT, IN FACT, TRUE OR ACCURATE OR COMPLETE AND YOU USE SUCH ASSERTION(S) TO SUPPORT ANY CLAIM(S) AGAINST MAC TOOLS IN SUCH PROCEEDING, YOU WILL PROMPTLY REIMBURSE MAC TOOLS FOR THE FULL AMOUNT OF ITS ATTORNEYS FEES AND DISBURSEMENTS RELATED TO ITS DEFENSE OF YOUR CLAIM(S), AND THIS REIMBURSEMENT OBLIGATION SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

[Remainder of page intentionally blank; signature page follows.]

23. Acceptance.

This Agreement will not take effect, and will not be binding on you or Mac Tools, unless and until signed by you and accepted and signed by Mac Tools in Ohio.

**** IMPORTANT ****

DO NOT SIGN THIS AGREEMENT UNTIL YOU HAVE READ AND COMPLIED WITH THE PROVISIONS OF EXHIBIT C REGARDING ORAL REPRESENTATIONS OR STATEMENTS, IF ANY, BY MAC TOOLS OR BY OTHERS ON MAC TOOLS' BEHALF.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20____, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

Attachments: Exhibit A - Designation of Route
- Additional Route Assignment Form
- Exhibit B - Documents Provided by Mac Tools to Franchisee
- Exhibit C - Representations

EXHIBIT A

Route Assignment

Survey Date: _____

Page: _____ Of: _____

Route #: _____

DM: _____

Franchisee's Name: _____

Region: _____ District: _____

Address: _____

Start Date: _____ (Internal Use Only)

Shop Name	Address	City	ST	Zip Code	Business Code	# of Cust	Phone

I acknowledge the opportunity to
preview this route and customers.

Potential Customers This Route _____ # of Customers Page _____

Franchisee Signature

Date

TYPE OF BUSINESS CODE

A	Airport Shop
BS	Body Shop
CD	Car Dealership
CS	Cycle Shop
FI	Farm Implement
GOV	Government
HE	Heavy Equipment
IG	Independent Garage
IND	Industrial/Manufacturing
M	Marina
MISC	Miscellaneous
RV	Recreational Vehicle
SR	Specialty Repair
SS	Service Station
TD	Truck Dealership
VOT	Student Votech

Additional Route Assignment Form

Survey Date: _____

Page: ____ Of: ____

Route # : _____

DM: _____

Franchisee's Name: _____

Region: _____ District: _____

Address: _____

Start Date: _____ (Internal Use Only)

Shop Name	Address	City	ST	Zip Code	Business Code	# of Cust	Phone

I acknowledge the opportunity to
preview this route and customers.

Potential Customers This Route ____ # of Customers Page ____

Franchisee Signature Date

EXHIBIT B

Documents Provided by Mac Tools to Franchisee

1. Franchise Disclosure Document for Mac Tools Franchisees
2. Confidentiality Agreement and Acknowledgment of Ownership
3. This Mac Tools Franchise Agreement and Exhibits A, B and C
4. Mac Tools Purchase Agreement
5. Mac Tools Security Agreement
6. Mac Tools Franchisee Business Entity Worksheet
7. Certificates of Resolutions
8. Guaranty of Payment and Performance of an Entity Mac Tools Franchisee
9. Guaranty of Indebtedness of a Mac Tools Franchisee
10. Insurance Loss Payee Form
11. Mac Tools Pay By Phone Form
12. Mobile Business Assistant Software License Agreement
13. Mac Tools Government Franchise Agreement
14. Mac Tools Direct Debit Authorization Agreement
15. Mac Tools Extended Trade Program (ETP) Terms and Conditions Agreement
16. Rider to Mac Tools Franchise Agreement for GreenSky Program
17. Investor Guarantor Acknowledgment
18. Acknowledgment of Receipt of FTC Consent Orders
19. State Franchise Agreement Addenda
20. General Release of All Claims

FRANCHISEE MAY NOT RELY ON ANY ORAL OR WRITTEN STATEMENTS FROM ANY PERSON WHICH DO NOT CONFORM TO THE WRITTEN MATERIALS ABOVE.

EXHIBIT C

Representations

* * * IMPORTANT * * *

IF YOU BELIEVE THAT MAC TOOLS, OR ANY EMPLOYEE OR AGENT OF OURS OR ANY OTHER PARTY ACTING ON MAC TOOLS' BEHALF, HAVE MADE ANY ORAL STATEMENTS OR REPRESENTATIONS THAT DO NOT APPEAR IN WRITING IN THIS AGREEMENT OR IN ANY OF THE DOCUMENTS LISTED IN EXHIBIT B, AND IF SUCH STATEMENTS OR REPRESENTATIONS ARE IMPORTANT TO YOU AND YOU HAVE RELIED ON THEM IN MAKING YOUR DECISION TO ENTER INTO THIS AGREEMENT, YOU MUST WRITE WHAT YOU BELIEVE THOSE STATEMENTS OR REPRESENTATIONS TO BE ON THIS EXHIBIT IN THE SPACE PROVIDED BELOW.

IF THERE ARE NO SUCH STATEMENTS OR REPRESENTATIONS, INDICATE "NONE" AND INITIAL IT.

DO NOT SIGN THE FRANCHISE AGREEMENT IF YOU HAVE WRITTEN ANY CLAIMED STATEMENT OR REPRESENTATION ON THIS EXHIBIT UNTIL YOU ARE SATISFIED WITH AND AGREE WITH THE RESPONSES MAC TOOLS MAKES IN ACCORDANCE WITH THE FOLLOWING PROCEDURE.

With respect to each statement or representation that you believe was made by Mac Tools or on its behalf and that you have written on Exhibit C, an authorized individual of ours will either:

- (1) Write "accepted" and will provide his or her initials next to the statement or representation, indicating acceptance of it by Mac Tools;
- (2) Write "rejected" and will provide his or her initials next to the statement or representation, indicating that Mac Tools will not be bound by it; or
- (3) Revise or amend the statement or representation and initial the revision, indicating Mac Tools' acceptance of the revised or amended statement or representation.

If you sign this Agreement after writing "none" on this Exhibit C or after failing to write anything on this Exhibit C, you agree that neither Mac Tools nor anyone else on its behalf made any statements or representations to you on which you are relying except those set forth expressly in writing in this Agreement.

If you sign this Agreement after writing something on this Exhibit C, and after having received Mac Tools' responses then

- (a) you accept Mac Tools' response as part of this Agreement;
- (b) you waive the statements and representations Mac Tools did not accept; and
- (c) you agree that in deciding to enter into this Agreement you were relying only on the statements and representations Mac Tools accepted (if any) and only in the form in which Mac Tools accepted them, and not on the statements Mac Tools did not accept.

STATEMENT OF FRANCHISEE: I have relied on the following oral statements or representations by Mac Tools, its agents, employees or anyone acting on its behalf (If none, write "none" and initial it).

23. Acceptance.

This Agreement will not take effect, and will not be binding on you or Mac Tools, unless and until signed by you and accepted and signed by Mac Tools in Ohio. Notwithstanding the provisions of the immediately preceding sentence and Section 19.1 of this Agreement to the contrary, the grant to you of any rights in and to the Route provided under, without limitation, Section 3.1(a), Article 4 and Exhibit A of this Agreement shall take effect on _____.

**** IMPORTANT ****

DO NOT SIGN THIS AGREEMENT UNTIL YOU HAVE READ AND COMPLIED WITH THE PROVISIONS OF EXHIBIT C REGARDING ORAL REPRESENTATIONS OR STATEMENTS, IF ANY, BY MAC TOOLS OR BY OTHERS ON MAC TOOLS' BEHALF.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20__, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

Attachments: Exhibit A- Designation of Route
 - Additional Route Assignment Form
- Exhibit B- Documents Provided by Mac Tools to Franchisee
- Exhibit C- Representations

EXHIBIT C

CONFIDENTIALITY AGREEMENT and ACKNOWLEDGMENT OF OWNERSHIP

I am a candidate for a Mac Tools Franchise. I understand that one of the prerequisites to becoming a Mac Tools Franchisee is that I successfully complete initial training requirements for new Franchisees, including, but not limited to, (i) a five-day truck ride with an existing Franchisee and (ii) a classroom training program at Mac Tools' offices in Ohio. I further understand that, as a matter of practice, (i) Mac Tools will not enter into a written Mac Tools Franchise Agreement with me if I do not successfully complete the classroom training in Ohio; and (ii) in order to ensure that I am able to obtain immediate access to the product inventory and commence distribution of products and complete the required field training immediately after completion of the classroom training, Mac Tools may make arrangements to ship product and/or deliver a Mac Tools truck to me prior to my completion of the classroom training and my execution of a Franchise Agreement. I hereby acknowledge and agree that:

1. Anything I learn during the five-day truck ride or in the classroom training program is the confidential and proprietary information of Mac Tools. I will not disclose that information, including, but not limited to, customer information, to any third party, nor will I use that information for any purpose other than (i) deciding whether I wish to become a Mac Tools Franchisee and (ii) if I become a Mac Tools Franchisee, operating my franchise subject to the Mac Tools Franchise Agreement.
2. I will have no right, title or interest in (a) any product inventory shipped to me by or on behalf of Mac Tools, or (b) any truck that I purchase or lease directly from Mac Tools or any other party with which Mac Tools has established financing arrangements, until the later of (i) such time as Mac Tools and I have executed a Mac Tools Franchise Agreement and related agreements (including, but not limited to, a Purchase Agreement) or (ii) the expiration of any applicable contractual cancellation period imposed by applicable state law without the Franchise Agreement being cancelled by me. I agree immediately to surrender possession of any such truck and inventory to Mac Tools if, for any reason, I do not execute a Mac Tools Franchise Agreement or, after executing such an Agreement, I cancel the Agreement pursuant to applicable state law.
3. I will have no right to use the Mac Tools name or trademarks in any way until the later of (i) such time as Mac Tools and I have executed a Mac Tools Franchise Agreement or (ii) the expiration of any applicable contractual cancellation period imposed by applicable state law without the Franchise Agreement being cancelled by me.
4. I understand that all candidates for a Mac Tools franchise are required to take a profile assessment created for Mac Tools by a third party (the "Assessment Test") to assess my suitability to be a Mac Tools franchisee. I acknowledge that the Assessment Test, including the nature and specifics of each question asked, is confidential and proprietary information of Mac Tools and may not be disclosed to any third party. I further acknowledge that Mac Tools has no obligation to disclose the results of the Assessment Test to me, the skills it is designed to measure, or any other information regarding the Assessment Test to me or any other person.
5. Mac Tools' training requirements include a post-classroom field training component that will be completed, subject to the terms of the Mac Tools Franchise Agreement, after Mac Tools and I have executed a Franchise Agreement.
6. As used herein, "me" and "I" refer to the person or persons signing below and, if the party signing this Agreement is a corporation, limited liability company or other business entity, to such entity and also to the natural person signing below on behalf of such entity.

7. Nothing in this Confidentiality Agreement shall be construed to create, between Mac Tools and me a partnership, joint venture, employment relationship, distributor or franchise relationship or other business relationship. By entering into this Agreement, I will not be obligated to become a Mac Tools Franchisee, and Mac Tools will not be obligated to enter into a Mac Tools Franchise Agreement with me. This Agreement is the entire agreement between me and Mac Tools with respect to the subject matter hereof, supersedes all prior oral or written agreements and understandings between us regarding the subject matter hereof, and is solely for the benefit of me, Mac Tools, and the Mac Tools Franchisee with whom I go on the five-day truck ride. No modification or amendment of this Agreement shall be effective unless it is in writing and signed by me and by Mac Tools. This Agreement shall terminate upon the later of (a) the execution by Mac Tools and me of a Mac Tools Franchise Agreement, or (b) the expiration of any applicable contractual cancellation period imposed by applicable state law without the Franchise Agreement being cancelled by me; provided, however, that the confidentiality obligations provided hereunder of the franchise candidate shall survive the expiration of this Agreement.

CANDIDATE FOR FRANCHISE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity name)

By: _____

Name Printed: _____

Title: _____

Address of Candidate:

Agreed and accepted this ____ day of _____, 20__ in Westerville, Ohio.

Date: _____

**MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.**

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

EXHIBIT D

DISTRIBUTOR TO FRANCHISEE CONVERSION ADDENDUM TO MAC TOOLS FRANCHISE AGREEMENT

This Distributor To Franchisee Conversion Addendum to Mac Tools Franchise Agreement (this "Addendum"), dated as of the effective date of the Mac Tools Franchise Agreement (as hereinafter defined) is attached to and made a part of the Mac Tools Franchise Agreement (the "Franchise Agreement"), by and between the Mac Tools Division of Stanley Black & Decker, Inc., a Connecticut corporation ("Mac Tools"), and the individual or entity signing the Franchise Agreement as the Franchisee (hereinafter, "you" and "yours"), for the purpose of modifying and amending the terms of such Franchise Agreement. For such purpose, Mac Tools and you agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.

2. As of the Effective Date of the Franchise Agreement, that certain Mac Tools Distributor Agreement, by and between Mac Tools and Franchisee and dated as of _____, is hereby terminated.

3. Section 1.2 of the Franchise Agreement is hereby deleted and the following substituted therefor:

"1.2. Initial Franchise Fee. You will not be required to pay Mac Tools an initial franchise fee (the "Initial Franchise Fee")."

4. Section 2.1 of the Franchise Agreement is hereby deleted and the following substituted therefor:

"2.1. Initial Term. This Agreement shall begin on the date Mac Tools signs it in its offices in Ohio and, unless it is terminated earlier in accordance with the termination provisions of this Agreement, it will continue for a period of twenty (20) years from that date (the "Term"). If the laws of the state in which you live, or in which the Route is located, require a longer term, the Term will be as long as required by the applicable law."

5. Section 2.2 of the Franchise Agreement is hereby deleted and the following substituted therefor:

"2.2. Renewal. There are no renewal terms or rights of renewal provided under this Agreement."

6. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum to be effective as of the effective date of the Franchise Agreement.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20____, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

FRANCHISEE CONVERSION ADDENDUM TO MAC TOOLS FRANCHISE AGREEMENT

This Franchisee Conversion Addendum to Mac Tools Franchise Agreement (this "Addendum"), dated as of the effective date of the Mac Tools Franchise Agreement (as hereinafter defined) is attached to and made a part of the Mac Tools Franchise Agreement (the "Franchise Agreement"), by and between the Mac Tools Division of Stanley Black & Decker, Inc., a Connecticut corporation ("Mac Tools"), and the individual or entity signing the Franchise Agreement as the Franchisee (hereinafter, "you" and "yours"), for the purpose of modifying and amending the terms of such Franchise Agreement. For such purpose, Mac Tools and you agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.

2. You hereby warrant and represent to Mac Tools that all of the information that you have provided to Mac Tools regarding your past sales and years of experience as a tool distributor or franchisee on behalf of a third party, as well as all of the other information provided to us in the application process to become a Mac Tools Franchisee, is accurate and complete. You acknowledge that we have relied upon such information as provided by you in determining your qualification for the incentive program evidenced by this Addendum.

3. In connection with your agreement to become a Mac Tools Franchisee, we agree

a) _____;

b) _____; and

c) [Insert any additional items, if any.]

Our obligation to provide each of the items set forth above in this Section 3 is expressly conditioned upon your status as a Mac Tools Franchisee in good standing as of the date that (a) we provide such item, or (b) you apply to us for such reimbursement of expenses.

4. [Insert additional terms, if applicable.]

5. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum to be effective as of the effective date of the Franchise Agreement.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20____, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

EXHIBIT E

MAC TOOLS PURCHASE AGREEMENT

The person or persons signing below are referred to as “you” and “yours”. If the party signing this Agreement is a corporation, limited liability company, partnership or any other form of business entity (“Entity”), “you” and “yours” shall refer to such Entity and shall also refer to the natural person signing below on behalf of such entity, provided that, no natural person (other than the undersigned individual (as defined below)) shall be entitled to any of the rights and benefits under this Agreement nor may any natural person (other than the undersigned individual) perform any of the obligations or fulfill any of the responsibilities hereunder. (The natural person signing below is called the “undersigned individual.”)

“We,” “us” and “our” refer to Mac Tools, a division of Stanley Black & Decker, Inc., a Connecticut corporation and our successors and assigns. Our principal place of business is at 505 North Cleveland Avenue, Westerville, OH 43082, and we have a distribution center at 4380 Old Roberts Road, Columbus, Ohio 43228-3882.

For the purposes of this Agreement, the following words have the following meanings:

- “Franchise Agreement” – The separate agreement between you and us setting forth the terms under which you have been appointed a franchisee of Mac Tools Products.
- “Business” – The business you conduct as a franchisee of Mac Tools Products under the Franchise Agreement.
- “Distributed Products” – The products you purchase from us that we do not manufacture, but which we purchase from others for resale and permit you to distribute pursuant to the Franchise Agreement.
- “Field Operations Manual” – The manual that we lend to you pursuant to the Franchise Agreement containing rules, policies and procedures to be followed by you when conducting your Business.
- “Manufactured Products” – The products you purchase from us which we or our affiliates manufacture and which we permit you to distribute pursuant to the Franchise Agreement.
- “Products” – The Manufactured Products and the Distributed Products, collectively.
- “Security Agreement” – The separate agreement between you and us pursuant to which you grant us a security interest in certain collateral to secure payment of amounts you now owe us or will owe us in the future under this Agreement or otherwise.
- “UCC” or “Uniform Commercial Code” – The Uniform Commercial Code as adopted by, and in effect in, the State of Ohio from time to time.

1. Purchases on Open Account.

We have the right in our discretion to permit you to purchase Products from time to time on credit if you request it (called "Purchases on Open Account"). The purchase price for these Products will be due and payable in the amounts and on the dates shown on each balance forward statement or other transaction document we use. At the time you are entering into this Agreement, the terms for Open Account purchases are: the total price shown, less 2% of that amount, if you pay in full within 10 days of the date of the balance forward statement, or the full price within 30 days of the date of the balance forward statement. We can change these terms of purchase for future Purchases on Open Account in our discretion, and you will be notified of any such change. You will send the payments to the address specified on the invoice. This extension of credit and the continuation of this credit is at our sole discretion. In other words, we can continue or stop permitting you to make Purchases On Open Account at any time at our sole option. If we do stop, we will sell to you on a cash or C.O.D. basis.

2. All Sales of Products to You.

When Products are sold to you, you are accepting them for resale to your commercial customers ("Customers"). The Products will not be accepted by us "for return" without our approval in accordance with the Field Operations Manual. The terms and conditions of sale are set forth in this Agreement, in your Franchise Agreement, and in the Field Operations Manual. These terms and conditions cannot be changed by any oral or written statement unless specifically approved by us in writing.

3. Your Agreement To Pay.

3.1 All Amounts To Be Paid When Due. You promise to pay all of the sales prices of Products purchased by you no later than the due dates shown on each balance forward statement or other transaction document. You understand that we will apply all payments and credits to oldest items first. If such amounts are not paid by the due date, you will be considered delinquent.

3.2 Late Payments Subject to Delinquency Charge. If you do not pay an Open Account invoice in full when due, we have the option to charge you a late charge. This charge will be calculated by applying a percentage rate to the unpaid cash price for the period of time that such purchase is past due.

(i) The percentage rate we will use will equal (A) 1/ 1/2% per month, or (B) the highest rate allowed for such late charges, in the state(s) where you conduct your Business, whichever is lower.

(ii) We may commence applying such percentage rate when your Purchase on Open Account is at least 10 days past due and we may continue to apply it to the unpaid balance until such purchase is paid in full.

(iii) We will and do take active steps to collect late accounts, and we treat them as delinquent. Thus, the late charge is, and should be considered to be, a bona fide delinquency charge and not a finance charge. However, because such charge could be interpreted otherwise, we will not charge you a late charge which exceeds the permissible rate for "finance charge" for commercial accounts in the state(s) where you conduct your Business.

4. Financial Statements.

At our request, you agree to send us financial statements in a form acceptable to us. Such financial statements shall include all of your income from whatever source. Your continued solvency is a pre-condition to all future sales. If you are no longer solvent, you must notify us immediately.

5. Delivery; Costs of Shipping.

We are selling the Products to you, and you are taking delivery, FOB at our distribution center or other points of shipment, freight and insurance prepaid. ("FOB" means "free on board" and it is a commercial way of stating that the title and risk of loss shift to you when the Product is in the possession of the carrier at our distribution center or other point of shipment.) The costs of shipping (which include the costs of insurance, packaging and other matters involving shipping) are included in the purchase price of the Products we are selling to you. Since you take title to and assume risk of loss of such Products upon our delivery of the Products to the FOB point, if you have a problem with the shipment after you receive it, it is up to you to proceed as described in the Field Operations Manual.

6. Field Operations Manual.

The Field Operations Manual, as it may be amended by us from time to time, sets forth additional terms of our business relationship with you. These terms as they relate to sales to you (for example, return tool policy and new tool returns) are part of this Agreement with you as if the Field Operations Manual was printed here in its entirety.

7. Records.

You will keep written or computerized, daily and weekly records of sales of Products and any other items sold by you, inventory on hand, accounts receivable, accounts payable, and cash disbursements, in a form acceptable to us. WE REQUIRE YOU TO PROVIDE US WITH SUMMARIES OF THESE RECORDS ON A WEEKLY BASIS EACH IN THE FORM SPECIFIED IN THE FIELD OPERATIONS MANUAL. We, or our representatives, can inspect your books, records and inventory at reasonable times during business hours. You agree to cooperate in any such inspections. You will promptly make copies for us at your expense of such records and other information as we may reasonably request.

8. Security Interest.

You have given to us, pursuant to the Security Agreement, and do hereby ratify and reaffirm that you are giving to us, a security interest in all of your right, title, and interest in and to all of the following assets which you now have or in the future will acquire in your Business as a Franchisee regardless of where it is located:

(a) All "Accounts," as such term is defined in the UCC in effect on the date of this Agreement;

(b) All "Chattel Paper," as such term is defined in the UCC in effect on the date of this Agreement;

(c) All "Documents," as such term is defined in the UCC in effect on the date of this Agreement, together with all documentation or books and records, written or computerized relating to your Business;

(d) All credit balances and reserves of whatever type or description created or established by us or our designee, in favor of or with respect to you;

(e) All "Equipment," as such term is defined in the UCC in effect on the date of this Agreement, including without limitation, machinery, motor vehicle(s) ("Truck(s)"), data processing equipment, computers, office equipment, furniture, appliances, and tools;

(f) All "General Intangibles," including "Payment Intangibles," as each such term is defined in the UCC in effect on the date of this Agreement;

(g) All "Inventory," as such term is defined in the UCC in effect on the date of this Agreement, including, but not limited to, your MAC Tools® Inventory and any other inventory acquired by you and inventory from any source, and all merchandise sold by you and subsequently returned to you for any reason whatsoever;

(h) All "Instruments," as such term is defined in the UCC in effect on the date of this Agreement;

(i) All insurance policies relating to the inventory or the Equipment;

(j) All "Investment Property," as such term is defined in the UCC in effect on the date of this Agreement;

(k) All "Deposit Accounts," as such term is defined in the UCC in effect on the date of this Agreement;

(l) All "Letter of Credit Rights," as such term is defined in the UCC in effect on the date of this Agreement;

(m) All "Goods," as such term is defined in the UCC in effect on the date of this Agreement;

(n) All "Supporting Obligations," as such term is defined in the UCC in effect on the date of this Agreement;

(o) All "Security Interests," as such term is defined in the UCC in effect on the date of this Agreement, on merchandise purchased by your customer and with respect to which you have an Account; and

(p) All "Proceeds," as such term is defined in the UCC in effect on the date of this Agreement, of any of the foregoing.

You give us this security interest in order to secure any and all amounts which you owe to us of whatever nature now or at any time in the future. You agree to sign and deliver to us the Security Agreement, proper UCC financing statement forms, and any other documents prepared by us that we may reasonably require, to give effect to this security interest. You authorize us to file one or more financing

statements in all appropriate jurisdictions as we deem necessary to evidence and perfect the security interest created by this Agreement.

9. Assignability.

9.1 Assignability of Indebtedness. We may sell and assign this Agreement or all or any part of our rights under this Agreement or under any other agreement or document relating to any aspect of this Agreement or any indebtedness of yours to us under this Agreement, or the security for, or guarantee of, that indebtedness; or any and all present or future agreement or document relating directly or indirectly in any way to the indebtedness or this Agreement, of whatever nature, to one or more parties without your prior consent. We do not have to give you notice of any such assignment if we continue to service this Agreement with you.

9.2 This Agreement is Personal to the Undersigned Individual. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to the undersigned individual. We have relied upon the skills, financial capacity and personal character of the undersigned individual, regardless of whether or not the person signing this Agreement is an Entity. Accordingly, you (including the undersigned individual) may not assign this Agreement or any right, responsibility or interest granted by this Agreement without our written consent. You (including the undersigned individual) also may not delegate the duties under this Agreement, transfer all or substantially all of your assets, incorporate your Business (if you are not already conducting the Business through a corporation) or otherwise organize the Business as any other form of Entity, or participate in any merger, consolidation, reorganization, or other action involving any change in the undersigned individual's ownership or control of your Business, without our prior written consent. Our consent may be withheld for any bona fide business reason or may be made subject to such conditions as we may determine are necessary and appropriate.

9.3 Duties of Joint Signers. If this Agreement is signed on your behalf by more than one person or Entity, or if you and your spouse both execute this Agreement, the obligations hereunder are joint and several, and the release, forbearance or discharge of one person shall not relieve the other person or persons from the performance of his or their obligations hereunder.

10. Default.

If you do not make any payment which you owe to us under this Agreement or otherwise when such payment is due or if you do not follow any of the promises or other provisions of this Agreement, or if you are declared to be in default under the Franchise Agreement, or the Security Agreement, or any other agreement between you and us, we may declare you to be in default under this Agreement. We may do this without notice to you. At such point, all sums under this Agreement will become immediately due and payable. The fact that we have not declared a certain event (such as non-payment) to be a default in the past, does not mean that we cannot declare such an event to be a default in the future.

11. Costs of Collection.

If there has been an event of default, you agree to pay us our costs of collecting what you owe us, including reasonable attorneys' fees and disbursements, costs of collection agencies, and costs of arbitration as may be awarded by the arbitrator and any other costs related to collection as allowed by law.

12. Limited Warranty.

12.1 Limited Warranty. We warrant any of our Manufactured Products for the expected life of the product against deficiency in material or workmanship. This warranty is subject to the disclaimers and limitations on liability described below. This **LIMITED WARRANTY** gives you specific legal rights, and you may also have other rights which vary by state.

12.2 Disclaimers and Limitations. This **LIMITED WARRANTY** does not extend to any Manufactured Product that, in our judgment, was improperly used, altered, abused or repaired by others.

- **Distributed Products** (which are those that are not manufactured by us) are not warranted by us. The exclusive warranties on **Distributed Products** are those provided by the manufacturer, or a supplier (other than us), as the case may be.

- **THERE IS NO WARRANTY WHICH EXTENDS BEYOND THOSE DESCRIBED IN THIS AGREEMENT. WE MAKE NO WARRANTIES OR REPRESENTATIONS OF ANY OTHER KIND, EXPRESS OR IMPLIED, REGARDING PRODUCTS MANUFACTURED OR DISTRIBUTED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER MATTER.**

- It is further understood that the prices at which we sell the **Products** are in consideration of limiting our liability for **Products** manufactured or distributed. The prices we charge for our **Products** are established, in part, in reliance on the validity and enforceability of the limitations, and exclusions of, certain potential liabilities set forth in this Agreement.

- You understand that our warranties to you are set forth in this Agreement and that any warranty set forth in any Product catalog, Product packaging or otherwise provided by us is for the benefit of the Customer and not you.

- Employees or agents of ours have no authority to make representations of any sort beyond those contained in this Agreement, including any amendments hereto.

12.3 Exclusive Remedy and Claim Procedure. The exclusive remedy for a Manufactured Product that fails to perform as warranted is repair or replacement at our option. There will be no charge if the product is returned to one of our representatives or warehouses, postage or freight prepaid.

12.4 Incidental or Consequential Damages. We are not liable for incidental or consequential damages, costs or losses incurred by the Product purchaser or user.

13. Governing Law; Three Step Resolution Process.

13.1 Governing Law. This Agreement takes effect upon its acceptance and execution by us in Ohio and shall be interpreted and construed under the laws of the State of Ohio. Ohio law shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Ohio choice of law rules) except: (a) to the extent governed by the U. S. Trademark Act of 1946, 15 U.S.C. Sec. 1051, et seq. (the so-called "Lanham Act"); (b) with regard to any such Sections of this Agreement where, and to the extent that, we have specifically provided otherwise; and (c) with respect to all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein, which shall be governed by the U.S. Arbitration Act, 9 U.S.C. Sec. 1, et seq., and the federal common law of arbitration as interpreted by the federal district courts of the Southern District of Ohio.

14. Resolution of Disputes.

Except with respect to the enforcement of our rights and remedies under (i) any promissory note executed by you in our favor and/or under any security agreement between us, or (ii) any promissory note executed by you in favor of a third party and/or under any security agreement between you and a third party, either of which promissory note and/or security agreement is assigned to us by such third party, as to which the procedures specified in this Article 14 shall not apply, the procedures specified in this Article 14 are the only procedures for the resolution of any and all controversies, disputes or claims of any nature whatsoever arising out of or related to this Agreement or any other agreement between you and us, including the breach, termination or validity of any such agreement, or the relationship between you and us and/or the operation of the Business. However, before or during the time that you and we follow these procedures, either you or we can go to the appropriate court to get a preliminary injunction or other preliminary judicial relief if you or we reasonably believe that such a step is necessary to avoid irreparable damage or harm. Even if either you or we take such action, you and we will continue to participate in good faith in the procedures specified in this Article 14.

14.1 Negotiations. You and we will both attempt in good faith to resolve promptly any controversy or claim arising out of or relating to this Agreement and any other agreement between you and us, the relationship between you and us or your operation of the Business, by negotiations between representatives of the parties who have authority to settle the controversy (and, where applicable, who do not have direct responsibility for administration of this Agreement or any other agreement between you and us).

14.2 Notice and Response. The disputing party will give the other party written notice of the dispute. Within 30 business days after receipt of this notice, the receiving party shall submit to the other a written response. The notice and response shall include (a) a statement of each party's position and a summary of the facts and arguments supporting its position, and (b) the name and title of the person who will represent that party. The persons shall meet and/or otherwise communicate at a mutually acceptable time and place within 30 days of the date of the responding party's written response and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the dispute.

14.3 Mediation. If the matter has not been resolved within 60 business days of the disputing party's notice, or if the responding party will not meet and/or otherwise communicate within 30 days of the written response, either party may initiate mediation of the controversy or claim with JAMS, The Resolution Experts ("JAMS"), which is an independent, non-profit, organization the main office of which is at 345 Park Avenue, New York, New York 10154 (telephone 212-751-2700) or its successor.

14.4 Arbitration. If the matter has not been resolved pursuant to mediation within 60 business days of the initiation of such procedure, or if either party will not participate in a mediation, the controversy shall be settled by arbitration by a sole arbitrator in accordance with the JAMS Arbitration Rules and Procedures. Any mediator or arbitrator shall be mutually selected by you and us or, if you and we cannot agree, by JAMS in accordance with the JAMS Arbitration Rules and Procedures. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. §§ 1-16. Courts of the State of Ohio or any U.S. District Court located therein will have sole jurisdiction over enforcement of arbitration and/or enforcement of the Agreement. Judgment upon the award rendered by the arbitrator may be entered by any state or federal court in Ohio having jurisdiction thereof. Unless the parties agree otherwise in writing, the place of arbitration shall be in Columbus, Ohio. The arbitrator is not empowered to and shall not, award punitive, exemplary, indirect, special, consequential or incidental damages or any other damages in excess of actual direct damages or in excess of any limit on direct

damages set forth in this Agreement, whichever is lower. If either party is required to compel arbitration, that party shall be reimbursed for the costs and expenses incurred in connection therewith.

14.5 Extension of Deadlines. All deadlines specified in this Article 14 may be extended by mutual agreement.

14.6 Claims Must Be Brought in One Year. Except with respect to the enforcement of our rights and remedies under (i) any promissory note executed by you in our favor and/or under any security agreement between us, or (ii) any promissory note executed by you in favor of a third party and/or under any security agreement between you and a third party, either of which promissory note and/or security agreement is assigned to us by such third party, as to which the limitation provided by this Section 14.6 shall not apply, any and all claims, controversies and other disputes arising out of or relating to this Agreement, the relationship between you and us or your operation of the Business, brought by any party hereto against the other, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or dispute, or such claim or dispute shall be barred.

14.7 Waiver of Trial by Jury. YOU AND WE EACH WAIVE THE RIGHT TO HAVE A CLAIM OR DISPUTE UNDER THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN YOU AND US DECIDED BY A JURY.

15. Waiver of Damages.

15.1 Waiver. You and we hereby waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary, indirect, special, consequential or incidental damages against the other.

15.2 Limitation to Actual Damages. You and we agree that, in the event of a dispute or claim with or against the other, each party shall be limited to the recovery of any actual direct damages sustained by it, subject to any limit on direct damages set forth in this Agreement.

15.3 No Attempts to Collect. Neither you nor we will accept or attempt to collect through the courts or otherwise any punitive, exemplary, indirect, consequential or incidental damages from the other even if such damages are entered, ordered or awarded by the arbitrator despite the agreement between you and us to the contrary.

16. Limitation of Liability.

NEITHER WE NOR YOU SHALL BE LIABLE TO THE OTHER FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES ARISING OUT OF OR RELATED IN ANY WAY TO THE SALE OF PRODUCTS, OR THE PERFORMANCE OF ANY OBLIGATION UNDER THIS AGREEMENT OR UNDER ANY OTHER AGREEMENT BETWEEN YOU AND US, WHETHER RESULTING FROM TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, BREACH OF CONTRACT OR WARRANTY OR OTHERWISE, AND ANY LIABILITY WE MAY HAVE TO YOU ARISING IN ANY MANNER AS A RESULT OF SALES OF PRODUCTS TO YOU SHALL NOT EXCEED THE PRICE PAID BY YOU FOR THE PRODUCT GIVING RISE TO SUCH LIABILITY.

17. Credit Investigation.

You authorize us (a) to make credit checks on you by, among other means, obtaining consumer reports from consumer reporting agencies, and by making direct inquiries of businesses where you have

accounts and where you worked, and other sources, and (b) to report concerning your performance with us to consumer reporting agencies and others who may properly receive such information. You agree that the provisions of this paragraph constitute, and shall be deemed to be, your "written instructions" pursuant to Section 604(a)(2) of the Fair Credit Reporting Act. In addition, you agree that the provisions of this paragraph shall continuously remain in full force and effect so long as you have any application pending with or obligation owing to us.

18. Survival of Certain Provisions.

In the event of termination of this Agreement, the provisions of Sections 2, 3, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 25 shall survive and shall continue in full force and effect.

19. Notices.

19.1 Method of Giving Notice. Any notices required or permitted under this Agreement shall be made in writing and shall be deemed to have been given when personally delivered, or delivered by certified or registered mail, return receipt requested, proper postage prepaid, or Federal Express or other similar private express delivery service, addressed to us or you, as the case may be, at the respective addresses provided at the end of this Agreement.

19.2 Refusal of Notice. If any notice sent by certified or registered mail is refused or unclaimed, it shall be deemed given and received on the date the U. S. Postal Service indicates on the return receipt that delivery was refused or unclaimed, provided that the sending party sends a duplicate copy of the notice by regular U. S. mail. Either party may change its address for notice purposes by giving the other party written notice of its new address.

20. Waiver.

No consent or waiver by either party shall be effective unless made in a writing signed by that party. No consent or waiver, express or implied, by either party as to any default by the other party under this Agreement shall be deemed a consent to or waiver of any other breach or default. The failure of either party to declare the other party in default under this Agreement, regardless of how long such failure continues, shall not constitute a waiver of the non-defaulting party's rights under this Agreement.

21. Interpretation.

The section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties, and will not in any way affect the meaning of interpretation of this Agreement. In the event of any conflict with regard to sales of Products between this Agreement, the Field Operations Manual, or any other agreement between us and you, this Agreement shall control.

22. Severability.

If any one or more of the provisions in this Agreement is held to be invalid, or unenforceable in any respect for any reason, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof, and any such provision shall be deemed severed from this Agreement. It is the intention of the parties that if any provision is held to be invalid, illegal, or unenforceable, there shall be added in lieu thereof, a valid and enforceable provision as similar in terms to such provision as is possible.

23. Acknowledgment of Receipt.

You hereby acknowledge receipt of a fully completed copy of the Agreement. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be a duplicate original, and all counterparts taken together shall constitute duplicate originals of the same agreement.

24. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, or other legal representatives.

25. Entire Agreement.

It is important that you understand that you cannot rely on verbal statements made to you by our employees or agents. You can only rely on what is written in this Agreement. This Agreement, including the exhibits, together with the other agreements between you and us referenced herein and the Field Operations Manual, as such Manual may be revised by us in our sole discretion from time to time, constitutes the entire agreement of you and us with respect to your purchase of Initial Inventory and other Products on credit and this Agreement supersedes all prior and contemporaneous agreements between you and us with respect to the subject matter hereof. Except for revisions to the Field Operations Manual, no modification or amendment of this Agreement shall be effective unless it is in writing and signed by both parties.

26. Term.

This Agreement shall begin on the date it becomes effective and shall continue in effect until the effective date of termination of the Franchise Agreement.

27. Acceptance.

This Agreement will not take effect, and will not be binding on you or us, unless and until signed by you and accepted by, and signed by us, in Ohio.

28. Representations.

You represent and warrant to us that this Agreement has been duly authorized, executed and delivered by you and is valid and binding on you, and that it does not violate or conflict with your organizational or governing documents or any agreement, indenture or other instrument by which you are bound.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20____, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

EXHIBIT F

MAC TOOLS SECURITY AGREEMENT

The person or persons signing below are referred to as "you" and "yours." If the party signing this Agreement is a corporation, limited liability company, partnership or any other form of entity ("Entity"), "you" and "yours" shall refer to such Entity and shall also refer to the natural person signing below on behalf of such entity, provided that, no natural person (other than the undersigned individual (as defined below)) shall be entitled to any of the rights and benefits under this Agreement nor may any natural person (other than the undersigned individual) perform any of the obligations or fulfill any of the responsibilities hereunder. (The natural person signing below is called the "undersigned individual.")

"We," "us," "our" and "Mac Tools" refers to Mac Tools, a division of Stanley Black & Decker, Inc., a Connecticut corporation and our successors and assigns. Our principal place of business is at 505 North Cleveland Avenue, Westerville, OH 43082, and we have a distribution center at 4380 Old Roberts Road, Columbus, Ohio 43228-3882.

For the purposes of this Agreement, the following words shall have the following meanings:

"Business" – The business you conduct as a franchisee of Mac Tools Products pursuant to the Franchise Agreement.

"Distributed Products" – The products you purchase from us that we do not manufacture, but which we purchase from others for resale and permit you to distribute pursuant to the Franchise Agreement.

"Franchise Agreement" – One or more separate agreement between you and us setting forth the terms under which you have been appointed a franchisee of Mac Tools Products.

"MAC Tools® Inventory" – All Products that you acquire from us and hold for sale.

"Manufactured Products" – The products you purchase from us which we or our affiliates manufacture and which we permit you to distribute pursuant to the Franchise Agreement.

"Products" – The Manufactured Products and the Distributed Products, collectively.

"Purchase Agreement" – A separate agreement between you and us setting forth the terms under which you may purchase Products from us and pay for them over time.

"UCC" or "Uniform Commercial Code" – The Uniform Commercial Code as adopted by, and in effect in, the State of Ohio from time to time.

1. Grant of Security Interest.

In order to secure (i) the payment of any and all amounts, of whatever nature, that are now, or at any time in the future, owing from you to us, including without limitation, amounts owing with respect to purchases of MAC Tools® Inventory, and (ii) the performance of all of your obligations under the Franchise Agreement, the Purchase Agreement, this Agreement, and all other agreements now or hereafter existing between you and us, (all of such indebtedness and obligations, being hereinafter called the "Indebtedness"), you hereby grant to us a security interest in and to the following assets, whether now owned or hereafter acquired in connection with your Business as a Franchisee, and regardless of where such assets are located:

- (a) All "Accounts," as such term is defined in the UCC in effect on the date of this Agreement;
- (b) All "Chattel Paper," as such term is defined in the UCC in effect on the date of this Agreement;
- (c) All "Documents," as such term is defined in the UCC in the effect on the date of this Agreement, together with all documentation or books and records, written or computerized relating to your Business;
- (d) All credit balances and reserves of whatever type or description created or established by us or our designee, in favor of or with respect to you;
- (e) All "Equipment," as such term is defined in the UCC in effect on the date of this Agreement, including without limitation, machinery, motor vehicle(s) ("Truck(s)"), data processing equipment, computers, appliances, and tools;
- (f) All "General Intangibles," including "Payment Intangibles," as each such term is defined in the UCC in effect on the date of this Agreement;
- (g) All "Inventory," as such term is defined in the UCC in effect on the date of this Agreement, including, but not limited to, your MAC Tools® Inventory and any other inventory acquired by you and inventory from any source, and all merchandise sold by you and subsequently returned to you for any reason whatsoever;
- (h) All "Instruments," as such term is defined in the UCC in effect on the date of this Agreement;
- (i) All insurance policies relating to the inventory or the Equipment;
- (j) All "Investment Property," as such term is defined in the UCC in effect on the date of this Agreement;
- (k) All "Deposit Accounts," as such term is defined in the UCC in effect on the date of this Agreement;
- (l) All "Letter of Credit Rights," as such term is defined in the UCC in effect on the date of this Agreement;
- (m) All "Goods," as such term is defined in the UCC in effect on the date of this Agreement;
- (n) All "Supporting Obligations," as such term is defined in the UCC in effect on the date of this Agreement;
- (o) All "Security Interests," as such term is defined in the UCC in effect on the date of this Agreement, on merchandise purchased by your customer and with respect to which you have an Account; and
- (p) All "Proceeds," as such term is defined in the UCC in effect on the date of this Agreement, of any of the foregoing.

All of the foregoing described in (a) through (p) above are hereinafter individually and collectively referred to as "Collateral." In no event shall Collateral include any residence of yours or of any of your customers, or any fixtures related to such residence, or any mortgage interest, or lien thereon.

2. Your Obligations With Regard to The Collateral.

(a) Other than security interests or other rights which you grant to us, or to other creditors that we expressly approve in writing, you will keep the Collateral free and clear of all claims, liens and legal process, except as follows: (Please note below any lien that exists on any of your property other than your personal residence). Except as specifically set forth herein, you have granted no other security interest in the Collateral. You will keep the Collateral free from all additional liens, security interests and encumbrances and will defend the Collateral against all claims and demands of all persons at any time claiming any interest therein other than an interest shown above. You will not sell or otherwise transfer the Collateral or any interest therein except in the ordinary course of business.

List Other Existing Liens (write "None" if applicable).

(b) You will not change your name (including any d/b/a) or the address of either your residence, or the address of the location where you operate your Business, if different from the address of your residence, without giving us thirty (30) days prior written notice and such notice shall set forth the new name and/or address, as applicable, and the date on which the new name and/or address shall first be used. The address of your residence, and the address of the location where you operate your Business, if different from the address of your residence, are set forth beneath your signature on the last page of this Agreement. You will not change the type of business organization under which you currently operate your Business (for example, if you currently operate your Business as a sole proprietor, you will not form a partnership, corporation or limited liability company to operate your Business) without giving us thirty (30) days prior written notice and such notice shall set forth the type of business organization you are forming, the new name and/or address, as applicable, and the date on which the new business organization, name and/or address shall first be used.

(c) You will, upon demand, furnish to us such further information, and will execute and deliver to us such all instruments or documents, and will do all such acts as we may at any time or from time to time, reasonably request, or as may be necessary or appropriate to carry out the purposes of this Agreement and to establish, maintain and perfect our valid and enforceable security interest in the Collateral. You irrevocably make, constitute and appoint us (and all officers, employees and agents designated by us) as your true and lawful attorney-in-fact (and agent-in-fact) for the purpose of filing financing statements and other documents necessary to carry out the provisions of this subsection (c). You specifically authorize us to complete and file all financing statements which we deem necessary or appropriate to perfect our security interest in the Collateral. You will also assist us and cooperate with us to take any action we deem necessary or appropriate to take control of any Collateral consisting of Deposit Accounts, Investment Property, Letter of Credit Rights or electronic Chattel Paper.

(d) You shall keep the Collateral insured against such risks, by such companies, in such amounts, and with such deductibles, as may be specified in the Franchise Agreement or as we may otherwise require. All insurance policies and renewals shall be in a form reasonably acceptable to us and

shall provide for written notice to us at least thirty (30) days prior to any cancellation, modification, or lapse of coverage.

You shall provide us with copies of all policies and renewals. If we require, you shall promptly give us receipts of paid premiums and renewal notices. Such policies of insurance shall contain an endorsement, in form and substance satisfactory to us, showing loss proceeds payable to us and providing that no act, default, or misrepresentation of yours or any other person shall affect our right to recover under such policies in the case of loss or damage. Such policies must contain a "lenders loss payable" clause identifying us as the lender. You hereby direct all insurers under such policies of insurance to pay all proceeds payable thereunder directly to us.

You irrevocably make, constitute and appoint us (and all officers, employees or agents designated by us) as your true and lawful attorney-in-fact (and agent-in-fact) for the purpose of making, settling and adjusting claims under such policies of insurance (provided that, prior to the occurrence of an Event of Default as described in Section 3 hereunder, we shall consult with you prior to finally making, settling or adjusting claims under such policies of insurance). We, as your attorney and agent-in-fact, may endorse your name on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect to such policies of insurance.

In the event you, at any time or times hereafter, shall fail to obtain or maintain any of the policies of insurance required above or fail to pay any premium in whole or in part relating thereto, then we, without waiving or releasing any obligations or without waiving or releasing any default by you hereunder, may (but shall be under no obligation to do so) at any time or times thereafter obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto which we deem advisable. All sums so disbursed by us, including reasonable attorneys' fees and disbursements, court costs, expenses and other charges relating thereto, shall be payable on demand by you to us. Those sums disbursed by us shall be considered additional Indebtedness and shall be secured by the Collateral.

(e) Subject to the right granted to you to sell the MAC Tools[®] Inventory as set forth below, you shall keep the Collateral in your possession and control, in good condition, and in a safe place.

(f) You will notify us in writing promptly whenever you learn of any event, condition, litigation, administrative proceeding or other circumstance which may materially and adversely affect your operations, financial condition or business or our security interest in the Collateral.

(g) You will keep the Collateral in good order and repair. You will not waste or destroy the Collateral or any part thereof. You will not use the Collateral in violation of any applicable statute, ordinance or policy of insurance thereon. We may examine and inspect the Collateral, your books and records and any documents or instruments relating to the Collateral at any reasonable time or times wherever located.

(h) You shall permit any of our representatives or agents to visit, audit, inspect and examine all of your property, books, accounts, records, reports and other papers and documents, and to discuss your affairs, finances and accounts with your counsel and independent public accountants and any other agent of yours. You hereby authorize said counsel and accountants to discuss your finances and affairs with us. These inspections may be done at such reasonable times and as often as we may reasonably request.

(i) You may sell Inventory to commercial customers in the ordinary course of your Business as a distributor. However, you shall not otherwise sell or transfer any of the Collateral without our prior written consent. You shall not sell or transfer all, or any portion of, the Collateral to any other distributor of Products without our prior written consent. For purposes of this Agreement, a sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt.

(j) You shall keep accurate and complete records of the Collateral, separate and distinct from those of your other property. You shall also keep accurate and complete records of any disposition and proceeds of the Collateral. You shall file all tax returns on a timely basis. You shall comply with all laws, orders, regulations, rules, and requirements of any governmental authority. You shall permit us to examine and make copies of your books and records at any time and wherever located.

(k) Upon our request, you shall provide us with complete and accurate financial information in such form and covering such periods as we may require.

(l) You shall maintain written or computerized daily and weekly summaries of your sales, inventory on hand, and accounts receivable, accounts payable and cash disbursements in a form acceptable to us. You shall provide us with copies of such summaries weekly. Upon our request, you will provide us with such other information as we may require from time to time. You shall allow us or our authorized representative to inspect the Collateral and take such other actions as may be necessary to verify your records.

3. Events of Default.

The occurrence of any one or more of the following events shall constitute an Event of Default under this Agreement:

(a) Your failure to pay when due, whether by acceleration or otherwise, any part of the Indebtedness owed to us;

(b) Your failure or neglect to perform, keep or observe any other term, provision, condition, covenant, warranty or representation contained in this Agreement or in any other agreement which you at any time enter into for the purpose of providing us with additional security for the payment of any portion of the Indebtedness;

(c) Any warranty, representation or statement, report or certificate made or furnished to us by or on behalf of you is not true and correct in any material respect when made or furnished;

(d) The occurrence of any material uninsured damage to or uninsured loss, theft or destruction of any of the Collateral;

(e) The death of you (if a natural person) or (if you are an Entity) the death of any undersigned individual; the dissolution, termination of existence of business, insolvency, business failure, appointment of a receiver for any part of the property of, or the assignment for the benefit of creditors by you or any guarantor or surety for you;

(f) The commencement of any bankruptcy, receivership, reorganization, insolvency or liquidation proceeding by or against you or a guarantor or surety for you;

(g) We, in good faith, deem ourselves insecure at any time for any commercially sound reason;

(h) You cease to conduct your Business as it is currently being operated or are enjoined, restrained or in any way prevented by court order from conducting all or any material part of your business affairs;

(i) You become insolvent or are generally not paying your debts as they mature or the making of any transfer by you in an attempt to defraud creditors or any assignment by you for the benefit of your creditors;

(j) Any default by you under, or termination of, any lease relating to any motor vehicle from which you sell Products or any other property in which all or any part of the Collateral may be stored; any repossession of any motor vehicle from which you sell Products or any other property in which the Collateral is stored;

(k) Any transfer of all or substantially all of your assets, any incorporation of your Business (or other organization of the Business as any other form of Entity) without our prior written permission, or any merger, consolidation, reorganization, or other action involving any change in the ownership or control of your Business;

(l) The rendering of any judgment against you in the amount of Five Thousand Dollars (\$5,000.00) or more, or the initiation of any proceeding or the rendering of any judgment affecting the Collateral which seeks to establish, attach, or foreclose any lien on the Collateral, or on any part thereof, or which we determine may affect our security interest in the Collateral; and

(m) Any default by you in, or termination of, the Franchise Agreement or the Purchase Agreement.

4. Remedies Upon Default.

Upon and after an Event of Default, all of the Indebtedness that you owe to us may, at our option, and without demand, notice or legal process of any kind, be declared, and immediately shall become due and payable.

Upon and after an Event of Default, we shall have the following rights and remedies:

(a) All of the rights and remedies of a secured party under the laws of the State of Ohio. All such rights and remedies shall be cumulative, and non-exclusive, to the extent permitted by law, in addition to any other rights and remedies contained in this Agreement and any other documents executed in connection herewith.

(b) The right to direct you to immediately surrender the Collateral to us; but if you fail to do so, we may, without notice or demand, repossess the Collateral.

(c) The right to (i) take possession of the Collateral, without resort to legal process and without prior notice to you, and for that purpose, we may, so far as you can give authorization therefor, enter upon any premises on which the Collateral or any part thereof may be situated and remove the Collateral therefrom, or (ii) require you at your sole cost and expense to assemble the Collateral and make it available to us in a reasonably convenient place designated by us in our sole discretion. You, at

your sole cost and expense, shall make available to us all premises and facilities necessary for our taking possession of the Collateral or for removing or putting the Collateral in saleable form.

We may also enter upon any premises on which any Truck is located and may take possession of the Truck and remove the Collateral therefrom without being liable to prosecution or any claim for damages therefor. You hereby waive and release us from any and all claims in connection with any such entry and removal. At our request following any Event of Default, you shall mark your books and records relating to the Collateral in form and manner satisfactory to us, with an appropriate reference to the security interest created by this Agreement, or shall deliver such books and records to us.

(d) The right to sell or otherwise dispose of all or any part of the Collateral in its then condition by public or private sale or sales, in lots or in bulk, for cash or on credit, all as we in our sole discretion may deem advisable. We and our agents and representatives may bid for and purchase all or any part of the Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may set off the amount of such price against Indebtedness you owe us. Our rights after an Event of Default to make such sales or other dispositions of the Collateral at any location to any person or entity supersede any rights given to you in any agreement to sell Products.

We shall have the right to conduct such sales on your premises or elsewhere and shall have the right to use your premises without charge for such sales for such time or times as we may see fit. You hereby grant us a license or other right to use, without charge, your labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in advertising for sale and selling any Collateral and your rights under all licenses and all franchise agreements shall inure to our benefit. We shall have no obligation to clean up or otherwise prepare any of the Collateral for sale. We may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. We shall have the right to disclaim any warranties of title or the like in any disposition of the Collateral.

We will give you at least ten (10) days' prior written note of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition will take place. (Other dispositions as applicable may include, without limitation, the right to notify postal authorities to change the address for delivery, open mail, endorse checks, bring collection suits, and realize upon Collateral securing the Accounts.)

In connection with our right to sell the Collateral, you irrevocably appoint us as your true and lawful attorney-in-fact, with full power of substitution, for you and in your name, or in our name or otherwise, for our use and benefit but at your cost and expense, generally to sell, assign, transfer, pledge, compromise; institute suit for, make any agreement with respect to, or otherwise deal with any of the Collateral, as fully and completely as though we were the absolute owner thereof for all purposes.

The powers conferred upon us by this subsection are solely to protect our own interest and shall not impose any duty upon us to exercise any such powers. Any such public or private sale shall be at our option. You hereby acknowledge that the MAC Tools® Inventory is of a type which is the subject of widely distributed standard price quotations. If we sell any of the Collateral on credit, you will be credited only with the payments actually made by the purchaser which we receive, and if the purchaser fails to pay for the Collateral, we will have the right to resell the Collateral.

(e) We may, as allowed by law, accept the Collateral in satisfaction of all or part of your Indebtedness owed to us in accordance with the provisions of applicable law.

You hereby agree that the price of any MAC Tools® Inventory retained by us shall be equal to the amount of credit you would have received under our then-current tool return policy set forth in the Field Operations Manual upon returning your MAC Tools® Inventory to us at the termination of the Franchise Agreement.

You agree that our expenses in retaking, holding, inventorying, and otherwise handling the Collateral in such event (other than attorneys' fees and disbursements, court costs, and litigation expenses), which expenses are otherwise reimbursable to us, would be extremely difficult and impractical to ascertain. Therefore, as a reasonable estimate of such expenses, a handling charge of ten percent (10%) of such invoice price may be deducted by us in the event we elect to retain the Collateral.

(f) We may notify any purchaser of Products from you who owes you all or part of the purchase price of the Products, or any other person or entity who owes you money under any Account to pay to us directly any amounts otherwise owing to you. We may, at our option and without prior demand or notice to you, collect all monies due you for any Collateral or the proceeds thereof. We may, at any time, enforce your rights against any account debtors or obligors who owes you money under any Account. You hereby irrevocably appoint us as your true and lawful attorney-in-fact, with full power of substitution to take possession of and endorse in your name any instruments or documents received in payment of all, or any part of, your Accounts; to collect, sue for, and give acquittance for monies due on the Accounts; and to withdraw any claims, suits, or proceedings pertinent thereto or arising out of the assignment of the Accounts. We may extend the time for payment of, compromise, or settle for cash, credit, or otherwise and upon any terms and conditions, any of the Accounts and thereby discharge the person or persons liable for the payment thereof without affecting your obligations to us (except to the extent that the Indebtedness secured by this Agreement shall be reduced by the amount of any sums received by us). At our request, all bills and statements sent by you to the persons liable for payment of the Accounts shall state that they have been assigned to, and are solely payable to, us, and you shall direct persons liable for payment of the Accounts to pay directly to us any sums due or to become due on account thereof.

(g) You shall promptly reimburse us upon demand for all costs of collection of the amounts secured by this Agreement or any part thereof, including, without limitation, all expenses incurred in connection with the repossession, sale, or protection of the Collateral and any attorneys' fees and disbursements, court costs, and litigation expenses and other costs and expenses incurred or paid by us in protecting or enforcing its rights in the Collateral. If any such expenses are not so reimbursed, the amount thereof, together with interest thereon from the date of demand at the highest rate permitted by law, shall also be secured by this Agreement.

5. Governing Law.

This Agreement takes effect upon its acceptance and execution by us in Ohio and shall be interpreted and construed under the laws of the State of Ohio. Ohio law shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Ohio choice of law rules) except: (a) to the extent governed by the U.S. Trademark Act of 1946, 15 U.S.C. Sec. 1051, et seq. (the so-called "Lanham Act"); and (b) with regard to such Sections of this Agreement where, and to the extent that, we have specifically provided otherwise.

6. Waiver of Trial by Jury.

YOU AND WE EACH WAIVE THE RIGHT TO HAVE A CLAIM OR DISPUTE UNDER THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN YOU AND US DECIDED BY A JURY.

7. Waiver of Damages.

7.1 Waiver. We and you hereby waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary, indirect, special, consequential or incidental damages against the other.

7.2 Limitation to Actual Damages. You and we agree that, in the event of a dispute or claim with or against the other each party shall be limited to the recovery of any actual direct damages sustained by it, subject to any limit on direct damages set forth in this Agreement.

7.3 No Attempts to Collect. Neither you nor we will accept or attempt to collect through the court or otherwise any punitive, exemplary, indirect, consequential or incidental damages from the other even if such damages are entered, ordered or awarded by the arbitrator despite the agreement between you and us to the contrary.

8. Limitation on Liability.

NEITHER WE NOR YOU SHALL BE LIABLE TO THE OTHER FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES ARISING OUT OF OR RELATED IN ANY WAY TO THE SALE OF PRODUCTS OR THE PERFORMANCE OF ANY OBLIGATION UNDER THIS AGREEMENT OR UNDER ANY OTHER AGREEMENT BETWEEN YOU AND US, WHETHER RESULTING FROM TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, BREACH OF CONTRACT OR WARRANTY OR OTHERWISE, AND ANY LIABILITY WE MAY HAVE TO YOU ARISING IN ANY MANNER AS A RESULT OF SALES OF PRODUCTS TO YOU SHALL NOT EXCEED THE PRICE PAID BY YOU FOR THE PRODUCT GIVING RISE TO SUCH LIABILITY.

9. Credit Investigation.

You authorize us (a) to make credit checks on you by, among other means, obtaining consumer reports from consumer reporting agencies, and by making direct inquiries of businesses where you have accounts and where you have worked, and other sources, and (b) to report concerning your performance with us to consumer reporting agencies and others who may properly receive such information. You agree that the provisions of this paragraph constitute, and shall be deemed to be, your "written instructions" pursuant to Section 604(a)(2) of the Fair Credit Reporting Act. In addition, you agree that the provisions of this paragraph shall continuously remain in full force and effect so long as you have any application pending with or obligation owing to us.

10. General.

10.1 Waivers. No waiver by us of any default shall be effective unless in writing nor shall it operate as a waiver of any other default or of the same default on a future occasion. Our failure or delay to exercise, or partially exercise any right, power or privilege provided for hereunder shall not in any circumstances preclude the full exercise of such right, power or privilege in the same or similar circumstances in the future or the exercise of any other right or remedy.

10.2 Entire Agreement. This Agreement, and the Purchase Agreement, together with the other agreements between you and us referenced herein and the Field Operations Manual, as such Manual may be revised by us in our sole discretion from time to time, constitutes the entire agreement with respect to the security interest granted by you to us and this Agreement supersedes all prior and contemporaneous agreements between the parties hereto with respect to the subject matter hereof. Except for revisions to the Field Operations Manual which we may make from time to time in our discretion, no amendment, modification, termination, or waiver of any provision of this Agreement or consent to any departure from you therefrom, shall in any event be effective unless the same shall be in writing and signed by you and us. Any waiver of, or consent to any departure from, any provision of this Agreement shall be effective only in the specific instance of and for the specific purpose for which it is given. Such waiver shall not be deemed to extend to similar situations or to the same situation at a subsequent time. No notice to or demand upon you shall in any case entitle you to any other or further notice or demand in similar or other circumstances.

10.3 Our Rights to Assign. We may sell and assign this Agreement or all or any part of our rights under the Agreement, or any and all present or future agreements or documents relating directly or indirectly to this Agreement or our rights hereunder of whatever nature, to one or more parties without your prior consent and without notice to you.

10.4 Binding Effect. All of our rights hereunder shall inure to the benefit of our successors and assigns, and all of your obligations shall bind your heirs, legal representatives, successors and permitted assigns. This Agreement shall bind all persons who become bound as a debtor to this Agreement.

10.5 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. If any provision of the Agreement shall be prohibited by or invalid under applicable law, however, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. It is the intention of the parties that if any provision is held to be invalid, illegal or unenforceable, there shall be added in lieu thereof, a valid and enforceable provision as similar in terms to such provision as is possible.

10.6 Acknowledgment of Receipt of a Copy of this Agreement. You hereby acknowledge receipt of a fully completed copy of this Agreement. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be a duplicate original, and all counterparts taken together shall constitute duplicate originals of one and the same agreement.

10.7 Our Right to Discharge Liens; Reimbursement by You. At our option, but without obligation to do so, we may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral; may place and pay for insurance on the Collateral; may order and pay for the repair, maintenance and preservation of the Collateral; and may pay any fees for filing or recording such instruments or documents as may be necessary or desirable to perfect the security interest granted herein. You agree to reimburse us on demand for any payment made or any expense incurred by us pursuant to the foregoing authorization, and all such payments and expenses shall bear interest at the highest rate permitted by law and shall also be secured by this Agreement. We shall not be liable for any damages resulting to you from any such action, whether caused by negligence or otherwise.

10.8 Acceptance. This Agreement has been delivered at and shall be deemed to have been made at Ohio and shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the laws of the State of Ohio, without application of its conflicts of laws principles.

10.9 Rights are Cumulative. The liabilities, rights, and remedies of the parties expressed herein are cumulative of each and every other liability, right, or remedy which the parties might otherwise have at law or in equity. The exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

10.10 Duties of Joint Signers. If this agreement is signed on your behalf by more than one person or Entity, or if you and your spouse both execute this Agreement, the obligations hereunder are joint and several, and the release, forbearance, or discharge of one person shall not relieve the other person or persons from the performance of his or their obligations hereunder.

10.11 Notice.

(a) **Method of Giving Notice.** Any notices required or permitted to be given hereunder shall be made in writing and shall be deemed to have been given when personally delivered, or delivered by certified or registered mail, return receipt requested, proper postage prepaid, or Federal Express or other similar private express delivery service ("Private Cartier"), addressed to you or us, as the case may be, at the respective addresses provided at the end of this Agreement. Either party may at any time change its address for notification purposes by providing written notice of such change to the other party at the party's then-current address.

(b) **Refusal of Notice.** If any notice sent by certified or registered mail, or by Private Carrier, is refused or unclaimed by the receiving party, it shall be deemed given and received on the date the U.S. Postal Service, or the Private Carrier, as the case may be, indicates on the return receipt or other evidence of attempted delivery that delivery was refused or unclaimed, provided the sending party sends a duplicate copy by regular U.S. mail.

10.12 Representations. You represent and warrant to us that this Agreement has been duly authorized, executed and delivered by you and is valid and binding on you, and that it does not violate or conflict with your organizational or governing documents or any agreements, indenture or other instrument by which you are bound.

10.13 Termination; Release. When the Indebtedness has been paid and performed in full, this Agreement shall terminate, and at your request and sole expense, we will execute and deliver to you the proper instruments (including UCC termination statements) acknowledging the termination of this Agreement, and we will assign, transfer and deliver to you, without recourse, representation or warranty of any kind whatsoever, all of the Collateral that is in our possession that has not been previously disposed of, applied in payment for the Indebtedness or released to you.

IN WITNESS WHEREOF, this Agreement has been executed and delivered at Westerville, Ohio as of the date set forth below.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity name)

By: _____

Name Printed: _____

Title: _____

Address of your residence:

Address of the location where you operate your
Business, if different from address of your residence:

Agreed and accepted this _____ day of _____, 20____, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

EXHIBIT G

MAC TOOLS FRANCHISEE BUSINESS ENTITY WORKSHEET

1. My Mac Tools Franchise is located at:

_____. (City), _____ (State).

The name of my corporation, limited liability company or partnership ("Entity") is _____

(exact name, with punctuation, as specified in organizational and governing documents)

- 1a. Federal Tax Identification No.: _____

2. My Entity is organized under the laws of the State of _____

3. The equity owners of my Entity, and the percentages of the outstanding stock, membership interests or partnership interests, as applicable, owned by each of them, are (use page 3 if necessary):

Equity Owner's Name

Ownership Percentage

Total: 100%

4. The Directors or Managers of the Entity, if and as applicable, are:

Name (Please identify those whose names might not be familiar to Mac Tools, e.g., lawyer, accountant.)

5. The Officers of the Entity, if applicable, are:

Name	Title(s)
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

6. The officer(s), members, managers, or partners, as applicable, authorized to deal with Mac Tools:
Tides*

and any one may sign or act singly**

*This is similar to the question(s) that a bank might ask of the Entity -- which officers, members, managers, or partners, as applicable, are authorized to sign checks of the Entity and how many signatures are required? It is Mac Tools' strong preference that this authority run to offices/titles and not to specific named individuals. (For example, you should authorize the President of a corporation to deal with Mac Tools, not Mary Smith who happens at the time to be President.)

**It is also Mac Tools' strong preference that any of the authorized officers, members, managers, or partners, as applicable, acting alone, may sign documents or take action with Mac Tools. If you require this authority to be set up some other way, e.g., any two signatures, please specify. Otherwise, it will be set up so that any of the named authorized officers, members, managers, or partners, as applicable, may take action.

7. If you are an existing Mac Tools franchisee and you have formed an Entity to operate your franchise after the date that you signed your Mac Tools Franchise Agreement, please complete the following:

The Entity took over the franchised business on or about:

_____, _____

(DATE)

If you are a new Mac Tools franchisee to which this statement does not apply, please mark the blank spaces with "N/A."

8. If you are an existing Mac Tools franchisee and you have formed an Entity to operate your Mac Tools Franchise after the date that you signed your Mac Tools Franchise Agreement, please complete the following:

The Entity took over the Mac Tools® Franchise business by buying all the assets and assuming all the liabilities: _____ yes _____ no. If no, please describe the transaction.

9. If you are an individual taking over an existing MAC Tools® Franchise business which is operated by and through an Entity, and you are assuming an equity ownership position in the entity, please describe the transaction and any change in control or equity ownership of the Entity.

10. The MAC Tools® Franchise business is the only activity conducted by the Entity:
_____ yes _____ no.

If no, please describe the other businesses in which the Entity is involved:

This section should be completed by any and all Mac Tools franchisees operating a MAC Tools® Franchise by and through an Entity.

11. Attached to this Worksheet are accurate and complete copies of the organizational and governing documents of the Entity (such as articles or certificate of incorporation, code of regulations or bylaws, shareholders' agreement, close corporation agreement, buy/sell agreement, voting agreement, articles of organization, certificate of formation, operating agreement, limited liability company agreement, partnership certificate, partnership agreement, or similar documents).
12. Attached to this Worksheet is a record certificate of good standing (or similar document) issued by the secretary of state (or comparable office) of the state of organization (or other jurisdiction) of the Entity, certifying as to the good standing or existence of the Entity.

EXHIBIT H

CERTIFICATE OF RESOLUTIONS OF

NAME OF CORPORATION

I hereby certify that the following is a true copy of resolutions of _____,
(Name of Corporation)
incorporated under the laws of _____ and were adopted at a meeting
(State of Incorporation)
of the Board of Directors and Stockholders of this corporation duly called out and (separately) held on
_____ at which a quorum was present and acting throughout,
(Date of Meeting)
that such resolutions are in conformity with the organizational and governing documents of this corporation and that the same are now in full force and effect:

RESOLVED, that any of the following
(Indicate titles of officers rather than their
names and the names of other individuals, if any)

acting or signing _____ be, and they hereby are, authorized:
(singly, jointly or otherwise)

To enter into contracts and to arrange for obtaining credit and/or to obtain credit from time to time from Mac Tools, a division of Stanley Black & Decker, Inc. ("Mac Tools").

To execute and deliver in connection with the foregoing, instruments of guaranty, agreements and other obligations of this corporation in forms satisfactory to Mac Tools.

To execute and deliver all agreements, and instruments of every kind and nature, whether of obligation or authorization required or requested by Mac Tools, which he, or they, may determine to be necessary or appropriate in connection with or to give effect to any of the foregoing powers and to affix thereto the seal of this corporation.

FURTHER RESOLVED, that all action taken by any officer of this corporation with respect to any matter referred to in the preceding resolution be, and the same hereby is, ratified, confirmed, approved and adopted.

FURTHER RESOLVED, that all resolutions relative to the authority of any officers or other persons to act on behalf of this corporation in any dealings or transactions with Mac Tools, shall remain in full force and effect until notice in writing of the revocation or modification thereof shall be received by Mac Tools, and that Mac Tools may conclusively rely on the signatures of the persons identified from time to time as officers of the corporation by certificate of the Secretary of the corporation as having been duly elected or appointed to, and continuing to hold, such offices.

I further certify that the present officers of this corporation duly elected to hold office until their respective successors are chosen and empowered to act for and on behalf of the corporation in any of its business with Mac Tools, within the authority prescribed in the foregoing resolutions certified by Mac Tools are:

NAME	TITLE
_____	_____
_____	_____
_____	_____

I further certify that the present stockholders of the Corporation and the percentage of stock owned by each are:

NAME	OWNERSHIP PERCENTAGE
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF, I have hereunto set my hand and affix the seal this _____ day of _____, _____.

(SEAL)

Secretary

Confirmation

This Certificate must be signed by the Secretary. If such Secretary is authorized to act alone by the above resolutions, this Certificate must be confirmed by another officer of the corporation.

Mac Tools should be furnished a new Certificate at such time(s) as there has been change in the information provided in the Certificate previously furnished to Mac Tools, and particularly if there is a change in the corporation's officers or stockholders.

CERTIFICATE OF PARTNERS OF

NAME OF PARTNERSHIP

The undersigned certify(ies) as follows:

1. Any partner acting or signing _____ be, and they hereby
(singly, jointly or otherwise)
are, authorized:

To enter into contracts and to arrange for obtaining credit and/or to obtain credit from time to time from Mac Tools, a division of Stanley Black & Decker, Inc. ("Mac Tools").

To execute and deliver in connection with the foregoing, instruments of guaranty, agreements and other obligations of this partnership in forms satisfactory to Mac Tools.

To execute and deliver all agreements, and instruments of every kind and nature, whether of obligation or authorization required or requested by Mac Tools, which he, or they, may determine to be necessary or appropriate in connection with or to give effect to any of the foregoing powers.

2. All action taken by any partner of this partnership with respect to any matter referred to in the preceding resolution be, and the same hereby is, ratified, confirmed, approved and adopted.

3. All resolutions relative to the authority of any partner or other persons to act on behalf of this partnership in any dealings or transactions with Mac Tools, shall remain in full force and effect until notice in writing of the revocation or modification thereof shall be received by Mac Tools, and that Mac Tools may conclusively rely on the signatures of the persons identified from time to time as partners of the partnership by certificate of the partners of the partnership as holding such positions.

4. The present partners are:

NAME	TITLE
_____	_____
_____	_____
_____	_____
_____	_____

5. The percentage of ownership owned by each partner is:

NAME	PERCENTAGE OF OWNERSHIP
_____	_____
_____	_____
_____	_____
_____	_____

6. The partnership that will be the Franchise and its individual partners hereby represent that they understand and acknowledge that any loans or other financial arrangements contemplated in their application for a franchise with Mac Tools will, if approved by Mac Tools, be made on the basis of the overall financial profile of the partnership. The partnership and its partners understand that, in approving the partnership's application for the franchise, the application has not been evaluated on the basis of the individual finances of either partner, standing alone, and that it is possible that either partner standing alone would not qualify for a Mac Tools franchise or for the loans and financing that may be provided to the partnership.

IN WITNESS WHEREOF, I [we] have hereunto set my hand [our hands] this
_____ day of _____, _____.

This Certificate must be signed by all partners.

Mac Tools should be furnished a new Certificate at such time(s) as there has been change in the information provided in the Certificate previously furnished to Mac Tools, and, particularly, if there is a change in the partnership's partners.

CERTIFICATE OF MEMBERS OF

NAME OF LIMITED LIABILITY COMPANY

The undersigned certify(ies) as follows:

1. Any member/manager acting or signing _____ be, and
(singly, jointly or otherwise)
they hereby are, authorized:

To enter into contracts and to arrange for obtaining credit and/or to obtain credit from time to time from Mac Tools, a division of Stanley Black & Decker, Inc. ("Mac Tools").

To execute and deliver in connection with the foregoing, instruments of guaranty, agreements and other obligations of this limited liability company in forms satisfactory to Mac Tools.

To execute and deliver all agreements, and instruments of every kind and nature, whether of obligation or authorization required or requested by Mac Tools, which he, or they, may determine to be necessary or appropriate in connection with or to give effect to any of the foregoing powers.

2. All action taken by any member/manager of this limited liability company with respect to any matter referred to in the preceding resolution be, and the same hereby is, ratified, confirmed, approved and adopted.

3. All resolutions relative to the authority of any member/manager or other persons to act on behalf of this limited liability company in any dealings or transactions with Mac Tools, shall remain in full force and effect until notice in writing of the revocation or modification thereof shall be received by Mac Tools, and that Mac Tools may conclusively rely on the signatures of the persons identified from time to time as members/managers of the limited liability company by certificate of the members/managers of the limited liability company as holding such positions.

4. The present members/managers are:

NAME	TITLE
_____	_____
_____	_____
_____	_____
_____	_____

5. The present equity owners of the limited liability company and the percentage of ownership owned by each are:

NAME	PERCENTAGE OF OWNERSHIP
_____	_____
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF, I [we] have hereunto set my hand [our hands] this _____ day of _____, _____.

_____	_____
_____	_____

This Certificate must be signed by all members.

Mac Tools should be furnished a new Certificate at such time(s) as there has been change in the information provided in the Certificate previously furnished to Mac Tools, and, particularly, if there is a change in the limited liability company's members/managers.

EXHIBIT I

**THIS IS A LEGAL DOCUMENT. YOU SHOULD
CONSULT A LAWYER BEFORE SIGNING IT.**

GUARANTY OF PAYMENT AND PERFORMANCE OF AN ENTITY MAC TOOLS FRANCHISEE

In this Agreement, the words "you" and "your" refer to each and all who have signed below as "Guarantors", jointly and severally, if more than one. The words "we," "us" and "our" mean Mac Tools, a division of Stanley Black & Decker, Inc., a Connecticut corporation with a principal place of business located at 505 N. Cleveland Avenue, Westerville, OH 43082, our successors and assigns. The word "Franchisee" refers to _____, a _____ [corporation] [limited liability company] [partnership] having a principal place of business at _____.

1. **Basic Guaranty.** You wish us to enter into a Mac Tools Franchise Agreement (the "Franchise Agreement"), as well as other agreements which relate to the Franchise Agreement (the "Other Agreements"), with Franchisee. The Franchise Agreement and the Other Agreements are collectively referred to in this guaranty as the "Agreements." If we provide financing related to the Franchisee's MAC Tools® business, Franchisee may be required to sign one or more promissory notes in favor of us ("Instruments") evidencing Franchisee's payment obligations to us related to the financing. You are the president or other principal officer of Franchisee or a shareholder, member, manager or partner of Franchisee. You acknowledge that it would be of substantial benefit to you if Franchisee entered into the Agreements with us (or signed Instruments, if applicable, in order to receive the financing from us). To induce us to enter into the Agreements (and to accept the Instruments and provide the financing, if applicable), you hereby guarantee the prompt payment, performance and discharge of each and every duty, liability and obligation (collectively the "Obligations") of whatever nature that Franchisee may owe to us under the Agreements (and under the Instruments, if applicable), all in accordance with the applicable terms of the Agreements. Your guarantee covers all Obligations of Franchisee that may arise at any time whether now or in the future.

2. **Absolute and Unconditional Guaranty.** This guaranty is absolute and unconditional. If Franchisee fails to pay, perform or discharge any of the Obligations, no matter what the reason, you will pay, perform or discharge the Obligations as if you were the Franchisee and you had signed the Agreements (and the Instruments, if applicable) yourself. We do not first have to try to get Franchisee to pay, perform or discharge the Obligations. We may require you to do so before we ask Franchisee to do so. We may use the same methods against you to enforce our rights that can be used against Franchisee, including but not limited to, exercising our right to set off against all of your deposits and other property which may be in our possession or control. You agree to pay reasonable attorney's fees and all other costs and expenses which may be incurred by us in enforcing this guaranty against you.

If we release any of the collateral we have taken to secure any of the Obligations, this will not release you from your responsibility under this guaranty. You also will be obligated under this guaranty even if any security interest we have taken is not properly perfected, or if the collateral is lost, destroyed or declines in value, or if for any reason any such collateral is not available to discharge the Obligations.

You will be released from responsibility under this guaranty only when all of Franchisee's Obligations under all Agreements with us (and under all Instruments, if applicable) have been completely performed.

3. **Anything Affecting Others Will Not Release You.** If more than one person signs this guaranty, the fact that any such person stops being a guarantor will not release the other or others of you from responsibility under the guaranty. Your guarantee will not be affected because anyone else who is responsible for the Obligations dies or is released from any duty to perform the Obligations for any reason. Your guarantee will not be affected because Franchisee becomes insolvent, files in bankruptcy or reorganizes.

4. **No Notice Required/Consent.** Except as otherwise expressly required by law, we do not need to notify you if any of the following events occur. In addition, you assent to the actions described in (B) through (H) below.

- (A) Franchisee fails to perform the Obligations when required; or
- (B) We sell or take other action with respect to any property given as security for Franchisee's debts or acquire additional collateral; or
- (C) Franchisee incurs any new Obligations; or
- (D) We decide one or more times to renew, revise or extend any of the Agreements; or
- (E) We extend the time in which Franchisee has to perform any Obligation; or
- (F) We decide not to renew, revise or extend any of the Agreements or the Instruments; or
- (G) We fully or partially release Franchisee from liability under any or all of the Agreements or the Instruments; or
- (H) We change or terminate any aspect of any Agreement we have with Franchisee or the Instruments, or Franchisee ceases to be an authorized franchisee of ours for whatever reason.

5. **Guaranty Binds Estate, Etc.** This guaranty shall be binding upon your estate, executors, administrators, successors and assigns.

6. **Refund.** If we have to refund any payment we receive from Franchisee, you remain liable to us under this guaranty.

7. **Subrogation.** You have no right of "subrogation" or collection against Franchisee until we are paid in full.

8. **Franchisee's Admissions in Writing Bind You.** Any written admission by Franchisee or Franchisee's agents of any Obligation shall be binding upon you and your estate. Any judgment or award we obtain against Franchisee also shall be binding upon you and your estate.

9. **Governing Law.** This agreement shall be interpreted and construed under the laws of the State of Ohio. Ohio law will prevail in the event of any conflict of law (without regard to, and without giving effect to, the Ohio choice of law rules).

10. **Disputes.** Any disputes between you and us with respect to this guaranty and your obligations to us will be settled exclusively in the same manner as the Franchise Agreement provides that disputes between Franchisee and us will be settled.

11. **Each Signer Liable.** Each person who signs this guaranty is bound separately for the performance of the Obligations by Franchisee. Each person is "jointly and severally liable".

I ACKNOWLEDGE THAT I HAVE READ THE FOREGOING GUARANTY, HAVE HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, AND AM SIGNING THIS GUARANTY VOLUNTARILY.

I ALSO ACKNOWLEDGE THAT THE TRANSACTIONS BETWEEN THE FRANCHISEE AND MAC TOOLS WILL BE EMBODIED SOLELY IN THE FRANCHISE AGREEMENT AND OTHER AGREEMENTS SIGNED BETWEEN THEM AND THAT NO VERBAL STATEMENTS MADE BY REPRESENTATIVES OF MAC TOOLS TO THE FRANCHISEE AND/OR TO ME, WHETHER AS A SPOUSE, FAMILY MEMBER OR INVESTOR OF THE FRANCHISEE, WILL CONSTITUTE A REPRESENTATION AS TO THE POTENTIAL VOLUME, EARNINGS, INCOME, EXPENSES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THE FRANCHISE AGREEMENT EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE FRANCHISE AGREEMENT AND OTHER AGREEMENTS SIGNED BETWEEN THE FRANCHISEE AND MAC TOOLS.

IF NOT WITNESSED BY A MAC TOOLS EMPLOYEE, THE GUARANTOR'S SIGNATURE MUST BE NOTARIZED.

Date

Guarantor's Signature

Address of Guarantor

[Signature of Witness]

Date

Guarantor's Signature

Address of Guarantor

[Signature of Witness]

STATE OF _____

SS:

COUNTY OF _____

On this the ____ day of _____, _____, before me, _____, the undersigned person, personally appeared _____, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged that he/she/they executed the same for the purposes therein contained. In witness whereof, I hereunto set my hand.

Notary Public

My Commission expires _____

EXHIBIT J

**THIS IS A LEGAL DOCUMENT. YOU SHOULD
CONSULT A LAWYER BEFORE SIGNING IT.**

GUARANTY OF INDEBTEDNESS OF MAC TOOLS FRANCHISEE

In this Agreement, the words "you" and "your" mean each and all who have signed below as "Guarantors". The words "we," "us" and "our" mean Mac Tools, a division of Stanley Black & Decker, Inc., a Connecticut corporation with a principal place of business located at 505 North Cleveland Avenue, Westerville, OH 43082, and our successors and assigns. The word "Franchisee" refers to (a) the individual who operates a MAC Tools® business, if the party to the applicable Mac Tools Franchise Agreement is an individual, or (b) the individual who owns the majority interest in the Franchisee, if the party to the applicable Mac Tools Franchise Agreement is a business entity. The Franchisee for purposes of this Agreement is _____ of _____ (whether one or more).
(Address)

1. **Basic Guaranty.** You wish us to give credit from time to time to, and/or enter into leasing arrangements with, the Franchisee for the purpose of enabling the Franchisee to buy inventory from us and for other purposes relating to the start up and ongoing operation of the Franchisee's business. To persuade us to give such credit to, and/or enter into such leasing arrangements with, the Franchisee, you hereby guarantee the full and prompt payment of all amounts, of whatever nature, that the Franchisee owes to us now or at any time in the future pursuant to such credit and lease arrangements.

2. **Absolute and Unconditional Guaranty.** This guaranty is absolute and unconditional. If the Franchisee fails to pay us what the Franchisee owes us, no matter what the reason, you will pay us, what the Franchisee owes us. We do not have to try to collect from the Franchisee or the Franchisee's property. We may collect from you before we collect from the Franchisee or the Franchisee's property. We may use the same collection methods against you that can be used against the Franchisee, including but not limited to, exercising our right to set off against all of your deposits and other property which may be in our possession or control.

You will be released from responsibility under this guaranty only when all of the Franchisee's debts to us have been paid in full and we are no longer obligated under applicable agreements to extend additional credit to the Franchisee.

Notwithstanding anything in this guaranty to the contrary, we agree that (i) we will first pursue commercially reasonable collection efforts against the Franchisee and the Franchisee's assets, including business property, before we seek to collect from a Guarantor who is the spouse of the Franchisee or the spouse of the Franchisee's majority owner, and (ii) we will not seek to recover against the primary personal residence of a Guarantor who is the spouse of the Franchisee or the spouse of the Franchisee's majority owner.

3. **Anything Affecting Others Will Not Release You.** If more than one person signs this guaranty, the fact that any such person stops being a guarantor will not release the other or others of you from responsibility under the guaranty. Your guaranty will not be affected because anyone else who is

responsible for the Franchisee's debts dies or is released from any duty to pay for any reason. Your guaranty will not be affected because the Franchisee dies, becomes disabled, becomes insolvent, files bankruptcy or reorganizes.

If we release any of the collateral we have taken to secure any of the Franchisee's obligations to us, this will not release you from your responsibility under this guaranty. You also will be obligated under this guaranty even if any security interest we have taken is not properly perfected, or if the collateral is lost, destroyed, or declines in value, or if for any reason any such collateral is not available to pay the Franchisee's debts.

4. No Notice Required/Consent. Except as otherwise expressly required by law, we do not need to notify you if any of the following events occur. In addition, you assent to the actions described in (B) through (H) below.

- (A) The Franchisee fails to pay us any amount when due; or
- (B) We sell or take other action with respect to any property given as security for the Franchisee's debts or acquire additional collateral; or
- (C) The Franchisee incurs any new debts or obligations; or
- (D) We decide one or more times to renew, revise or extend any of the Franchisee's debts or contracts; or
- (E) We extend the time in which Franchisee has to pay any amount due; or
- (F) We decide not to renew, revise or extend any of the Franchisee's debts or contracts; or
- (G) We fully or partially release Franchisee from liability; or
- (H) We change or terminate any aspect of any agreement we have with the Franchisee, or the Franchisee ceases to be an authorized franchisee of ours for whatever reason.

5. Franchisee's Bankruptcy. If there is a bankruptcy filing by or against the Franchisee, you agree that, to the extent necessary to satisfy your obligations under this guaranty, you will pay us any money and give us any property you receive as a result of claims you file against the Franchisee.

6. Guaranty Binds Estate, Etc. This guaranty shall be binding upon your estate, executors, administrators, successors and assigns.

7. Refund. If we have to refund any payment we receive from Franchisee, you remain liable to us under this guaranty.

8. Subrogation. You have no right of "subrogation" or collection against the Franchisee until we are paid in full.

9. Disputes. Any disputes between you and us regarding this guaranty and your obligations to us, and any claims brought by you against us arising directly or indirectly from the franchised business that is the subject of the Franchise Agreement, will be settled exclusively in the same manner as the Franchise Agreement provides that disputes between Franchisee and us will be settled.

10. Franchisee's Admissions in Writing Bind You. Any written admission by the Franchisee or the Franchisee's agents of the amount owed to us shall be binding upon you and your estate. Any judgment or award we obtain against the Franchisee also shall be binding upon you and your estate.

11. Governing Law. This agreement shall be governed by Ohio law.

12. Each Signer Liable. Each person who signs this guaranty is bound separately and for the full amount due. Each person is "jointly and severally liable."

I ACKNOWLEDGE THAT I HAVE READ THE FOREGOING GUARANTY, HAVE HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, AND AM SIGNING THIS GUARANTY VOLUNTARILY.

I ALSO ACKNOWLEDGE THAT THE TRANSACTIONS BETWEEN THE FRANCHISEE AND MAC TOOLS WILL BE EMBODIED SOLELY IN THE FRANCHISE AGREEMENT AND OTHER AGREEMENTS SIGNED BETWEEN THEM AND THAT NO VERBAL STATEMENTS MADE BY REPRESENTATIVES OF MAC TOOLS TO THE FRANCHISEE AND/OR TO ME, WHETHER AS A SPOUSE, FAMILY MEMBER OR INVESTOR OF THE FRANCHISEE, WILL CONSTITUTE A REPRESENTATION AS TO THE POTENTIAL VOLUME, EARNINGS, INCOME, EXPENSES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THE FRANCHISE AGREEMENT EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE FRANCHISE AGREEMENT AND OTHER AGREEMENTS SIGNED BETWEEN THE FRANCHISEE AND MAC TOOLS.

IF NOT WITNESSED BY A MAC TOOLS EMPLOYEE, THE GUARANTOR'S SIGNATURE MUST BE NOTARIZED.

[signature page follows]

Date

Guarantor's Signature

Address of Guarantor

[Signature of Witness]

Date

Guarantor's Signature

Address of Guarantor

[Signature of Witness]

STATE OF _____

SS:

COUNTY OF _____

On this the _____ day of _____, _____, before me, _____, the undersigned person, personally appeared _____, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged that he/she/they executed the same for the purposes therein contained. In witness whereof, I hereunto set my hand.

Notary Public

My Commission expires _____

EXHIBIT K

INSURANCE LOSS PAYEE FORM

To: Insurance Carrier

Please be advised that the undersigned Franchisee has entered into agreements under which the Franchisee will purchase and carry certain inventory from Mac Tools Division of Stanley Black & Decker, Inc., a Connecticut corporation with a principal office in Columbus, Ohio. The Franchisee will be extended certain payment terms by the Mac Tools Division for orders of inventory. In accordance with the agreements separately executed by the Franchisee with the Mac Tools Division, which require in part that such inventory be fully insured, the undersigned Franchisee hereby instructs you:

- (1) To list "Mac Tools Division of Stanley Black & Decker, Inc., 505 North Cleveland Avenue, Westerville, OH 43082" as a loss payee as its interest may appear on any and all policies of insurance which cover or will cover the undersigned Franchisee's existing and hereafter acquired inventory of MAC Tools® products, and
- (2) To institute whatever steps are necessary to insure that Mac Tools Division, Stanley Black & Decker, Inc., 505 North Cleveland Avenue, Westerville, OH 43082, receives at least 30 days advance written notice prior to cancellation or amendment of all or a portion of the policies or policy of insurance which covers or will cover the undersigned Franchisee's existing and hereafter acquired inventory of MAC Tools® products.
- (3) To provide written evidence of your compliance with the three requirements listed above to Mac Tools, 505 North Cleveland Avenue, Westerville, OH 43082 as soon as possible.

Your cooperation is appreciated.

(Signature)

MAC TOOLS FRANCHISEE

Address

City/State

EXHIBIT L
MAC TOOLS PAY BY PHONE

Please complete the following form and mail to:

Mac Tools
500 North Cleveland Avenue
Westerville, OH 43082
Attn.: Accounts Receivable
Department

If you need information, please contact your Credit Analyst at 1-800-MAC-TOOLS

Mac Tools Franchisee Information

Name _____ Franchisee Number _____
Address _____
City _____ State _____ Zip Code _____
Phone Number _____

Bank from which funds will be paid

Name of Bank or Financial Institution _____
Address _____
City _____ State _____ Zip Code _____
Phone Number _____

Mac Tools Franchisee		2048	
Address _____		Date _____	
Pay To The Order Of _____		\$ 	
		DOLLARS	
Checking account number(4-15 digits)			
2048	11900445	1234 56789833	2048

Bank routing/transit number(8-9 digits)

Check number may be before or after

* Attach a copy of a canceled(voided) check to this form. Use check sample above to complete bank information.

Account Number _____

☐ Checking ☐ Savings ☐ Other (identify) _____

Nine-digit ABA Transit Routing Number _____

Payment Methods (please X one)

Touch-tone Phone
Computer/modem
Rotary

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

I hereby authorize Mac Tools to debit the account indicated above for the amounts that I initiate via the Mac Tools Pay By Phone system.

Date	Signature
------	-----------

EXHIBIT M

MOBILE BUSINESS ASSISTANT SOFTWARE LICENSE AGREEMENT

READ THE FOLLOWING TERMS AND CONDITIONS CAREFULLY BEFORE SIGNING THIS AGREEMENT. BY SIGNING BELOW, YOU AGREE TO BE BOUND BY THE TERMS AND CONDITIONS SET FORTH HEREIN.

1. License of Software. Mac Tools, a division of Stanley Black & Decker, Inc. ("Mac Tools") hereby grants to the Franchisee signing below (the "Franchisee") a nontransferable, nonexclusive license to use the Mobile Business Assistant Software ("MBA Software") in the operation of his or her Mac Tools franchise. Franchisee shall use the MBA Software solely in connection with his/her MAC Tools® franchise business and may make a backup copy only for that purpose.

2. License Term. The term of the license granted hereunder shall commence upon the date of this Agreement and shall continue for a period consistent with Franchisee's tenure as an authorized Mac Tools Franchisee, except that this Agreement may be permitted to continue in effect for up to thirty (30) days after the effective date of termination or expiration of the Mac Tools Franchise Agreement solely for the purpose of permitting Franchisee to use the MBA Software respecting any inventory returns. Franchisee's license to use the MBA Software shall immediately terminate if:

- (a) Franchisee shall fail to comply with any of the terms and conditions of this Agreement or any license granted hereunder, which default is not cured within thirty (30) days after Mac Tools shall have given written notice of such default to Franchisee; or
- (b) The term of this Agreement or of any license granted hereunder expires or terminates for any reason; or
- (c) An event of default occurs under any other agreement between Franchisee and Mac Tools, which default is not cured within any applicable cure period; or
- (d) Franchisee ceases to be an authorized Mac Tools Franchisee for any reason.

Upon termination or expiration of this Agreement and any license granted hereunder, Franchisee shall promptly return to Mac Tools the original and all copies of the MBA Software and all related documentation, shall erase the MBA Software from all storage media in Franchisee's possession upon which it has been stored, shall return to Mac Tools any computer equipment loaned by Mac Tools in connection with the MBA Software, and shall certify in writing to Mac Tools that each such action has been taken. If Franchisee is in default of any obligation imposed by this Agreement or of any license granted hereunder, Franchisee shall pay Mac Tools all costs and expenses incurred by Mac Tools in exercising its rights and remedies hereunder, including reasonable attorneys' fees and disbursements.

3. Delivery. As soon as possible after the execution of this agreement, Mac Tools will deliver to Franchisee one copy of the MBA Software and all documentation, including any videos, relating to Franchisee's use of the MBA Software. These will remain the exclusive property of Mac Tools. Franchisee shall have no ownership rights in the MBA Software or any such documentation.

4. Installation and Training. Training and installation assistance respecting the MBA Software will be provided by Mac Tools to Franchisees. Any ancillary costs, e.g. travel and lodging expenses, are the responsibility of the Franchisee.

5. Maintenance, Updates and Monthly Support. Franchisee acknowledges that Mac Tools may modify the MBA Software, update provisions thereof, or change security and other procedures relating to the MBA Software from time to time. Mac Tools shall provide maintenance and updates to the MBA Software, and shall license such updates to Franchisee under the terms hereof. Such updates and any related documentation

shall be deemed part of the MBA Software and will be automatically included in and covered by this Agreement.

6. Warranty. Mac Tools represents and warrants that any media or magnetic diskette provided by Mac Tools on which the MBA Software is recorded, together with all printed materials relating to the MBA Software, shall be free from defects in material or workmanship in normal use and service for a period of six (6) months from the date of delivery to Franchisee of the MBA Software. If the MBA Software does not conform to this warranty, then Mac Tools, at its option, will either (i) replace the MBA Software, or (ii) provide services to correct or otherwise make the MBA Software conform to this warranty. Such repair or replacement will be Franchisee's exclusive remedy hereunder. Mac Tools has no obligation to provide warranty service for MBA Software that is modified by Franchisee. **EXCEPT AS EXPRESSLY SET FORTH HEREIN, MAC TOOLS MAKES NO WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL MAC TOOLS BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OR SEVERITY OF SUCH DAMAGES.**

7. Confidentiality. Franchisee acknowledges that the MBA Software and all related documentation have been developed by Mac Tools through substantial expense and effort, that the MBA Software and related documentation constitute confidential and proprietary data and trade secrets of Mac Tools and are valuable assets of Mac Tools' business, and that unauthorized disclosure of any information about the MBA Software would cause substantial and irreparable injury to Mac Tools' business. Franchisee therefore, agrees to hold such material and information in strictest confidence, not to make use thereof, other than in the performance of his/her duties as a Mac Tools Franchisee and in accordance with this Agreement and any license granted hereunder, to release it only to authorized employees or agents requiring such information, and not to disclose any information about the same, except as authorized in writing by Mac Tools.

8. Franchisee's Responsibilities. Franchisee must obtain and maintain, at his own expense, equipment and appropriate telephone service compatible with and adaptable to the MBA Software. Franchisee shall be responsible for the accuracy and adequacy of any data which he/she transmits to Mac Tools using the MBA Software and for maintaining procedures for reconstruction of lost data.

9. Data Transmission. Franchisee agrees that to achieve maximum benefit of the MBA Software system, he/she must place orders with Mac Tools electronically and provide to Mac Tools, via computer transmission, certain business information maintained in Franchisee's computer system by the MBA Software, as requested by Mac Tools. In return Mac Tools will provide Franchisee with various business trend analyses through its Franchisee Dashboard system. Mac Tools will treat such data as confidential, and will not make such information available to anyone outside Mac Tools, unless such access is the result of due process of the law, or within Mac Tools, except to appropriate persons who need such information in order to provide services to Mac Tools Franchisees and insure adequate service to the Franchisee's customers. Mac Tools does retain the right to include such information in studies and analyses which may be conducted from time to time, in which event there will be no association of an individual Franchisee with the information.

10. Delays. No party to this Agreement shall be responsible for delays or failures in performance resulting from acts beyond the control of such party. Such acts shall include, but not be limited to, acts of God, strikes, blackouts, riots, acts of war, epidemics, governmental regulations imposed after the execution of this Agreement, fire, communication line failures, power failures, earthquakes, or other disasters.

11. Severability. Each provision of this Agreement is severable from all of the provisions of this Agreement and, if any one or more of the provisions of this Agreement shall be declared invalid, the remaining provisions of this Agreement shall remain in full force and effect.

12. Governing Law. This Agreement will be governed by and construed in accordance with the local laws of the State of Ohio, without application of its conflicts of laws provisions.

13. Binding Effect. This Agreement shall be binding upon the parties hereto and their respective legal representatives, successors, and permitted assigns. Franchisee cannot transfer or assign the MBA Software or any of his/her rights or delegate any of his/her duties under this Agreement without the prior written consent of Mac Tools.

14. Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the MBA Software and supersedes all prior or contemporaneous oral or written agreements or understandings between the parties concerning this subject matter. In addition, the Franchisee agrees that this Agreement supersedes, and shall be deemed to terminate, any prior agreements between the Franchisee and Mac Tools relating to MacLink software. This Agreement may be modified only by a written document signed by Franchisee and a duly authorized signatory of Mac Tools.

15. Notices. Any notice to be given pursuant to this Agreement must be in writing and sent by certified or registered mail, return receipt requested, or personally delivered with a written receipt obtained to the address as set forth below.

16. Use of Software. FRANCHISEE ACKNOWLEDGES THAT THE MBA SOFTWARE HAS BEEN DEVELOPED AND INTENDED SOLELY FOR USE FOR BUSINESS MANAGEMENT PURPOSES AND NOT FOR TAX PLANNING PURPOSES. THE FRANCHISEE IS ADVISED TO CONSULT WITH HIS OR HER ACCOUNTANT AND/OR TAX ADVISOR REGARDING THE USE OF THE INFORMATION MAINTAINED BY THE MBA SOFTWARE FOR TAX PREPARATION AND PLANNING PURPOSES.

Agreed to and accepted as of the date set forth below.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

EXHIBIT N

MAC TOOLS GOVERNMENT FRANCHISE AGREEMENT

The person or persons signing below are referred to as "you" and "your." If the party signing this Agreement is a partnership, corporation or other business entity, "you" and "your" shall refer to such entity and shall also refer to the natural person signing below on behalf of such entity, provided that, no natural person (other than the undersigned individual (as defined below)) shall be entitled to any of the rights and benefits under this Agreement nor may any natural person (other than the undersigned individual) perform any of the obligations or fulfill any of the responsibilities hereunder. (The natural person signing below is called the "undersigned individual").

"We," "us" and "our" refer to the Mac Tools Division of Stanley Black & Decker, Inc., a Connecticut corporation, and its successors and assigns. Our principal place of business is at 505 North Cleveland Avenue, Westerville, Ohio 43082.

1. Nature of Agreement and Relation to Other Agreements. This Agreement is to be read and construed together with the Mac Tools Franchise Agreement dated _____. The terms and conditions of the Mac Tools Franchise Agreement apply to your performance of this Agreement except to the extent specified herein. In the event of a conflict between the Mac Tools Franchise Agreement and this Agreement, this Agreement shall govern.

2. Authorization as Government Franchisee. We authorize you to distribute Products and Stanley Products to federal government and other customers eligible to purchase ("Eligible Customers") under GSA Contract GS-06F-0021K between Stanley Black & Decker, Inc./Mac Tools and the United States General Services Administration ("the GSA contract") on the Route as defined in Exhibit A to the Mac Tools Franchise Agreement or as otherwise agreed between us. Eligible Customers may include federal agencies, government corporations, the District of Columbia, and government prime contractors with written authorization from their contracting officers. These orders ("GSA Contract Orders") shall include only those Products and Stanley Products that Stanley Black & Decker, Inc./Mac Tools is authorized to sell under the GSA contract ("GSA Contract Items"), as provided by us to you from time to time or as identified on the GSA Advantage! website (www.gsa.gov) as being GSA Contract Items. We reserve our rights, in our sole discretion, through the Mac Tools Division or through a parent, subsidiaries, or affiliated or related business entities, to market and sell the Products and the Stanley Products to Eligible Customers in any location through any method of product distribution. You agree to this authorization.

3. Government Franchisee Obligations. In addition to your obligations pursuant to your Mac Tools Franchise Agreement, you agree to assume the following obligations:

3.1 GSA Contract Orders Under \$3,000. For GSA Contract Orders with a total net value that does not exceed \$3,000, you shall accept the order in the name of "Stanley Black & Decker, Inc./Mac Tools in care of [insert your name]", fill the Eligible Customers' orders from your inventory, and bill, invoice, or issue receipts to Eligible Customers in the name of "Stanley Black & Decker, Inc./Mac Tools in care of [insert your name]". Bills, invoices, and receipts provided by you to Eligible Customers, and written purchase orders or any similar forms provided to you by Eligible Customers shall reference the GSA contract number set forth in Section 2.

3.2 GSA Contract Orders Equal to or Over \$3,000. For GSA Contract Orders with a total net value that equals or exceeds \$3,000, you shall accept the order in the name of Stanley Black & Decker, Inc./Mac Tools, and the filling of the Eligible Customers' orders, as well as invoicing and receipt/collection of payment for such orders, shall be handled by Stanley Black & Decker, Inc./Mac Tools, except as you are otherwise directed by us. Written purchase orders or any similar form provided

to you by Eligible Customers shall reference the GSA contract number set forth in Section 2, and shall be forwarded by facsimile or other electronic transmission to Mac Tools within one (1) business day of your receipt of same.

3.3 Obligations Applicable to All GSA Contract Orders.

3.3.1 For each and every GSA Contract Order, you must maintain a system of recording and reporting the following information:

- (a) the date of sale;
- (b) the agency to which the sale was made;
- (c) the product sold [SKU number];
- (d) the quantity of each product sold [SKU number];
- (e) the price at which it was sold (including discounts from the GSA contract list price, if applicable);
- (f) the method of invoicing and billing (specifically identifying whether invoicing and billing was handled by you or by us as otherwise provided in this Agreement); and
- (g) the method of payment (including credit cards, if applicable).

3.3.2 Reports forwarding the information required by 3.3.1 and covering all GSA Contract Orders made during the prior calendar quarter shall be delivered to us at the address provided at the end of this Agreement, at the following intervals:

<u>Quarter Ending:</u>	<u>Report Due:</u>
March 30	April 15
June 30	July 15
September 30	October 15
December 31	January 15

3.3.3 You shall accept and fulfill all GSA Contract Orders in strict compliance with all applicable laws, regulations, orders and contract provisions.

3.3.4 You shall not identify or represent to any Eligible Customer that any sale of non-GSA Contract Items is a GSA Contract Order.

4. Examination of Records. We or our representatives will have the right to physically examine the records identified in Section 3.3 at reasonable times during business hours. In addition, the Comptroller General of the United States and the Administrator of the General Services Administration, or their duly authorized representatives, shall have the right to audit the records identified in Section 3.3 until three years after any final payment made by the United States to you or to us on any GSA Contract Order processed under this Agreement, or until three years after the termination or expiration of this Agreement, whichever is later.

5. **No Contract Relationship.** This Agreement does not create any privity of contract between you and the federal government. It is solely for the purpose of enabling you to participate in sales of Products and Stanley Products under the GSA contract.

6. **Pricing.** You shall sell the Products and Stanley Products at prices no greater than those identified in the GSA contract price list as distributed by us to you from time to time or as identified on the GSA Advantage! website. There is no requirement that you sell the Products or Stanley Products at the prices identified in the GSA contract price list, so long as you do not sell them at any greater prices than those identified in the GSA contract price list. Subject to these provisions, you have the unqualified, unilateral right to set the prices at which you sell the Products and Stanley Products to Eligible Customers (subject only to other applicable federal or state laws). Nothing in this Agreement is intended to limit or restrict your exercise of that right.

7. **Termination.** We may terminate this Agreement at any time on thirty (30) days written notice provided to you. We also may terminate this Agreement with no prior written notice, and you shall have no right to cure, in the event of any of the following:

7.1.1 Your failure to adhere to the terms of this Agreement in accepting or fulfilling any GSA Contract Order;

7.1.2 Your failure to maintain the records and reports identified in this Agreement;

7.1.3 Your failure to make any report identified in this Agreement; and

7.1.4 Your failure to make any records and reports identified in this Agreement available for examination or audit.

7.1.5 The provisions of Sections 3.3.2 and 4 shall survive any termination under the provisions of this Agreement or the Mac Tools Franchise Agreement.

This Agreement shall terminate automatically upon the effective date of any termination or expiration of your Mac Tools Franchise Agreement. No termination of this Agreement shall have any effect respecting the effectiveness of your Mac Tools Franchise Agreement.

8. **Indemnity.** You shall indemnify and hold us and our officers, directors and employees harmless against any and all damages or liability (including attorneys fees and litigation expenses) arising out of any breach by you of this Agreement.

9. **Notices.** Any notices required or permitted under this Agreement shall be made in writing and shall be deemed to have been given when personally delivered, or delivered by certified or registered mail (return receipt requested, proper postage prepaid), or Federal Express or other similar private overnight express delivery service addressed to us or to you, as the case may be, at the respective addresses provided at the end of this Agreement following the respective signatures of the parties.

10. Entire Agreement. This Agreement, as well as the other agreements between you and us executed in connection with this Agreement, constitutes the entire agreement of you and us with respect to matters addressed by this Agreement. This Agreement supersedes any prior Government Franchise Agreements executed by you and us.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement to be effective as of the date that this Agreement is executed by Mac Tools, as indicated below.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this ____ day of _____, 20____, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

EXHIBIT O



**DIRECT DEBIT AUTHORIZATION
AGREEMENT**

FRANCHISEE / COMPANY NAME: _____
MAC TOOLS FRANCHISEE
NUMBER: _____

FIRST PAYMENT DUE DATE: _____

FRANCHISEE ACCOUNT
NUMBER: _____

WEEKLY/MONTHLY PAYMENT
AMOUNT: _____

I (We) hereby authorize the Mac Tools Division of Stanley Black & Decker, Inc. to debit my (our) checking account as listed below for all amounts that are hereafter due and owing under any and all of my (our) agreements which (we) have at any time executed in favor of the Mac Tools Division of Stanley Black & Decker, Inc. I (we) understand that payments will be debited the same day of each week or month, as applicable "First Payment Due Date" stated above, or the following business day in the event the date is a banking holiday or non-business banking day. In the event of an error, I (we) also authorize the initiation of a debit and or credit to my (our) account to correct the error.

ACCOUNT NAME: _____

ACCOUNT NUMBER: _____

BANK NAME: _____

BANK TRANSIT ROUTING / _____

ABA NUMBER: _____

Please attach a voided check (DEPOSIT SLIPS NOT ACCEPTABLE) to help us verify the Bank name, account number, and routing number.

This Agreement will remain in effect until Mac Tools has received and acknowledged written notification from me (or either of us) that all amounts to be collected have been paid in full.

[signature page follows]

SIGNATURE PAGE TO DIRECT DEBIT AUTHORIZATION AGREEMENT

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:



EXHIBIT P

EXTENDED TRADE PROGRAM (ETP) TERMS AND CONDITIONS

I, the undersigned Mac Tools Franchisee, agree to participate in the voluntary Extended Trade Program offered to me by Mac Tools to be used exclusively for _____ purchases. I understand that my option to purchase products under this program begins _____, 20__, and ends _____, 20__, and applies only to _____ with a minimum purchase amount of \$_____. In addition, I understand that this program does not apply to any prior purchases.

I understand that in order to participate in this program, I must agree to weekly direct debit payments from my bank account. I acknowledge that these payments will begin weekly starting on or about _____, 20__ and ending _____, 20__. I have reviewed the weekly payment examples provided to me and understand they are based on a ____-week repayment plan. I understand that my weekly payment amount may vary based on actual shipments and actual financed amount.

I understand that any shipments on this program or my Mac Tools Trade Account are subject to standard credit criteria. Should I miss a direct debit payment, I understand that my Mac Tools Trade Account may be placed on hold and I must work with my Credit Analyst in order to have product released. I understand that my credit limit is based on the following criteria:

- Number of times on credit hold over last 13 weeks
- Percent of delinquencies over last 13 weeks
- My tenure as a Mac Tools Franchisee

My signature below certifies that I voluntarily agree to participate in the Extended Trade Program. I agree to a \$25 administration charge which will be added on to my total ETP financed amount.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity Name)

By: _____

Name Printed: _____

Title: _____

Return this form, along with your completed direct debit payment document and copy of a cancelled check to:

Mail
Mac Tools
Credit Department
505 North Cleveland Avenue
Westerville, OH 43082

Fax
1-800-737-0417

Email
Stephanie.Dick@sbdinc.com

EXHIBIT Q

RIDER

TO

MAC TOOLS FRANCHISE AGREEMENT

This Rider to Mac Tools Franchise Agreement (the "Rider") is being entered into effective as of _____, 20 ____ for the purpose of supplementing the Mac Tools Franchise Agreement (as hereinafter defined).

Recitals

A. The person(s) and/or entity signing below (collectively, the "Franchisee") is a party to a certain Mac Tools Franchise Agreement (the "Mac Tools Franchise Agreement") with the Mac Tools Division of Stanley Black & Decker, Inc. ("Stanley").

B. Capitalized terms used but not defined in this Rider have the meanings specified in the Mac Tools Franchise Agreement.

C. Franchisee currently participates, on an optional basis, in a Customer Credit Program (the "GreenSky Program") sponsored by GreenSky Trade Credit, LLC ("GreenSky"). Under the GreenSky Program, GreenSky provides credit to qualified customers of Franchisee pursuant to private label credit card accounts that are (i) established by GreenSky and (ii) used by such customers to purchase merchandise from Franchisee.

D. As a condition to its participation in the GreenSky Program, Franchisee has entered into a certain Credit Program Distributor Agreement with GreenSky (the "GreenSky Program Agreement").

E. Pursuant to the GreenSky Program Agreement, Franchisee has agreed to pay GreenSky 25% of any charge-offs that are made by GreenSky with respect to Card Sales (as defined in the GreenSky Program Agreement) made by Franchisee.

F. Stanley is entering into an arrangement with GreenSky pursuant to which GreenSky will enhance Franchisee's ability to sell MAC Tools® branded toolboxes and toolbox add-on items (the "Toolbox Merchandise") by lowering its underwriting standards in qualifying for credit Franchisee's customers that wish to purchase Toolbox Merchandise from Franchisee. However, GreenSky's willingness to lower its underwriting standards for such accounts (each, a "Toolbox Merchandise Account") is conditioned upon Stanley's agreement to reimburse GreenSky for charge-off losses it sustains with respect to the Toolbox Merchandise Accounts.

G. Franchisee acknowledges that it would benefit from the arrangements described in the first sentence of paragraph F above.

Now, therefore, in order to induce Stanley to enter into the agreements with GreenSky that are referenced in paragraph F above, Franchisee agrees with Stanley as follows: .

1. If Stanley purchases any Toolbox Merchandise Account from GreenSky after it has been charged off by GreenSky, Franchisee will pay to Stanley an amount equal to (i) twenty-five percent (25%) of the amount that was charged off by GreenSky on such Toolbox Merchandise Account, less

(ii) such amounts, if any, as GreenSky, following its charge-off of the Toolbox Merchandise Account, collected from Franchisee pursuant to its agreements referenced in paragraph E above.

2. Stanley may collect any of the amounts Franchisee has agreed to pay under paragraph 1 above by setting off, against such amounts, any amounts that otherwise would be due and owing from Stanley to Franchisee, including, without limitation, any amounts credited to Franchisee's trade account.

IN WITNESS WHEREOF, Franchisee has executed this Rider effective as of the date
first above written.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

EXHIBIT R



INVESTOR GUARANTOR ACKNOWLEDGMENT

Date: _____

Franchisee Candidate: _____

Name of spouse, other family member, or third party
executing this Acknowledgment: _____

By signing below, you, as an individual, state, acknowledge and represent that one or more of the following is true:

- I am participating /have participated in a meeting with a representative of Mac Tools regarding the possibility that my family member, spouse, friend, or business partner may become a Mac Tools Franchisee.
- If my family member, spouse, friend, or business partner becomes a Mac Tools Franchisee, my income and/or assets may be reflected on my family member's, spouse's, friend's, or business partner's application to become a Mac Tools Franchisee and/or to obtain financing for my family member's, spouse's, friend's, or business partner's Mac Tools franchised business involving the mobile sale of professional automotive tools and similar products.
- I may be asked to, and may decide to, invest money or other resources in my family member's, spouse's, friend's, or business partner's Mac Tools business.
- I may be asked to, and may decide to, sign an individual Guaranty to Mac Tools of the obligations of my family member's, spouse's, friend's, or business partner's Mac Tools business.

By signing below, you, as an individual, state, acknowledge and represent that each of the following is true:

- I understand that the Mac Tools Franchise Agreement signed by the Franchisee and Mac Tools is the controlling document regarding the Mac Tools franchised business and the terms of the business relationship between the Franchisee and Mac Tools.
- I understand that the Franchise Agreement and the Franchise Disclosure Document are the only documents that I should rely on.
- I have neither received, nor relied upon, any representations from Mac Tools or anyone else that differ from what is specifically written in the Franchise Agreement and in the Franchise Disclosure Document, including but not limited to, any statements, representations, omissions or intimations from any person concerning the likelihood of success or failure of the planned Mac Tools franchised business, or the likelihood that I will recover my investment in, or be absolved from my obligations in connection with, the Franchisee's Mac Tools business.

- I HEREBY ACKNOWLEDGE MY UNDERSTANDING THAT MAC TOOLS, IN ENTERING INTO THIS AGREEMENT WITH MY FAMILY MEMBER, SPOUSE, FRIEND, OR BUSINESS PARTNER, HAS REASONABLY RELIED, AND WAS ENTITLED TO RELY, ON THE TRUTH, ACCURACY AND COMPLETENESS OF MY ACKNOWLEDGEMENTS AND REPRESENTATIONS THAT ARE SET FORTH ABOVE. I HEREBY AGREE THAT IF IN ANY ARBITRATION OR LITIGATION PROCEEDING I EVER ASSERT THAT ANY OF MY ACKNOWLEDGEMENTS AND REPRESENTATIONS SET FORTH ABOVE WERE NOT, IN FACT, TRUE OR ACCURATE AND I USE SUCH ASSERTION(S) TO SUPPORT ANY CLAIM(S) AGAINST MAC TOOLS IN SUCH PROCEEDING, I WILL PROMPTLY REIMBURSE MAC TOOLS FOR THE FULL AMOUNT OF ITS ATTORNEYS' FEES, COSTS AND DISBURSEMENTS RELATED TO ITS DEFENSE OF SUCH CLAIM(S), AND THIS REIMBURSEMENT OBLIGATION SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THE FRANCHISE AGREEMENT BETWEEN MY FAMILY MEMBER, SPOUSE, FRIEND, OR BUSINESS PARTNER AND MAC TOOLS.

IF NOT WITNESSED BY A MAC TOOLS EMPLOYEE, THE SIGNATURE OF THE INDIVIDUAL SIGNING BELOW MUST BE NOTARIZED.

Date

Signature

Name Printed

Address

[Signature of Witness (Mac Tools representative)]

STATE OF _____

SS:

COUNTY OF _____

On this the _____ day of _____, 20____, before me, _____, the undersigned person, personally appeared _____, known to me (or satisfactorily proven) to be the person whose name is subscribed above and acknowledged that he/she executed the same for the purposes therein contained. In witness whereof, I hereunto set my hand.

[SEAL]

Notary Public

My Commission expires _____

EXHIBIT S

LIST OF MAC TOOLS FRANCHISEES (As of August 1L 2011)²

Kentucky:

Jeffrey Callihan
212 Cardinal Road
Russell, KY 41169
(606) 922-7717

Craig Harbert
876 Borderlands Drive
Erianger, KY 41018
(513) 659-0293

Joe Hardin
799 Coral Hill Lecta Road
Glasgow, KY 42141
(270) 646-8493

Dan Robertson
345 Olive-Thomas Road
Russell Springs, KY 42642
(859) 583-4034

Michael Watkins
4405 Taft Court
Louisville, KY 40299
(502) 403-4348

² Mac Tools began offering franchises in states other than Kentucky in November 2011.

EXHIBIT T

LIST OF STATE ADMENISTRATORS

California:

Commissioner of Corporations
Department of Corporations
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500
(866) 275-2677

Connecticut:

Assistant Director
Securifies and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8233

Florida:

Regulatory Consultant
Department of Agriculture and Consumer
Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, FL 32314-6700
(850) 488-2221

Hawaii:

Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, HI 96810
(808) 586-2744

Illinois:

Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4436

Indiana:

Chief Deputy Commissioner
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

Iowa:

Director of Regulated Industries Unit
Iowa Securities Bureau
340 Maple
Des Moines, IA 50319-0066
(515) 281-4441

Kentucky:

Office of the Attorney General, State of
Kentucky
Division of Consumer Protection
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601
(502) 696-5389

Maryland:

Franchise Examiner
Maryland Division of Securities
200 Saint Paul Place
Bahimore, MD 21202-2020
(410) 576-7042

Michigan:

Michigan Attorney General's Office Consumer
Protection Division
Franchise Section
Williams Building, 1st Floor
525 West Ottawa Street
Lansing, MI 48933
(517) 373-7117

Minnesota:

Franchise Examiner
Minnesota Department of Commerce Market
Assurance Division
85 7th Place East, Suite 500
St. Paul, MN 55101-2198
(651) 296-6328

Nebraska:

Securities Analyst
Department of Banking and Finance
Commerce Court, Suite 400
1230 "O" Street
Lincoln, NE 68508
(402) 471-3445

New York:

Assistant Attorney General
Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York, NY 10271
(212) 416-8211

North Dakota:

Franchise Examiner
Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, ND 58505-0510
(701) 328-4712

Oregon:

Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, OR 97310
(503) 378-4140

Rhode Island:

Department of Business Regulation
Securities Division
John O. Pastore Complex 69-1
1511 Pontiac Avenue
Cranston, RI 02920-4407
(401) 462-9527

South Dakota:

Franchise Administration
Division of Securities
445 East Capitol Avenue
Pierre, SD 57501-3185
(605) 773-4823

Texas:

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, TX 78711
(512) 475-1769

Utah:

Director
Division of Consumer Protection
Utah Department of Commerce
SM Box 146704
160 East Three Hundred South
Salt Lake City, UT 84114-6704
(801) 530-6601

Virginia:

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington:

Administrator
Department of Financial Institutions Securities
Division
P.O. Box 9033
Olympia, WA 98507-9033
(360) 902-8760

Wisconsin:

Franchise Administrator
Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, WI 53701
(608) 266-2801

EXHIBIT U

LIST OF AGENTS FOR SERVICE OF PROCESS

Alabama:

C T Corporation System
2 North Jackson Street, Suite 605
Montgomery, AL 36104

Alaska:

C T Corporation System
9360 Glacier Highway, Suite 202
Juneau, AK 99801

Arizona:

C T Corporation System
2394 East Camelback Road
Phoenix, AZ 85016

Arkansas:

The Corporation Company
124 West Capitol Avenue, Suite 1900
Little Rock, AR 72201-3736

California:

California Commissioner of Corporations
1515 K Street, Suite 200
Sacramento, CA 95814

C T Corporation System
818 West 7th Street
Los Angeles, CA 90017

Colorado:

The Corporation Company
1675 Broadway, Suite 1200
Denver, CO 80202

Connecticut:

C T Corporation System
One Corporate Center, Floor 11
Hartford, CT 06103-3220

Delaware:

The Corporation Trust Company
1209 Orange Street
Wilmington, DE 19801

District of Columbia:

C.T Corporation System
1015 15th Street, NW, Suite 1000
Washington, DC 20005

Florida:

C T Corporation System
1200 South Pine Island Road
Plantation, FL 33324

Georgia:

C T Corporation System
1201 Peachtree Street, N.E.
Atlanta, GA 30361

Hawaii:

Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
King Kalakaua Building
335 Merchant Street
Honolulu, HI 96813

The Corporation Company, Inc.
900 Fort Street Mall, Suite 1800
Honolulu, HI 96813

Idaho:

C T Corporation System
1111 West Jefferson, Suite 530
Boise, ID 83702

Illinois:

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

C T Corporation System
208 South LaSalle Street, Suite 814
Chicago, IL 60604

Indiana:

Indiana Secretary of State
201 State House
Indianapolis, IN 46204

C T Corporation System
251 East Ohio Street, Suite 1100
Indianapolis, IN 46204

Iowa:

C T Corporation System
500 East Court Avenue, Suite 500
Des Moines, IA 50309

Kansas:

The Corporation Company, Inc.
112 SW 7th Street, Suite 3C
Topeka, KS 66603

Kentucky:

Office of the Attorney General
Consumer Protection Division
700 Capital Avenue, Capital Suite 118
Frankfort, KY 40601-3449

C T Corporation System
306 West Main Street, Suite 512
Frankfort, KY 40601

Louisiana:

C T Corporation System
5615 Corporate Boulevard, Suite 400 B
Baton Rouge, LA 70808

Maine:

C T Corporation System
One Portland Square
Portland, ME 04101

Maryland:

Maryland Securities Commissioner
200 Saint Paul Place, 20th Floor
Baltimore, MD 21202-2020

The Corporation Trust Incorporated
351 West Camden Street
Baltimore, MD 21201

Massachusetts:

C T Corporation System
155 Federal Street, Suite 700
Boston, MA 02110

Michigan:

Michigan Department of Commerce
Corporations and Securities Bureau
Corporate Division
6546 Mercantile Way
Lansing, MI 48911

The Corporation Company
30600 Telegraph Road, Suite 2345
Bingham Farms, MI 48025

Minnesota:

Minnesota Commissioner of Commerce
Department of Commerce
113 East Seventh Street
St. Paul, MN 55101

C T Corporation System, Inc.
100 South Fifth Street, Suite 1075
Minneapolis, MN 55402

Mississippi:

C T Corporation System
645 Lakeland East Drive, Suite 101
Flowood, MS 39232

Missouri:

C T Corporation System
120 South Central Avenue
Clayton, MO 63105

Montana:

C T Corporation System
208 North Broadway, Suite 313
Billings, MT 59101

Nebraska:

Nebraska Department of Banking & Finance
Division of Securities
Commerce Court
1230 O Street, Suite 400
Lincoln, NE 68509-5006

C T Corporation System
1024 K Street
Lincoln, NE 68508

Nevada:

The Corporation Trust Company of Nevada
311 South Division Street
Carson City, NV 89703

New Hampshire:

C T Corporation System
9 Capitol Street
Concord, NH 03301

New Jersey:

The Corporation Trust Company
820 Bear Tavern Road
West Trenton, NJ 08628

New Mexico:

C T Corporation System
123 East Marcy Street
Santa Fe, NM 87501

New York:

C T Corporation System
111 Eighth Avenue
New York, NY 10011

North Carolina:

C T Corporation System
150 Fayetteville Street, Box 1011
Raleigh, NC 27601

North Dakota:

North Dakota Securities Commissioner
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505

C T Corporation System
315 East Thayer Avenue
Bismarck, ND 58501

Ohio:

C T Corporation System
1300 East 9th Street
Cleveland, OH 44114

Oklahoma:

The Corporation Company
1833 South Morgan Road
Oklahoma City, OK 73128

Oregon:

Director of Oregon Department of Consumer
and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street, NE, Room 410
Salem, OR 97301

C T Corporation System
388 State Street, Suite 420
Salem, OR 97301

Pennsylvania:

C T Corporation System
116 Pine Street, 3rd Floor, Suite 320
Harrisburg, PA 17101

Rhode Island:

Director of Rhode Island Department
of Business Regulation
233 Richmond Street
Providence, RI 02903

C T Corporation System
10 Weybosset Street
Providence, RI 02903

South Carolina:

C T Corporation System
2 Office Park Court, Suite 103
Columbia, SC 29223

South Dakota:

South Dakota Department of Revenue and
Regulation
Division of Securities
445 East Capitol Avenue
Pierre, SD 57501

C T Corporation System
319 South Coteau Street
Pierre, SD 57501

Tennessee:

C T Corporation System
800 South Gay Street, Suite 2021
Knoxville, TN 37929

Texas:

C T Corporation System
350 North Saint Paul Street, Suite 2900
Dallas, TX 75201-4234

Utah:

C T Corporation System
136 East South Temple, Suite 2100
Salt Lake City, UT 84111

Vermont:

C T Corporation System
400 Cornerstone Drive, Suite 240
Williston, VT 05495

Virginia:

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

C T Corporation System
4701 Cox Road, Suite 301
Glen Allen, VA 23060

Washington:

Administrator of Securities
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507

C T Corporation System
1801 West Bay Drive NW, Suite 206
Olympia, WA 98502

West Virginia:

C T Corporation System
5400 D Big Tyler Road
Charleston, WV 25313

Wisconsin:

Wisconsin Commissioner of Securities
101 East Wilson Street, Fourth Floor
Madison, WI 53701

C T Corporation System
8040 Excelsior Drive, Suite 200
Madison, WI 53717

Wyoming:

C T Corporation System
1720 Carey Avenue, Suite 200
Cheyenne, WY 82001

EXHIBIT V

ACKNOWLEDGMENT OF RECEIPT OF FTC CONSENT ORDERS

I hereby acknowledge receipt of a copy of the consent decree in United States v. The Stanley Works, entered in the United States District Court for the District of Connecticut on June 13, 2006, and the consent order of the Federal Trade Commission in In the Matter of The Stanley Works, FTC Docket No. C-3876, referenced therein.

Signature: _____

Name Printed: _____

Date: _____

9823570
B257267

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

COMMISSIONERS: Robert Pitofsky, Chairman
Sheila F. Anthony
Mozelle W. Thompson
Orson Swindle

In the Matter of)	DOCKET NO. C-3876
)	
)	DECISION AND ORDER
THE STANLEY WORKS,)	
a corporation.)	
)	

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violations of the Federal Trade Commission Act; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, and admission by the respondent of all the jurisdictional facts set forth in the draft complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and having duly considered the comments received from interested persons pursuant to Section 2.34 of its Rules, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent The Stanley Works is a Connecticut corporation with its principal office or place of business at 1000 Stanley Drive, New Britain, Connecticut 06053.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I.

IT IS ORDERED that respondent, The Stanley Works, a corporation, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, marking, labeling, packaging, advertising, promotion, offering for sale, sale, or distribution of any mechanics tool in or affecting commerce, as "commerce" is defined in section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44, shall not misrepresent, in any manner, directly or by implication, the extent to which any such mechanics tool is made in the United States. For purposes of this order, mechanics tools means professional grade hand tools (other than carpentry tools) used by consumers or professionals in the assembly, repair, or maintenance of machinery or vehicles, or for other purposes. Such tools include, but are not limited to, wrenches, ratchets, sockets, and chisels.

PROVIDED, however, that a representation that any mechanics tool is made in the United States will not be in violation of this order so long as all, or virtually all, of the component parts of the mechanics tool are made in the United States and all, or virtually all, of the labor in manufacturing the mechanics tool is performed in the United States.

PROVIDED, further, that this order shall not apply to the marking of mechanics tools or components of mechanics tools forged, machined, or cast before the date that the complaint and order became final.

II.

IT IS FURTHER ORDERED that respondent The Stanley Works and its successors and assigns, shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

- A. All labeling, packaging, advertisements and promotional materials containing the representation;
- B. All materials that were relied upon in disseminating the representation; and

- C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations.

III.

IT IS FURTHER ORDERED that respondent The Stanley Works, and its successors and assigns, shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities.

IV.

IT IS FURTHER ORDERED that respondent The Stanley Works, and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580.

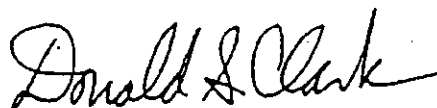
V.

IT IS FURTHER ORDERED that respondent The Stanley Works, and its successors and assigns, shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

VI.

This order will terminate on June 2, 2019, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of this order if such complaint is filed after the order has terminated pursuant to this Part. Provided, further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.


Donald S. Clark
Secretary

SEAL:

ISSUED: June 2, 1999

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

2013 APR 25

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
THE STANLEY WORKS,)
)
a corporation.)
)
Defendant)

CIVIL ACTION NO.

306 CV 00888

JRA

CONSENT DECREE

WHEREAS: Plaintiff, the United States of America, has commenced this action by filing the Complaint herein; Defendant, The Stanley Works, has waived service of the Summons and Complaint; the parties have been represented by the attorneys whose names appear hereafter; and the parties have agreed to settlement of this action upon the following terms and conditions, without adjudication of any issue of fact or law and without Defendant admitting liability for any of the matters alleged in the Complaint;

THEREFORE, on the joint motion of plaintiff and Defendant, it is hereby ORDERED, ADJUDGED, and DECREED as follows:

1. This Court has jurisdiction over the subject matter and the parties.
2. The Complaint states a claim upon which relief may be granted against Defendant under Sections 5(1), 13(b) and 16(a) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(1), 53(b) and 56(a).

DEFINITIONS

3. "Commerce" means as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.
4. "FTC" or "Commission" means the Federal Trade Commission.
5. "FTC Order" shall mean the FTC Order in FTC Docket No. C-3876, *In the Matter of The Stanley Works*, 120 F.T.C. 206, a copy of which is attached hereto as Exhibit A and made a part of this Consent Decree.
6. "Person" means a natural person, organization or other legal entity, including a partnership, corporation, proprietorship, association, cooperative, or any other group acting together as an entity.
7. The terms "and" and "or" in this Consent Decree shall be construed conjunctively or disjunctively, as necessary, to make the applicable phrase or sentence inclusive rather than exclusive.
8. The term "including" in this Consent Decree means "including, without limitation."

CIVIL PENALTY

9. **IT IS FURTHER ORDERED** that:
 - a. Pursuant to Section 5(l) of the FTC Act, 15 U.S.C. § 45(l), Defendant, The Stanley Works, and its successors and assigns, shall pay a monetary civil penalty of Two Hundred Five Thousand dollars (\$205,000).
 - b. Defendant, The Stanley Works, and its successors and assigns, must make the payment required by Paragraph 9, within five (5) days after the date of entry of this Consent Decree by electronic fund transfer in accordance with the

instructions provided by: The Office of Consumer Litigation, Civil Division,
U.S. Department of Justice, Washington, D.C. 20530.

- c. In the event of any default in payment, which default continues for ten (10) days beyond the due date of payment, the entire unpaid penalty, together with interest as computed pursuant to 28 U.S.C. § 1961 from the date of default to the date of payment, shall immediately become due and payable.

PROHIBITION AGAINST VIOLATING FTC ORDER

10. **IT IS FURTHER ORDERED** that the Defendant, The Stanley Works, and its subsidiaries, successors and assigns, and their officers, agents, representatives, and employees, and all persons in active concert or participation with any one or more of them who receive actual notice of this Consent Decree by personal service or otherwise, are hereby permanently enjoined from violating, directly or through any corporation, subsidiary, division, or other device, any provision of the FTC Order; *provided, however*, that in the event that the FTC Order is hereafter modified, Defendant's compliance with such Order as so modified will not be deemed a violation of this injunction.

DISTRIBUTION OF CONSENT DECREE BY DEFENDANT

11. **IT IS FURTHER ORDERED** that for a period of ten (10) years from the date of entry of this Consent Decree, Defendant, The Stanley Works, its subsidiaries, successors and assigns, must:

- a. Provide a copy of the Consent Decree and FTC Order to, and obtain a signed and dated acknowledgment of receipt from: each officer and director, and each of its employees, agents, and representatives having responsibility with respect to

marking, labeling, packaging, advertising, or promoting any product covered by this Consent Decree. Defendant must deliver a copy of the Consent Decree and FTC Order to current officers and directors, and their current employees, agents, and representatives having responsibility with respect to marking, labeling, packaging, advertising, or promoting any product covered by this Consent Decree, within thirty (30) days after the date of entry of the Consent Decree, and to future officers and directors, and to future employees, agents, and representatives having responsibility with respect to marking, labeling, packaging, advertising, or promoting any product covered by this Consent Decree within thirty (30) days after the person assumes such position or responsibilities; and

- b. Maintain, for a period of three (3) years after creation, and upon request, make available to representatives of the Commission, the original signed and dated acknowledgments required in Subparagraph a of this Paragraph.

RECORD-KEEPING PROVISIONS

12. **IT IS FURTHER ORDERED** that for a period of ten (10) years from the date of entry of this Consent Decree, Defendant, The Stanley Works, and its subsidiaries, successors and assigns, must maintain and, upon request, make available to the Commission, copies of all business records demonstrating compliance with the terms and provisions of this Consent Decree, including but not limited to:

- a. Accounting records that reflect the cost of products sold, revenues generated, and the disbursement of such revenues;

- b. Personnel records accurately reflecting the name, address, and telephone number of each person employed or retained in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;
- c. A sample of each product and advertising, packaging, labeling and promotional materials containing any representation covered by this Consent Decree, including a videotape of any television advertisement and an audiotape of any radio advertisement;
- d. All materials that were relied upon in disseminating such representation; and
- e. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call into question such representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations.

COMPLIANCE REPORTING BY DEFENDANT

13. IT IS FURTHER ORDERED that

- a. Within twenty (20) days after receipt of a written request by a representative of the Commission, Defendant, The Stanley Works, and its successors and assigns, must submit written reports (under oath, if requested) and produce documents with respect to any conduct subject to this Consent Decree; and
- b. Defendant, The Stanley Works, must, in accordance with 31 U.S.C. § 7701,

furnish to the Commission its taxpayer identifying number (employer identification number), which will be used for purposes of collecting and reporting on any delinquent amount arising out of Defendant's relationship with the government.

WRITTEN NOTIFICATIONS BY DEFENDANT

14. IT IS FURTHER ORDERED that for the purposes of this Consent Decree, Defendant, The Stanley Works, must, unless otherwise directed by the Commission or its representatives, mail all written notifications to the Commission or the Commission's Associate Director for Enforcement to:

Associate Director for Enforcement
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington D.C. 20580
Re: The Stanley Works

CONTINUING JURISDICTION

15. IT IS FURTHER ORDERED that this Court will retain jurisdiction of this matter for the purpose of enabling any of the parties to this Consent Decree to apply to the Court at any time for such further orders or directives as may be necessary or appropriate for the interpretation or modification of this Consent Decree, for the enforcement of compliance therewith, for the redress of any violations thereof, or for the punishment of any violations thereof

ACKNOWLEDGMENT OF RECEIPT OF CONSENT DECREE

16. IT IS FURTHER ORDERED that Defendant, The Stanley Works, within five (5) business days of receipt of this Consent Decree as entered by the Court, shall submit to the FTC

a truthful sworn statement acknowledging receipt of this Consent Decree.

17. JUDGMENT IS THEREFORE ENTERED in favor of plaintiff and against Defendant, pursuant to all the terms and conditions recited above.

Dated this 13th day of June, 2006

United States District Judge

The parties, by their respective counsel, hereby consent to the terms and conditions of the Consent Decree as set forth above and consent to the entry thereof. Defendant waives any rights that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412, amended by Pub. L. 104-121, 110 Stat. 847, 863-63 (1996).

FOR THE UNITED STATES OF AMERICA:

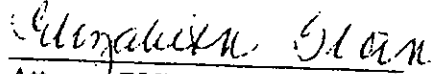
PETER D. KEISLER
Assistant Attorney General
Civil Division
United States Department of Justice

KEVIN J. O'CONNOR
United States Attorney
District of Connecticut

By:

John B. Hughes
John B. Hughes
Assistant United States Attorney
Connecticut Financial Center
157 Church Street, 23rd Floor
New Haven, CT 06510
(203) 821-3700

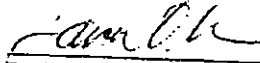
EUGENE M. THIROLF
Director
Office of Consumer Litigation


Attorney ELIZABETH STEIN
Office of Consumer Litigation
Civil Division
U.S. Department of Justice
Washington, D.C. 20530
(202) 307-0066

FOR THE FEDERAL TRADE COMMISSION:

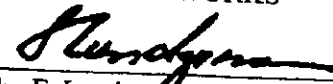
JAMES A. KOHM
Associate Director for Enforcement

ROBERT M. FRISBY
Assistant Director for Enforcement


LAURA D. KOSS
WALTER C. GROSS
Attorneys
Division of Enforcement
Bureau of Consumer Protection
600 Pennsylvania Avenue, N.W.
Federal Trade Commission
Washington, D.C. 20580
(202) 326-2890

FOR THE DEFENDANT:

THE STANLEY WORKS

By: 
John F. Lundgren
Chairman & Chief Executive Officer

Attorneys for Defendant The Stanley Works
AXINN, VELTROP, & HARKRIDER, LLP

By: _____

John D. Harkrider, Esq.

Federal Bar No.

john@avhlaw.com

Axin, Veltrop, & Harkrider
1370 Avenue of the Americas
New York, NY 10019
(212) 728-2210

**NOTICE OF RESOLUTION OF
THE BOARD OF DIRECTORS OF
THE STANLEY WORKS**

I, Bruce H. Beatt, Corporate Secretary of The Stanley Works, a Connecticut corporation ("Stanley") hereby certify that on February 22, 2006 a resolution was duly adopted by unanimous consent of the Board of Directors of Stanley.

The resolution provides that Stanley is authorized to execute and deliver a Consent Decree to be filed in the United States District Court for the District of Connecticut. This Decree provides in substance that Stanley shall pay a civil penalty in the amount of \$205,000 and be enjoined from violating the FTC's 1999 Order to cease and desist.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on this first day of March, 2006.

By: _____

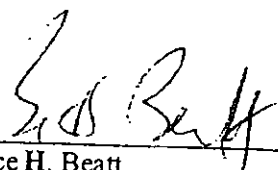

Bruce H. Beatt
Corporate Secretary

EXHIBIT W

STATE ADDENDA

California

**ADDENDUM TO MAC TOOLS DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

1. California Corporations Code, Section 31125, requires Mac Tools to give you a disclosure document, approved by the Department of Corporations, before solicitation of a proposed material modification of an existing franchise.
2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
3. Item 3 of the disclosure document is hereby modified by adding the following paragraph to the end thereof:

“Neither Mac Tools nor any person listed in Item 2 of this Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.”

4. Item 17 of the disclosure document is hereby modified by adding the following paragraphs to the end thereof:

“California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101, et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires you to participate in non-binding mediation and binding arbitration with New York, New York as the forum. This provision may not be enforceable under California law. The Franchise Agreement requires that the courts of the State of Ohio or the United States District Court for the Southern District of Ohio will have sole jurisdiction over enforcement of arbitration and/or enforcement of the Franchise Agreement. This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Ohio. This provision may not be enforceable under California law.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchisee to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)."

5. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www.corp.ca.gov.

**ADDENDUM TO MAC TOOLS FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

This Addendum to Mac Tools Franchise Agreement (this "Addendum") is attached to and made a part of the Mac Tools Franchise Agreement (the "Franchise Agreement"), by and between Mac Tools Division of Stanley Black & Decker, Inc. ("Franchisor") and _____, a(n) _____, the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, 20____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to these terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.

4. Section 19.1 of the Franchise Agreement is hereby modified by adding the following paragraph at the end thereof:

**"THIS AGREEMENT REQUIRES APPLICATION OF THE LAW
OF THE STATE OF OHIO. THIS PROVISION MAY NOT BE
ENFORCEABLE UNDER CALIFORNIA LAW."**

5. Subsection 19.2(d) of the Franchise Agreement is hereby modified by adding the following paragraph at the end thereof:

**"THIS AGREEMENT REQUIRES OHIO AS THE FORUM FOR
PERMITTED LITIGATION. THIS PROVISION MAY NOT BE
ENFORCEABLE UNDER CALIFORNIA LAW."**

6. The Franchise Agreement is hereby modified by adding the following new Article 23 to the Franchise Agreement:

"23. California Disclosures and Modifications.

(a) California Corporations Code, Section 31125, requires Mac Tools to give you a disclosure document, approved by the Department of Corporations, before a solicitation of a proposed material modification of an existing franchise.

(b) Relative to the provision for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law.

(c) California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If this Agreement contains a provision that is inconsistent with the law, the law will control.

(d) This Agreement requires you to sign a general release of claims upon renewal or transfer of the Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

(e) This Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(f) Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the effective date of the Franchise Agreement.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20__, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

Hawaii

**ADDENDUM TO MAC TOOLS DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII**

1. Item 2 of the disclosure document is hereby modified by the addition of the following:

“No person identified in this Item 2 has within 10 years:

(a) been found guilty of a felony or held liable in a civil action by final judgment if the civil action involved a fraud, embezzlement, fraudulent conversion, or misappropriation of property; or

(b) been subject to any currently effective order of the Securities and Exchange Commission or the securities administrator of any state denying registration to or revoking or suspending the registration of such person as a securities broker or dealer or investment advisor or to any currently effective order of any national securities association or national securities exchanges (as defined in the Securities and Exchange Act of 1934) suspending or expelling such person from membership of such association or exchange; or

(c) been subject to any currently effective order or ruling of the Federal Trade Commission or to any currently effective order relating to business activity as a result of an action brought by any public agency or department.”

2. Item 5 of the disclosure document is hereby modified by adding the following language to the end thereof

“The proceeds from the initial franchise fee are not segregated but are placed in Stanley Black & Decker, Inc.’s general fund for general corporate use, including, in part, the provision of the services promised by Mac Tools to each franchise owner under the Franchise Agreement and, in part, to provide Stanley Black & Decker, Inc. a profit on its investment in the development of its image, system, and goodwill. The portion of the fees which are attributable to costs of the services provided by Mac Tools vary with each franchise owner. No generalizations concerning the cost of services provided franchise owners is possible, and Mac Tools has not determined the exact cost of providing these services.”

3. The disclosure document is hereby modified by the addition of the following:

“Mac Tools has filed initial franchise registrations in the States of California, Hawaii, Indiana, Maryland, Michigan, Minnesota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin. There are no states which have refused, by order or otherwise, to register this franchise, which have revoked or suspended the right to offer this franchise, or in which the filing of this franchise has been withdrawn.”

4. The disclosure document is hereby modified by the addition of the following:

“There are no Mac Tools franchisees presently operating in Hawaii. There are traditional Mac Tools distributors operating Mac Tools Businesses in Hawaii.”

5. Item 11 of the disclosure document is hereby modified by adding the following language to the end thereof:

“Franchise owners are not entitled to any refund of fees paid if the obligations to be performed by Mac Tools prior to the opening of the franchised business are not complete within the prescribed time.”

6. Item 17 of the disclosure document is hereby modified by adding the following language to the end thereof:

“These states have statutes which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, tit.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [Rev. Stat. Chapter 121 1/2 par 1719-1720], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with Mac Tools including the areas of termination and renewal of your franchise.”

Indiana

**ADDENDUM TO MAC TOOLS DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA**

1. The State Cover Page of this disclosure document is hereby modified to comply with Indiana law by adding the following disclosure after the stated "Risk Factors":

"INDIANA LAW IS CONTROLLING FOR INDIANA FRANCHISEES."

2. Item 17 of the disclosure document is hereby modified as follows:

(a) by substituting the following in place of the specified items of the chart regarding the Franchise Agreement:

Provision	Section In Franchise Agreement	Summary
r. Noncompetition covenants after the franchise is terminated or expires	Section 11.3	Except for limited circumstances, for one year following termination of the Franchise Agreement for any reason, you may not, directly or indirectly, whether individually or as an officer, director, member, partner, principal, agent, or employee, at any location within any assigned Route, the individual(s) signing the Franchise Agreement may not (i) engage in any business involving the sale of products manufactured or sold by Snap-On Incorporated, Mateo Tools subsidiary of Danaher Corporation, or The Cornwell Quality Tools Company, or any parent, successor, subsidiary or affiliate of any of them, or (ii) carry on or be engaged in or concerned with or interested in, financially or otherwise, or advise in the establishment or operation of, any business which consists substantially of the supply of products to users in the automotive after-market, service stations, independent garages, car and truck dealerships and to non-automotive accounts such as cycle shops, lawn mower shops, marinas, machine shops, factories, airports, farm implement dealers or repairers, commercial agricultural use and

		other commercial users of tools and shop equipment.
v. Choice of forum	Section 19.2	Courts of the State of Indiana or the U.S. District Court having jurisdiction in the State of Indiana will have sole jurisdiction over enforcement of arbitration and/or enforcement of the Franchise Agreement. You consent to mediation and arbitration in New York, New York.
w. Choice of law	Section 19.1	Indiana law applies.

and by adding the following paragraph to the end thereof:

“With respect to items c. and m. of the chart set forth above, you are not required to release any claims against Mac Tools arising under Indiana franchise law.”

**ADDENDUM TO MAC TOOLS FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA**

This Addendum to Mac Tools Franchise Agreement (this "Addendum") is attached to and made a part of the Mac Tools Franchise Agreement (the "Franchise Agreement"), by and between Mac Tools Division of Stanley Black & Decker, Inc. ("Franchisor") and _____, a(n) _____, the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, 20____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.

4. Subsections 2.2(d) and 9.2(b)(3) of the Franchise Agreement are hereby modified by adding the following language to the end thereof:

" , provided, however, that you shall not be required to release any claim against Mac Tools arising under Indiana franchise law."

5. Section 19.2 and the second paragraph of Section 3.20 of the Franchise Agreement are hereby modified by adding the following to the end thereof

"Mac Tools' right to injunctive relief shall be subject to Indiana Code Section 23-2-2.7-1(10). In addition, nothing in this Agreement shall be construed as a waiver by you of any applicable bond requirement with regard to Mac Tools' entitlement to injunctive relief"

6. Franchisor's right to enforce Section 11.3 of the Franchise Agreement shall be subject to Indiana Code Section 23-2-2.7-1(9).

7. Section 19.1 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

Governing Law. This Agreement takes effect upon its acceptance and execution by Mac Tools in Ohio and shall be interpreted and construed under the laws of the State of Indiana. Indiana laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Indiana choice of law rules) except: (a) to the extent governed by the U. S. Trademark Act of 1946, 15 U.S.C. Sec. 1051, et seq. (the so-called "Lanham Act"); (b) with regard to such Sections where, and to the extent that, Mac Tools has specifically

provided otherwise; and (c) with respect to all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article which shall be governed by the U. S. Arbitration Act, 9 U.S.C. Sec. 1, et seq., and the federal common law of arbitration as interpreted by the United States District Court having jurisdiction in the State of Indiana.”

therefor: 8. Subsection 19.2(d) is hereby deleted in its entirety and following substituted

“Arbitration. If the matter has not been resolved pursuant to mediation within 60 business days of the initiation of such procedure, or if either party will not participate in a mediation, the controversy shall be settled by arbitration by a sole arbitrator in accordance with the then-effective JAMS Comprehensive Arbitration Rules and Procedures. Any arbitrator shall be mutually selected by you and Mac Tools or, if you and Mac Tools cannot agree, by JAMS, The Resolution Experts in accordance with the then-effective JAMS Comprehensive Arbitration Rules and Procedures. The arbitrator is not empowered to and shall not, award punitive, exemplary, indirect, special, consequential or incidental damages or any other damages in excess of actual direct damages or in excess of any limit on direct damages set forth in this Agreement, whichever is lower. Unless the parties agree otherwise in writing, the place of arbitration shall be at the JAMS Resolution Center in New York, New York. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. §§ 1-16. Courts of the State of Indiana or the United States District Court having jurisdiction in the State of Indiana will have sole jurisdiction over enforcement of arbitration and/or enforcement of the Agreement. Judgment upon the award rendered by the arbitrator may be entered by any state or federal court in Indiana having jurisdiction thereof. If either party is required to compel arbitration, that party shall be reimbursed for the costs and expenses incurred in connection therewith.”

9. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the effective date of the Franchise Agreement.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20__, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

Iowa

23. Acceptance.

This Agreement will not take effect, and will not be binding on you or Mac Tools, unless and until signed by you and accepted and signed by Mac Tools in Ohio.

You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.

**** IMPORTANT ****

DO NOT SIGN THIS AGREEMENT UNTIL YOU HAVE READ AND COMPLIED WITH THE PROVISIONS OF EXHIBIT C REGARDING ORAL REPRESENTATIONS OR STATEMENTS, IF ANY, BY MAC TOOLS OR BY OTHERS ON MAC TOOLS' BEHALF.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20__, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

- Attachments:
- Exhibit A - Designation of Route
 - Additional Route Assignment Form
 - Exhibit B - Documents Provided by Mac Tools to Franchisee
 - Exhibit C - Representations

NOTICE OF CANCELLATION (IOWA)

Copy 1

**Mac Tools Franchise Agreement,
signed _____**

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Mac Tools Division of Stanley Black & Decker, Inc., 505 North Cleveland Avenue, Westerville, Ohio 43082, Attention: On-Boarding Manager, not later than midnight of _____ (Date).

I hereby cancel this transaction.

Buyer's Signature: _____

Date: _____

NOTICE OF CANCELLATION (IOWA)

Copy 2

**Mac Tools Franchise Agreement,
signed _____**

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Mac Tools Division of Stanley Black & Decker, Inc., 505 North Cleveland Avenue, Westerville, Ohio 43082, Attention: On-Boarding Manager, not later than midnight of _____ (Date).

I hereby cancel this transaction.

Buyer's Signature: _____

Date: _____

23. Acceptance.

This Agreement will not take effect, and will not be binding on you or Mac Tools, unless and until signed by you and accepted and signed by Mac Tools in Ohio. Notwithstanding the provisions of the immediately preceding sentence and Section 19.1 of this Agreement to the contrary, the grant to you of any rights in and to the Route provided under, without limitation, Section 3.1(a), Article 4 and Exhibit A of this Agreement shall take effect on _____.

You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.

**** IMPORTANT ****

DO NOT SIGN THIS AGREEMENT UNTIL YOU HAVE READ AND COMPLIED WITH THE PROVISIONS OF EXHIBIT C REGARDING ORAL REPRESENTATIONS OR STATEMENTS, IF ANY, BY MAC TOOLS OR BY OTHERS ON MAC TOOLS' BEHALF.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print entity name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

[signature page continues on following page]

Agreed and accepted this ____ day of _____, 20__, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF

STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

Attachments:

Exhibit A- Designation of Route

- Additional Route Assignment Form

- Exhibit B- Documents Provided by Mac Tools to Franchisee

- Exhibit C- Representations

NOTICE OF CANCELLATION (IOWA)

Copy 1

**Mac Tools Franchise Agreement,
signed _____**

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Mac Tools Division of Stanley Black & Decker, Inc., 505 North Cleveland Avenue, Westerville, Ohio 43082, Attention: On-Boarding Manager, not later than midnight of _____ (Date).

I hereby cancel this transaction.

Buyer's Signature: _____

Date: _____

NOTICE OF CANCELLATION (IOWA)

Copy 2

**Mac Tools Franchise Agreement,
signed _____**

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Mac Tools Division of Stanley Black & Decker, Inc., 505 North Cleveland Avenue, Westerville, Ohio 43082, Attention: On-Boarding Manager, not later than midnight of _____(Date).

I hereby cancel this transaction.

Buyer's Signature: _____

Date: _____

Maryland

**ADDENDUM TO MAC TOOLS DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

1. Item 17 of the disclosure document is modified by adding the following paragraphs to the end thereof

“The termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

A franchisee may bring a lawsuit in the State of Maryland for claims arising under the State of Maryland’s Franchise Registration and Disclosure Law.

The general release referenced in item c., regarding renewal, and item m., regarding transfer, in the charts set out above will not apply to any claims under the Maryland Franchise Registration and Disclosure Law.

Under the Franchise Agreement, you must bring any claim against Mac Tools arising out of or relating to the Franchise Agreement, your relationship with Mac Tools or your operation of the Mac Tools Business, within one year from the occurrence of the facts giving rise to the claim or dispute. This provision does not apply to claims arising under Maryland Franchise Registration and Disclosure Law.”

**ADDENDUM TO MAC TOOLS FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

This Addendum to Mac Tools Franchise Agreement (this "Addendum") is attached to and made a part of the Mac Tools Franchise Agreement (the "Franchise Agreement"), by and between Mac Tools Division of Stanley Black & Decker, Inc. ("Franchisor") and _____, a(n) _____, the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, 20____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.

4. Subsection 2.2(d) ("Renewal") and Subsection 9.2(b)(3) ("Transfer by Franchisee") of the Franchise Agreement are hereby modified by adding the following to the end thereof

"The above-referenced general release shall not apply to any claims under the Maryland Franchise Registration and Disclosure Law."

5. Section 10.1 ("Immediate Termination by Mac Tools") is hereby modified by adding the following to the end thereof

"Relative to the provision for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law."

6. Subsection 19.2(d) ("Arbitration") of the Franchise Agreement is hereby modified by adding the following to the end thereof

"Nothing in this Agreement shall limit your rights to have a court of competent jurisdiction in the State of Maryland have jurisdiction over claims brought under Maryland Franchise Registration and Disclosure Law."

7. Subsection 19.2(f) ("Claims Must Be Brought in One Year") of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

"**(f) Claims Must Be Brought in One Year.** Except with respect to claims arising under Maryland Franchise Registration and Disclosure Law or the enforcement of Mac Tools' rights and remedies under (i) any promissory note executed by you in Mac Tools' favor and/or under any security agreement between Mac Tools, or (ii) any promissory note executed by you in favor of a third party and/or under any security

agreement between you and a third party, as to which the limitation provided by this Section 19.2(f) shall not apply, any and all claims, controversies and other disputes arising out of or relating to this Agreement, the relationship between you and Mac Tools or your operation of the Mac Tools Business, brought by any party hereto against the other, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or dispute, or such claim or dispute shall be barred."

8. Article 22 ("Acknowledgments and Representations; Agreement Regarding Same") of the Franchise Agreement is hereby modified by adding the following to the end thereof

"The representations listed above in this Article 22 are not intended to, nor shall they, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

9. This Addendum, together with the Franchise Agreement to which it is attached, contains the entire agreement between Franchisee and Franchisor. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both Franchisee and Franchisor.

[signature page follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the effective date of the Franchise Agreement.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20__, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

Minnesota

**ADDENDUM TO MAC TOOLS DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

1. Item 13 of the disclosure document is hereby modified by adding the following paragraph to the end thereof

“With respect to the franchises governed by Minnesota law, Mac Tools will comply with Minnesota Statute 80C.12, subdivision 1(g), which requires that we will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising from any claim, suit or demand regarding the use of the name.”.

2. Item 17 of the disclosure document is hereby modified by adding the following paragraphs to the end thereof

“With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statute 80C.14, subdivisions 3, 4 and 5, which require, except in certain specific cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to the franchisees governed by Minnesota law, we may seek injunctive relief, but may not require you to waive any rights provided under Minn. Rule 2860.4400J. Furthermore, the determination as to whether or not a bond will be required of us in seeking injunctive relief will be left to the determination of the court hearing the petition for relief

The general release referenced in items c. and m. in the chart set forth above shall not apply to any claims under Minnesota Statutes, Sections 80C.01 to 80C.22.”.

**ADDENDUM TO MAC TOOLS FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

This Addendum to Mac Tools Franchise Agreement (this "Addendum") is attached to and made a part of the Mac Tools Franchise Agreement (the "Franchise Agreement"), by and between Mac Tools Division of Stanley Black & Decker, Inc. ("Franchisor") and _____, a(n) _____, the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, 20____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.

4. Subsection 2.2(d) and Subsection 9.2(b)(3) of the Franchise Agreement are hereby modified by adding the following to the end thereof

"The above-referenced general release shall not apply to any claims under Minnesota Statutes, Sections 80C.01 to 80C.22."

5. Section 7.6 of the Franchise Agreement is hereby modified by adding the following to the end thereof

"Notwithstanding any other provision of this Agreement to the contrary, Mac Tools will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name."

6. Article 10 of the Franchise Agreement is hereby modified by adding the following new Section 10.6 to the end thereof

"Minnesota law provides franchisees with certain termination and nonrenewal rights. Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of nonrenewal of the Franchise Agreement."

7. Section 19.2 and the second paragraph of Section 3.20 of the Franchise Agreement are hereby modified by adding the following to the end thereof

"With respect to franchises governed by Minnesota law, Mac Tools may seek injunctive relief, but Mac Tools may not require you to waive any

rights provided under Minn. Rule 2860.4400J. Furthermore, the determination as to whether or not a bond will be required of Mac Tools in seeking injunctive relief will be left to the determination of the court hearing the petition for relief”.

8. Section 19.1 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

“This Section 19.1 shall not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes 1992, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota.”

9. Section 19.2 and Section 19.3 of the Franchise Agreement are hereby modified by adding the following to the end thereof

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit Mac Tools from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) provided to you can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”.

10. This Addendum, together with the Franchise Agreement to which it is attached, contains the entire agreement between Franchisee and Franchisor. No amendment may be made nor shall any amendment be valid except in a written agreement signed by both Franchisee and Franchisor.

[signature page follows]

IN WITNESS WHEREOF, the parties to this Addendum have fully executed and delivered this Addendum to be effective as of the effective date of the Franchise Agreement.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20__, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

North Dakota

**ADDENDUM TO MAC TOOLS DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA**

1. Item 17 of the disclosure document is hereby modified by substitution of the following for items "v." and "w." of the first chart (Franchise Agreement) therein:

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	Section 19.2	Courts of the State of North Dakota or the U.S. District Court having jurisdiction in the State of North Dakota will have sole jurisdiction over enforcement of arbitration and/or enforcement of the Franchise Agreement. You consent to mediation and arbitration in New York, New York.
w. Choice of law	Section 19.1	North Dakota law applies.

2. Item "q." of the first chart (Franchise Agreement) of Item 17 of the disclosure document is hereby modified by adding the following to the end of the "Summary" column for item "q.":

"The above listed non-competition covenants during the term of the franchise are subject to the provisions of North Dakota Century Code Section 9-08-06."

3. Item "r." of the first chart (Franchise Agreement) of Item 17 of the disclosure document is hereby modified by adding the following to the end of the "Summary" column for item "r.":

"The above listed non-competition covenants after the franchise is terminated or expires are subject to the provisions of North Dakota Century Code Section 9-08-06."

**ADDENDUM TO MAC TOOLS FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

This Addendum to Mac Tools Franchise Agreement (this "Addendum") is attached to and made a part of the Mac Tools Franchise Agreement (the "Franchise Agreement"), by and between Mac Tools Division of Stanley Black & Decker, Inc. ("Franchisor") and _____, a(n) _____, the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, 20____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.

4. Subsection 2.2(d) of the Franchise Agreement is hereby deleted in its entirety and nothing substituted therefor.

5. Subsection 3.9(b) of the Franchise Agreement is hereby modified by adding the following to the end thereof

"The duty contained herein is subject to the provisions of North Dakota Century Code Section 9-08-06."

6. Section 11.3 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"The covenant contained herein is subject to the provisions of North Dakota Century Code Section 9-08-06."

7. The second paragraph of Section 13.20 is hereby modified by adding the following to the end thereof

", provided Mac Tools is the prevailing party in any such enforcement proceeding or injunction proceeding."

8. Section 19.1 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

"Governing Law. This Agreement takes effect upon its acceptance and execution by Mac Tools in Ohio and shall be interpreted and construed under the laws of the State of North Dakota. North Dakota laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of North Dakota choice of law rules) **except:** (a) to the extent governed by the U. S. Trademark Act of 1946,

15 U.S.C. Sec. 1051, et seq. (the so-called "Lanham Act"); (b) with regard to such Sections where, and to the extent that, Mac Tools has specifically provided otherwise; and (c) with respect to all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article which shall be governed by the U.S. Arbitration Act, 9 U.S.C. Sec. 1, et seq., and the federal common law of arbitration as interpreted by the United States District Court having jurisdiction in the State of North Dakota."

9. Subsection 19.2(d) of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

"Arbitration. If the matter has not been resolved pursuant to mediation within 60 business days of the initiation of such procedure, or if either party will not participate in a mediation, the controversy shall be settled by arbitration by a sole arbitrator in accordance with the then-effective JAMS Comprehensive Arbitration Rules and Procedures. Any arbitrator shall be mutually selected by you and Mac Tools or, if you and Mac Tools cannot agree, by JAMS, The Resolution Experts in accordance with the then-effective JAMS Comprehensive Arbitration Rules and Procedures. The arbitrator is not empowered to and shall not, award punitive, exemplary, indirect, special, consequential or incidental damages or any other damages in excess of actual direct damages or in excess of any limit on direct damages set forth in this Agreement, whichever is lower. Unless the parties agree otherwise in writing, the place of arbitration shall be at the JAMS Resolution Center in New York, New York or at such location as determined by Mac Tools, provided however, that the location is not too remote from the site of your Mac Tools Business. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. §§ 1-16. Courts of the State of North Dakota or the United States District Court having jurisdiction in the State of North Dakota will have sole jurisdiction over enforcement of arbitration and/or enforcement of the Agreement. Judgment upon the award rendered by the arbitrator may be entered by any state or federal court in North Dakota having jurisdiction thereof. If either party is required to compel arbitration, that party shall be reimbursed for the costs and expenses incurred in connection therewith."

10. Subsection 19.2(f) of the Franchise Agreement is hereby modified by adding the following to the end thereof

"Notwithstanding the forgoing in this subsection 19.2(f), any and all claims, controversies or other disputes arising out of or relating to this Agreement, the relationship between you and Mac Tools or your operation of the Mac Tools Business, brought by any party hereto against the other, shall be commenced within the applicable time period set forth under North Dakota law."

11. Section 19.3 of the Franchise Agreement is hereby deleted in its entirety and nothing substituted therefor.

12. Section 20.2 and Section 20.3 of the Franchise Agreement are hereby modified by adding the following to the end thereof:

“Notwithstanding anything in this Agreement to the contrary, you are not required to consent to a waiver of your right to recover and collect exemplary or punitive damages.”

13. Article 22 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

“YOU HEREBY ACKNOWLEDGE YOUR UNDERSTANDING THAT MAC TOOLS, IN ENTERING INTO THIS AGREEMENT WITH YOU, HAS REASONABLY RELIED, AND WAS ENTITLED TO RELY, ON THE TRUTH, ACCURACY AND COMPLETENESS OF YOUR ACKNOWLEDGEMENTS AND REPRESENTATIONS THAT ARE SET FORTH ABOVE IN THIS SECTION 22. YOU HEREBY AGREE THAT IF IN ANY ARBITRATION OR LITIGATION PROCEEDING YOU EVER ASSERT THAT ANY OF YOUR ACKNOWLEDGEMENTS AND REPRESENTATIONS SET FORTH ABOVE WERE NOT, IN FACT, TRUE OR ACCURATE OR COMPLETE AND YOU USE SUCH ASSERTION(S) TO SUPPORT ANY CLAIM(S) AGAINST MAC TOOLS IN SUCH PROCEEDING, AND MAC TOOLS IS THE PREVAILING PARTY IN SUCH PROCEEDING, YOU WILL PROMPTLY REIMBURSE MAC TOOLS FOR THE FULL AMOUNT OF ITS ATTORNEYS FEES AND DISBURSEMENTS RELATED TO ITS DEFENSE OF YOUR CLAIM(S), AND THIS REIMBURSEMENT OBLIGATION SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.”

14. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Addendum to be effective as of the effective date of the Franchise Agreement.

FRANCHISEE:

Date: _____

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20__, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

Rhode Island

**ADDENDUM TO MAC TOOLS DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND**

The first chart of Item 17 (Franchise Agreement) of the disclosure document is hereby modified by adding the following to the end of the "Summary" column for items "v." and "w.":

"Provided, however, that Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a provision in a franchise agreement restricting jurisdiction or venue to a forum outside of the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."

**ADDENDUM TO MAC TOOLS FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND**

This Addendum to Mac Tools Franchise Agreement (this "Addendum") is attached to and made a part of the Mac Tools Franchise Agreement (the "Franchise Agreement"), by and between Mac Tools Division of Stanley Black & Decker, Inc. ("Franchisor") and _____, a(n) _____, the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, 20____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.

4. Sections 19.1 and 19.2 of the Franchise Agreement are hereby modified by adding the following to the end of each section thereof

"Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a provision in a franchise agreement restricting jurisdiction or venue to a forum outside of the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."

5. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the effective date of the Franchise Agreement.

Date: _____

FRANCHISEE:

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this _____ day of _____, 20__, in Westerville, Ohio.

Date: _____

2

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

Virginia

**ADDENDUM TO MAC TOOLS DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

1. Item 17 "h." of each of the charts in Item 17 of this disclosure document is hereby modified to comply with Virginia law by adding the following disclosure at the end of the "Summary" column to item "h.":

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable."

Washington

**ADDENDUM TO MAC TOOLS DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON**

1. Item 17 of the disclosure document is hereby modified by adding the following language to the end thereof

“The State of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.”

**ADDENDUM TO MAC TOOLS FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON**

This Addendum to Mac Tools Franchise Agreement (this "Addendum") is attached to and made a part of the Mac Tools Franchise Agreement (the "Franchise Agreement"), by and between Mac Tools Division of Stanley Black & Decker, Inc. ("Franchisor") and _____, a(n) _____, the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, 20____, for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.

4. Section 19.1 of the Franchise Agreement is hereby modified by adding the following paragraphs to the end thereof:

"The State of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer."

5. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties. By signing below, the undersigned does hereby acknowledge receipt of this Addendum.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum to be effective as of the effective date of the Franchise Agreement.

Date: _____

FRANCHISEE:

[if individual]

(Print name(s))

(sign here)

[if entity]

(Print name)

By: _____

Name Printed: _____

Title: _____

Address of Franchisee:

Agreed and accepted this ____ day of _____, 20__, in Westerville, Ohio.

Date: _____

MAC TOOLS DIVISION OF
STANLEY BLACK & DECKER, INC.

By: _____

Name Printed: _____

Title: _____

Address: 505 North Cleveland Avenue
Westerville, OH 43082

EXHIBIT X

LIST OF MAC TOOLS DISTRIBUTORS (As of August 11, 2011)

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
AK	Kevin M. McBride	7420 Augustine Dr., ANCHORAGE 99504	(907) 444-4164
AK	Scott E. Marney	1205 Indian Paintbrush Ct, NORTH POLE 99705	(907) 488-2722
AK	Lee R. Sumpter	PO BOX 56542, North Pole 99705	(907) 347-8665
AL	Craig A. Giattina	7400 Grace Avenue, Trussville 35173	(205) 965-3058
AL	Johnston, Steve W.(see #45079)	1500 13th Place South, BIRMINGHAM 35205	(205) 939-4055
AL	Johnston, Steve W.(see#117073)	1500 13TH PLACE SOUTH, BIRMINGHAM 35205	(205) 337-8343
AL	Johnston, Steve W.(see #45079)	1500 13th Place South, Birmingham 35205	(205) 337-8343
AL	Willard W. Cornelius	21590 Hwy 5, Lynn 35575	(205) 893-5370
AL	Dawalt LLC	David W. Stump, Member, 324 W. Lakeside Drive Florence 35630	(256) 335-2896
AL	BARCLIFT, JAMES (RILEY)	PO Box 68, Somerville 35670	(256) 508-8908
AL	Jerry W. Ledford	539 Kay Road, Laceys Spring 35754	(256) 603-5351
AL	GLEN J. BLACK	60 Sherbrook Dr, Laceys Spring 35754	(256) 883-9475
AL	Mayo, Rex E.(see#46101)	501 Burke Avenue, Attalla 35954	(256) 630-1886
AL	Mayo, Rex E.(see#68725)	501 Burke Avenue, Attalla 35954	(256) 504-1134
AL	JCH Tool & Equipment, Inc.	Christopher R. Langley - Pres., 7132 Breckenridge Drive Montgomery 36117	(334) 450-4692
AL	Robert K. Corr	3578 CR 94, Repton 36475	(480) 266-0490
AL	TAYLOR, WILLIAM	22880 NORTH COUNTY ROAD 62, ROBERTSDALE 36567	(251) 947-4622
AL	Jeremy S. Dannewitz	805 28th Street, PHENIX CITY 36867	(706) 761-4002
AR	Alvin C. Palmer	602 Akel Rd., Cabot 72023	(501) 988-2327
AR	Crane, Harold (see #20173)	23520 Chicot Rd, Mabelvale 72103	(501) 351-7519
AR	Crane, Harold (see #20173)	23520 Chicot Rd, Mabelvale 72103	(501) 351-7519
AR	Crane, Harold (see #65732)	23520 Chicot Rd., Mabelvale 72103	(501) 351-7519
AR	Luckyman Toolz, LLC	13864 Savoy Rd, FAYETTEVILLE 72704	(479) 466-1794
AR	Everett E. Shafer	1709 Daisy Circle, LOWELL 72745	(479) 633-8508
AR	Charles D. Phce	21751 Davidson Rd, SILOAM SPRINGS 72761	(479) 238-5514
AZ	Joseph Frank Veitenhans	6234 North 30th Drive, Phoenix 85017	(602) 995-3959
AZ	Jeff Emerson	4325 E. Devonshire, Phoenix 85018	(602) 708-8665
AZ	HARRISON, WILLIAM A	406 W. Cheyenne Dr., Chandler 85225	(480) 313-0676
AZ	Julian W. Dunbar	370 WEST WISTERIA PLACE, CHANDLER 85248	(480) 347-6044
AZ	Michael S. Wilde	1221 W Honeysuckle, CHANDLER 85248	(602) 741-8674
AZ	Michael H. Goldberg	Michael H. Goldberg, 2851 E. Carta Vista Ct GILBERT 85295	(610) 955-5724
AZ	MDB Sales, Inc.	7734 West Michigan, Glendale 85308	(602) 769-6902
AZ	John M. Ozenich	24231 N 38TH LANE, GLENDALE 85310	(480) 861-7333
AZ	GREGORY M. BURCAR	4419 EAST SPUR DRIVE, CAVE CREEK 85331	(602) 402-1519
AZ	Neils, Kurt W.	1079 Brahma Lane, Yuma 85364	(928) 580-5738
AZ	Kenneth E. Malinak	9119 West Mariposa Grande, Peoria 85383	(602) 531-4993
AZ	GNG Bush Inc.	Lawrence R. Stuber, President, 5621 East Beverly Street Tucson 85711	(520) 241-0717
AZ	Terry L. Lane	T.L.Lane-Auth,Mac Tools Dist., 5633 East Beverly Tucson 85711	(520) 571-1006
AZ	GARY R. WILLIAMS	7876 E ROONER DR, Tucson 85730	(520) 419-2908
AZ	John A. Curtis	3301 W Green Ridge Dr, TUCSON 85741	(520) 870-2868
AZ	Dennis Rhodon Willis	1375 Natures Way, PRESCOTT 86305	(928) 273-4994
AZ	Michael D. Mersing	2379 Angler Drive, LAKE HAVASU CITY 86404	(928) 855-4871
AZ	Russell D. Jungquist	2605 LeRoy Avenue, Kingman 86409	(928) 727-0955
CA	Bob Surell	P.O. Box 27914, DO NOT ACCEPT FAX ORDERS! Los Angeles 90027	(213) 804-2820
CA	Tod W. Sugasawara	11175 Woolford Street, Culver city 90230	(310) 391-4263
CA	Apolonio Hernandez	11542 Downey Avenue, Downey 90241	(714) 651-0934
CA	Anthony R. Smith	5343 W 142nd PLACE, HAWTHORNE 90250	(310) 567-5984
CA	Don Dunaski	13540 Jefferson Ave., Hawthorne 90250	(310) 644-8931
CA	ENRIQUE LOPEZ	131 GULL ST, MANHATTAN BEACH 90266	(310) 594-8979
CA	Kevin W. McRae	21015 Wood Ave Apt B, Torrance 90503	(310) 619-8841
CA	Chris Iwai	P.O. Box 923, Lomita 90717	(310) 514-1747
CA	Isidro Jimenez	8014 Howe St, Paramount 90723	(714) 457-1903
CA	Danell L. Smith	424 E. 228th, Carson 90745	(310) 292-0905
CA	ODIN L. ORTEGA	3712 E. 10th St, Long Beach 90804	(562) 706-1113
CA	Thomas R. Ranes	8030 Ring Street, Long Beach 90808	(562) 596-5570
CA	John H. Lee	5818 OCEAN VIEW BLVD., La Canada 91011	(818) 248-2720
CA	Mattox, Douglas R.	1625 ROSEWOOD DRIVE, MONROVIA 91016	(626) 665-6005
CA	Brian D. Mattox	223 E Pamela Rd, Monrovia 91016	(626) 391-1262
CA	JIHAD (JAY) EL HAJJ	154 N BERKELEY AVE, Pasadena 91107	(626) 394-1209
CA	Conejo Automobile Exchange, Inc	815 Alderdale Ct, Newbury Park 91320	(805) 377-0873
CA	Winston Tools, Inc.	Matthew J. Winston - President, 24579 Peachland Ave Newhall 91321	(661) 714-7331
CA	Robert A Nieman	8151 Louise Ave, Northridge 91325	(818) 708-2474
CA	Alfredo L. Santana	1507 Coronel St, San Fernando 91340	(818) 458-7452
CA	Wendell B. Holl	11042 Burnet Ave., Mission Hills 91345	(818) 361-9340
CA	Harvey A. Waldman	1911 Campbell Avenue, PKG UNDER FRT OF CAR SIDE DRIV Thousand Oaks 91360	(805) 279-0993
CA	Garry Lee Moore	2610 Avenida Delos Plantas, Thousand Oaks 91360	(805) 492-2146
CA	Kaser, William	4636 Buffalo, Shennan Oaks 91423	(818) 788-2530
CA	Anthony T. Dalusong	2228 N VALLEY ST, Burbank 91505	(818) 903-8686
CA	Ricardo J. Ortiz	3433 California Ave Apt A, EL MONTE 91731	(626) 975-7200
CA	Steven G. Adams	539 E Lemon Ave, GLENDORA 91741	(626) 367-3508
CA	Jimmie L. Schuyler	420 Conestoga Rd, San Dimas 91773	(909) 815-9907
CA	Scheele, John	807 Calle Arroyo, San Dimas 91773	(909) 592-0287
CA	MELENDEZ, GUSTAVO*ASK 4PASSWORD	1617 Country Vistas Lane, Bonita 91902	(619) 972-4147
CA	Bruce W. Eide	9808 Dunbar Lane, El Cajon 92021	(619) 933-3259
CA	Barry A. Johnson	3417 Valley Vista Ave., Yucca Valley 92284	(760) 660-1295
CA	Hooper, William E.	56468 Onaga Trail, Yucca Valley 92284	(760) 250-3514
CA	Christopher M. Kaatz	14706 Foxfield Ln., Fontana 92336	(909) 579-7158
CA	JAMES R. ROUSE	8135 Heartland Circle, Hesperia 92344	(760) 559-0787

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
CA	Roger D. Sanders	17831 PITACHE STREET, HESPERIA 92345	(951) 312-9254
CA	Robert W. Kreiss	3198 Mohawk Trail, Riverside 92503	(951) 359-5304
CA	Leonard E. Wallenda	450 VERNAL LANE, Hemet 92545	(951) 377-2156
CA	Fred P. Winemiller	13321 Maychick Circle, Westminster 92683	(714) 271-2062
CA	Joseph S. Ferri	6801 Stanford Ave., Garden Grove 92845	(562) 577-1319
CA	LARSEN, KENT	4755 Via Corzo, Yorba Linda 92886	(714) 777-6059
CA	Diann L. Roberts	11144 SANTA PAULA RD, OJAI 93023	(805) 570-3643
CA	Eric A. Kelly	5012 Marlin Wy, OXNARD 93035	(805) 656-9969
CA	Royal A. Roberts	1055 LAVISTA RD, SANTA BARBARA 93110	(805) 895-5852
CA	Michael L. Barrios	P.O. Box 387, 40488 Cherokee Oaks Dr. Three Rivers 93271	(559) 561-4782
CA	Matthew Petemel	5409 Beacon Court, Bakersfield 93312	(661) 587-9313
CA	Aaron J. Guerrero	3824 Troutdale Ct Bakersfield 93312	(661) 778-6769
CA	Nicholas R. Del Rio	13504 Brogan Ave, BAKERSFIELD 93314	(661) 205-0614
CA	Marion F. Pifer	723 E. Oldfield St., Lancaster 93535	(661) 948-1881
CA	James D. Almond	752 N. Russell, CLOVIS 93611	(559) 307-5448
CA	Terry W. Severance	46183 Butternut Ln., Squaw Valley 93675	(559) 338-2423
CA	Ghuman, Gurvinder	1644 E El Passo Ave, Fresno 93720	(559) 647-4538
CA	Ryan J. Yop	1195 San Angelo Drive, SALINAS 93901	(831) 422-8517
CA	John L. Lyon	83 A Corona Rd., Carmel 93923	(831) 277-6766
CA	Michael G. Mendes	737 Mill Street, Half Moon Bay 94019	(650) 333-8564
CA	Kurt I. Miller	P.O. Box 321, 137 Shelden Road La Honda 94020	(650) 279-0580
CA	DANIEL M. PIWAA	31 Church Street Apt 6, Mountain View 94041	(650) 962-1950
CA	Frank F. Lucchelli	243 El Dorado Drive, Pacifica 94044	(650) 359-0496
CA	Thomas J. Luciani	609 Stonegate Dr, SOUTH SAN FRANCISCO 94080	(650) 267-3101
CA	Brian R. Boell	5699 Schooner Loop, Discovery Bay 94505	(510) 681-8196
CA	MARCO A. GARCIA	4458 ROCK ISLAND DRIVE, ANTIOCH 94509	(925) 565-7721
CA	RONALD J. MAGNAGHI	5264 GRASSWOOD CT, CONCORD 94521	(925) 672-7717
CA	Joseph A. Garcia	3256 Lagunita Circle, Fairfield 94533	(707) 580-8546
CA	Raul F. Valadao	22530 3rd St #202, HAYWARD 94541	(510) 305-4114
CA	CARET Investments, LLC	Thomas R Soldonia, 18844 Lenross Ct, Castro Valley 94546	(510) 701-4884
CA	CHRISTOPHER S. BOURGUET	736 Delaware Way, Livermore 94551	(925) 518-1129
CA	Earl, Brian J. (see 57044)	110 Second Ave S Unit D12, PACHECO 94553	(925) 354-1108
CA	MATTHEW PARELLA	2817 Appaloosa Ct., Pinole 94564	(925) 819-0933
CA	Eari, Brian J. (see 116749)	2000 Merced ST, SAN LEANDRO 94577	(925) 354-1107
CA	Thomas Michael Laris	568 Santander Drive, San Ramon 94583	(925) 830-9750
CA	John H Netherton	2426 Harvard Circle, Walnut Creek 94596	(925) 933-3963
CA	Eddie Wallis Yates	507 Lavista Rd., Walnut Creek 94598	(925) 938-1251
CA	Gok, Richard P. (see #137054)	1429 San Pablo Avenue, BERKELEY 94702	(510) 734-4033
CA	Gok, Richard P. (See #1453)	1429 San Pablo Avenue, BERKELEY 94702	(510) 734-4033
CA	Pedro A. Orantes	50 Twin Creeks Circle, Petaluma 94952	(415) 233-3877
CA	Roland A.K. Sylva	1435 Terri Lynn Ct, Gilroy 95020	(408) 396-7364
CA	Mark A. Gonzales	862 4TH ST, Hollister 95023	(831) 776-4942
CA	Donald W. Chong	10371 Haga Way, San Jose 95111	(408) 227-4452
CA	Jeffery E. Frazier	490 Ariel Drive, San Jose 95123	(408) 225-8665
CA	Walter E. Braun	7159 Via Lomas, SAN JOSE 95139	(408) 391-4600
CA	CRAIG A. GREENBERG	8545 ALMONDWOOD LANE, STOCKTON 95210	(209) 470-8962
CA	David B. Silva	129 E. Fortuna Avenue, Atwater 95301	(209) 482-3267
CA	John Ronald Westgate	1317 Oakridge Dr, Modesto 95351	(209) 531-4937
CA	H&T Tools, Inc.	Henry M. Mallari, President 1432 Inspiration Drive Modesto 95357	(209) 573-1870
CA	Scharmer, Chris (see #127963)	2909 Wagner Crt, TRACY 95377	(209) 834-2544
CA	Scharmer, Chris (see #134874)	2909 Wagner Court, TRACY 95377	(209) 914-1410
CA	Stephanie R. White	PO Box 3104, Turlock 95381	(209) 620-4300
CA	Gutierrez, Antonio Jr	9389 Old River Rd., Forestville 95436	(707) 974-9465
CA	Robert E. Jensen	3459 Riviera West Drive, KELSEYVILLE 95451	(707) 279-1881
CA	Darin E. Cofield	3768 PEACH CIRCLE, LOOMIS 95650	(916) 415-1702
CA	Steven L. Hirsch	P O Box 2135, Loomis 95650	(916) 652-5647
CA	Nick Slavich	PO BOX 1766, LOOMIS 95650	(916) 765-1809
CA	Douglas W. Harvey	8845 Steven Ave, ORANGEVALE 95662	(916) 622-9990
CA	Tom E. Stern	5511 Connie Ln., Shingle Springs 95682	(916) 952-6068
CA	Randall J. Jacobs Sr	18044 CO RD 96 B, Woodland 95695	(530) 908-4009
CA	Paul N. Tognetti	P O Box 2434, Granite Bay 95746	(916) 797-1299
CA	Rose, Gary E.	1124 Brookline Circle, Roseville 95747	(916) 783-0265
CA	Amick, Richard A., Jr.	13141 Long Valley Road, Penn Valley 95946	(530) 277-3512
CA	Kevin Carr	5217 COUNTRY CLUB DR, Paradise 95969	(530) 876-1822
CA	Samuel E. Hart	165 Oleander Circle, REDDING 96001	(530) 510-9610
CA	Donald L. Canfield	3240 Driftstone Dr., Anderson 96007	(530) 355-6544
CO	Clifford A. Zapfel	6906 Gardenia Court, Arvada 80004	(303) 420-0785
CO	Pro Tools, LLC	KENNETH L. STEPHENSON, 7695 Kline Drive ARVADA 80005	(303) 907-6138
CO	Kirk A. Smith	3072 S. Danube, Aurora 80013	(303) 699-5948
CO	All Out Tools LLC	5157 S. Valdaí St, AURORA 80015	(720) 870-2353
CO	Russell L. Fortna	16890 E. 116th Ct, Commerce City 80022	(303) 288-6608
CO	Brandon J. McBride	2737 S. Bannock St, Englewood 80110	(720) 840-1516
CO	John E. Wilson	3190 S PIERCE STREET, Lakewood 80227	(303) 826-4242
CO	James R. Wilson	P.O. Box 880621, Steamboat Plaza Steamboat Springs 80488	(970) 879-5722
CO	Felix Tools Services, LLC	Felix Tool Services, LLC, 10230 WCR # 15 LONGMONT 80504	(303) 775-7778
CO	3nR Enterprises, LLC	George C. Smith, 1717 Cedar St FORT COLLINS 80524	(970) 222-0246
CO	Arden Hasemann, Tools Dist LLC	805 East 20th Street Lane, GREELEY 80631	(970) 396-0224
CO	Joseph R. Chavez	11303 Lansing St, HENDERSON 80640	(303) 227-0074

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
CO	Duke Wellington	30075 WRC 18, PO Box 509 Keenesburg 80643	(303) 732-9977
CO	PRAIRIE VENTURES, LLC	10404 Cedar Breaks Dr, PEYTON 80831	(719) 337-0307
CO	E&J TOOL COMPANY, INC.	John C. Abeyta Jr., President, 1543 Robidoux Cl. Colorado Springs 80915	(719) 440-7490
CO	Larry D. Walker	3116 TEARDROP CIRCLE, COLORADO SPRINGS 80917	(719) 510-0089
CO	Richard R. Kliner	6547 N. ACADEMY BLVD #505, COLORADO SPRINGS 80918	(719) 229-9788
CO	SLH Enterprises, Inc.	Scott L. Hill, President, 1876 Newton Rd Pueblo 81005	(719) 248-6230
CO	Wilcox Tools LLC	26497 Cactus Park Rd. CEDAREDGE 81413	(720) 308-7599
CO	Jeremiah C. Woodward	921 CATALPA COURT, FRUITA 81521	(970) 712-3157
CT	Brian J. Perrone	331 Parker St, Manchester 06042	(660) 919-8832
CT	JACK SZERAKOWSKI	5 Quadhill Road, Weatogue 06089	(660) 306-4987
CT	James M Michaud	287 Tarringford, Winsted 06098	(860) 379-6562
CT	Mikes Tools, LLC	48 Linsley Ave, MERIDEN 06451	(203) 314-5933
CT	William M. Crowley	543B Roosevelt Dr, Oxford 06478	(203) 893-5041
CT	Robert A. Fay	195 Dickinson Drive, SHELTON 06484	(203) 470-4434
CT	Joseph Lizotte	179 North Street, Plymouth 06782	(860) 283-8635
CT	Mark Siepietoski	18 Brinsmade Lane, V Sherman 06784	(845) 821-4963
CT	Kenneth D. French, Jr.	1193 OLD NORTHFIELD RD, Thomaston 06787	(860) 434-9512
CT	Michael A. Jones	12 Hitchingpost Drive, TORRINGTON 06790	(203) 510-2571
CT	Lucien J. Faucher	132 Great Hollow Rd., Woodbury 06798	(203) 597-7300
DE	Taylor, Ken W., Jr.	1 NORTON DR, NEWARK 19711	(302) 740-1017
DE	Michael M. Daniels	16 Sundew Road, Newark 19711	(302) 292-0605
DE	Bernie Heverin Distributor, LLC	Bernard M Heverin, Member, 12 Ashby Ln DOVER 19904	(302) 222-3638
DE	Gary M. Thompson	221 Hopkins Cemetery Road, Harrington 19952	(302) 670-2215
FL	D. Friar Inc.	David E. Friar - President, PO Box 268 FORT WHITE 32038	(352) 262-1773
FL	James L. Pifer	7666 Herbert Harris Rd, Glen Saint Mary 32040	(904) 259-3839
FL	Robert E. King	11567 156th St, Mc Alpin 32062	(386) 590-4838
FL	LARKIN, TERENCE J.	46 Braddock Lane, Palm Coast 32137	(904) 825-8465
FL	James A. Smiley	6620 Pitts RD, Jacksonville 32219	(904) 765-6075
FL	Al Salman Tools, Inc.	Agil S. AISalman - President, 10030 EW Pappy Road #6 Jacksonville 32259	(904) 318-6888
FL	Jimmy D. Johnson	288-400 Capital Circle East, Ste 18 Tallahassee 32301	(850) 508-2384
FL	MICHAEL E. STAVOS	5509 LAKEWOOD MANOR DR, PANAMA CITY 32404	(850) 527-1354
FL	Cleveland Tool & Supply LLC	Gregory J. Cleveland, Member, 1939 Limestone Lane Chipley 32428	(850) 326-2089
FL	John Phillips Townsend	3608 San Gabriel Dr., Pensacola 32504	(850) 476-6720
FL	James A. Hansen	1631 Sparrow Lane, Navarre 32566	(850) 259-9665
FL	Reedy D. Bozeman	3448 Fawnwood Drive, Pace 32571	(850) 748-1819
FL	John M. Jerrell	5343 Stafford Circle, Pace 32571	(850) 393-3064
FL	PAT'S PRO TOOLS LLC	936 Sebum Rd., APOKA 32703	(407) 488-6409
FL	Charles S. Mason	2730 Mills Creek Rd., Chuluota 32766	(407) 977-9197
FL	Bill Jaynes, Inc.	1300 Thomas St, William N. Jaynes, Jr., Pres Titusville 32780	(321) 749-5760
FL	Robert E. Brown	5644 Kalmia Drive, Orlando 32807	(407) 273-5674
FL	RIDDLE, GAYLORD PASSWORD	17121 NW 82nd Ave, Hialeah 33015	(305) 557-5793
FL	Eduardo Felipe Quispe	1600 N.W 110TH TERRACE, PEMBROKE PINES 33026	(954) 562-5132
FL	Robert Bruce Lamberson	2207 Seidenberg Ave., Key West 33040	(305) 587-3799
FL	ASKIN CONSULTING SERVICES, LLC	Irving R. Askin, Member, 3166 NW 114th Ave Coral Springs 33065	(954) 871-8428
FL	Emilio Perez	2970 NW 96th St, Miami 33147	(786) 339-1617
FL	Cruz, Manuel J.	3236 SW 58th Ave., Miami 33155	(786) 718-2744
FL	RAKKASAN AUTOMOTIVE (C#127736)	Francisco J. Gonzalez, Pres., 10560 SW 7th Terrace Miami 33174	(305) 303-0723
FL	RAKKASAN AUTOMOTIVE (C#94037)	Migdalia Marrero, 10560 SW 7th Terrace MIAMI 33174	(305) 303-0723
FL	GNL TOOLS, INC /ASK FOR PASS*	Gustavo Ballestas, President, 13876 SW 56th st #116 Miami 33175	(305) 218-5866
FL	MYERS, MARK K. ASK 4 PASSWORD	18141 SouthWest 142nd PLACE, Miami 33177	(786) 514-6225
FL	HENSLER, DAVID ASK 4 PASSWORD	14303 SouthWest 159th Place, Miami 33196	(305) 962-7979
FL	ATLANTIC TOOLS INC	Humberto Gonzalez, President 4771 POWERLINE ROAD FORT LAUDERDALE 33309	(954) 816-6714
FL	WBF Corp.	William B. Fenton IV-President, 6905 Northwest 4th Ct PLANTATION 33317	(754) 264-2076
FL	Dennis R. Wallace	11840 NW 40th Place, Sunrise 33323	(754) 581-3690
FL	Euly Incorporated PASSWORD	1200 SW 127th Terrace, Davie 33325	(954) 258-1849
FL	Keiths, Joel	8209 S.W. 26th Place, Davie 33328	(954) 818-3164
FL	Mark Hawkins Ent Inc PASSWORD	444 30th St West Palm Beach 33407	(561) 762-4530
FL	Louis P. Rohe	1235 Ridggreen Loop N, Lakeland 33809	(663) 698-5296
FL	K & T Tools, Inc.	208 Hidden Palms Court, Todd Schultz Davenport 33897	(407) 908-1976
FL	B & P Tools, Inc.	Robert J. Corey, President, 2625 Walk In Water Rd Lake Wales 33898	(863) 205-6219
FL	Richard E. Corelli	13240 White Marsh Lane # 9, FORT MYERS 33912	(239) 240-6861
FL	Larry C. Porter	15180 N. Pebble Lane, Fort Myers 33912	(239) 590-0959
FL	William R. Wilson	8479 Alan Blvd, Punta Gorda 33982	(941) 916-5735
FL	Viking Tool Supply, LLC	Peter D. Field II, Member, 214 SE 19th Ln Cape Coral 33990	(239) 220-7934
FL	KM DOUBLE DIAMOND INC.	699 99th Avenue North, NAPLES 34108	(239) 273-3241
FL	Dan's Tool Box, Inc.	Daniel E. Jackson - President, 5881 Green Blvd Naples 34116	(239) 272-8019
FL	Boser, Ronald E., Jr.	723 Shadow Bay Way, Osprey 34229	(941) 525-3380
FL	White Tools, Inc.	Samuel White, Jr - President 4039 Green Tree Ave Sarasota 34233	(941) 993-2307
FL	Thomas L. Hoog	700 NORTH EAST 49TH STREET, OCALA 34479	(352) 445-1713
FL	M.C. TOOLS LLC	Misty Arseneau McClain, 9235 Mansard Ln PORT RICHEY 34668	(727) 808-0891
FL	William S. Whitney	1552 Pennsylvania Avenue, Palm Harbor 34683	(727) 259-8020
FL	John F. Young	2529 ACRES CT, KISSIMMEE 34744	(407) 301-4583
FL	Reps Disney	Mac Tools Truek/PGO@Disney, 3271 Sherberth Rd Kissimmee 34747	(407) 252-2638
FL	MONKEY TOOLS, LLC	Wayne & Dianna Liebnitzky, 3225 Cord Ave SAINT CLOUD 34772	(321) 624-2223
FL	K & C Tools LLC	Kenneth F. Sullivan, Manager, 4947 NE 122nd Dr Okeechobee 34972	(561) 723-6906
FL	Michael Klempner	PO Box 25294, Tamarac 333205294	(954) 344-0095
GA	Douglas M. Stringer	3051 Preacher Moon Rd SW, Conyers 30012	(678) 327-7817
GA	Andrew S. Thompson	109 Hickory Trail, Gumming 30040	(770) 597-9725

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
GA	Johnson, Ronnie L. Jr.	3328 Woodfield Dr NE, Marietta 30062	(770) 652-2010
GA	Worthington, Robert J. Jr.	3205 Dogwood Creek Pkwy, Duluth 30096	(404) 735-8526
GA	Joseph C. Gates	970 Trestle Drive, Austell 30106	(770) 946-7539
GA	CROWE'S TOOLS, LLC	1005 Sugar Pike Way, CANTON 30115	(678) 454-7921
GA	Keith J. Carpenter	610 Melson Road, Cave Spring 30124	(706) 409-0785
GA	Jeffrey S. Smith	170 Longwood Lane, Newnan 30263	(770) 375-9245
GA	Pankopp Tool Co, fl, LLC	Kenneth A. Pankopp, Member, 114 Magnolia Dr TYRONE 30290	(404) 372-4366
GA	Jeffrey S. Jerrell	PO BOX 63, Williamson 30292	(770) 468-0686
GA	Wyman L. Freymuth Jr.	8645 Georgia Hwy 119, Brooklet 30415	(912) 656-3647
GA	Shane M. Gore	30 Dallas Drive, BLAIRSVILLE 30512	(706) 897-3957
GA	TNT Tools, LLC.	2305 Hawthorne Trace, MONROE 30655	(770) 267-7950
GA	Russell Richey	2579 Tom Odum Rd, Monroe 30656	(678) 227-2078
GA	Petet, Randy	1643 HOLCOMB RD, Ringgold 30736	(423) 421-1619
GA	David E. Piper	4369 Deans Bridge Rd, Blythe 30805	(706) 592-1557
GA	John A. Radolec	640 Sycamore Drive, Sparta 31087	(678) 699-3651
GA	LEWIS, CHRIS D. (see #771)	M.C. Tool and Equipment, 3873 Lake Mayers Road Baxley 31513	(912) 276-4343
GA	Lewis, Chris D. (see #61493)	3873 Lake Mayers Rd, Baxley 31513	(912) 278-4343
GA	Greg E. Jones	523 Crabapple Drive, Thomasville 31757	(229) 221-3020
GA	L. & S. Tool Sales, Inc.	Lovette L. Monroe - President 573 FLOWING WELL ROAD Leesburg 31763	(229) 894-8869
GA	Mark W. Smith	PO Box 1249, Leesburg 31763	(229) 347-0045
GA	Alday Tools & Equipment, LLC	William R. Alday, Member, 2954 Victory Circle Columbus 31909	(706) 577-6980
HI	Gary W. Lee	99-615 Halawa Hts. Rd., Aiea 96701	(808) 487-8560
HI	Jan Balcar	91-207 Ho'owalea Way, EWA BEACH 96706	(808) 393-4982
HI	Rite On Pro Tools LLC	92-526 Akaula St., KAPOLEI 96707	(808) 349-5573
HI	Darryl L. Chong	3265 HUAKA PL, KOLOA 96756	(808) 645-1918
HI	DNH PRO TOOLS LLC	95-1055 Mahelu Street MILILANI 96789	(808) 366-5515
IA	Larry D. Nikkel	2420 8TH STREET SW, ALTOONA 50009	(641) 260-2620
IA	Hammes Tool Service, LLC	10103 NorthEast 24th Court, Ankeny 50021	(515) 249-0645
IA	Michael J. Beymer	2304 S. OLIVE ST, Atlantic 50022	(712) 243-2608
IA	Mroczkowski, Kelly D(s #58896)	6964 Trail Ridge Dr., Johnston 50131	(515) 208-0537
IA	Joshua D. Grouse	622 Hickory Hill Ln., DES MOINES 50317	(712) 660-1296
IA	Steven William Graeser	1680 140th ST, Hampton 50441	(641) 425-5626
IA	LANE, DAVID(104665)	1900 123RD AVE, #1833 Algona 50511	(515) 295-7689
IA	Lane, David D. (See 1833)	Nick Lane, Employee, 1503 E. Locust St ALGONA 50511	(515) 295-7689
IA	David D. Larson	141 S. Powell St Box 13, Denver 50622	(319) 984-5424
IA	Steve's Tools, LLC	Stephen D. Claussen, Member, 2523 Hwy T47 Garwin 50632	(641) 751-7484
IA	Fairhurst Tool Sales, LLC	Mark R. Fairhurst Member, 304 Birch Avenue Waverly 50677	(319) 231-0705
IA	Michael D. Weidner	183 Lovejoy Ave, Waterloo 50701	(319) 291-7779
IA	Stanley J. Griffith	102 Sunset Circle, Lawton 51030	(712) 251-7642
IA	Gary R. Feuerstein	1009 8th Street SHELTON 51201	(712) 324-2617
IA	Donald D. Seylar	1107 OAK HILL ROAD, Estherville 51334	(712) 362-5080
IA	Robin A. Bunker	509 11th St, MANNING 51455	(712) 655-2277
IA	Donald M. Dunahoo	P. O. Box 350, Glenwood 51534	(712) 527-4323
IA	Nicholas A. Arnold	10396 Lake Eleanor Rd, Dubuque 52003	(563) 590-1967
IA	Small, James (see # 102651)	8645 Jessica Lane, Dubuque 52003	(563) 556-5545
IA	Lonnice Ray Brekke	9709 Golden Rd, West Union 52175	(563) 422-5683
IA	Trevor E. White	3751 V 18 Rd, Brooklyn 52211	(641) 990-1774
IA	Michael A. Forinash	2104 Ginkgo Ave, Keota 52248	(319) 330-3702
IA	CHRISTOPHER D. KALM	1108 COUNTRY CLUB DR SE, MOUNT VERNON 52314	(319) 321-0460
IA	Richard Baumgart	1442 HWY 965 NW, SWISHER 52338	(319) 329-8550
IA	Dennis J. Eckrich	402 Gold Finch Circle, Tiffin 52340	(319) 430-3020
IA	RUSSELL F. RAYNER	460 A AVE NE, Gaddis Estates WALFORD 52351	(319) 845-7025
IA	Daniel W. Small	1209 38th Street SE, Cedar Rapids 52403	(319) 361-5220
IA	Carl S. Cort	13161 82nd Ave., Blue Grass 52726	(563) 676-4682
IA	Daniel C. Brockert	P.O. Box 172 / 118 N. Main St., GRANDVIEW 52752	(563) 260-3003
IA	Chad Schnoor	PO BOX 147, LOW MOOR 52757	(319) 470-1710
ID	Roy G. Beard	4955 Galena St., Chubbuck 83202	(208) 339-4938
ID	ROADRUNNER TOOLS, INC.	Jacob E. Greeing, President 2315 Rice Ave Caldwell 83605	(208) 608-9468
ID	Stone Enterprises, Inc.	c/o Gary Stone, 2533 N. Fry Boise 83704	(208) 375-0339
IL	Breyn Distribution, Inc.	Evan Breyn, 795 Northampton Dr Crystal Lake 60014	(847) 530-5654
IL	Inc. JDC Services,	400 Essex Rd., Fox River Grove 60021	(847) 639-6066
IL	NORTHSHORE PROF. TOOLS, INC.	Steven A. Mervis, President, 426 Bloom St Highland Park 60035	(847) 785-9700
IL	Jay W. Maywald	1103 W. Northeast Shore, McHenry 60050	(815) 344-1969
IL	BIG TIME TOOLS, INC.	Joseph Schlauch, 9337 Ozark Ave. MORTON GROVE 60053	(847) 924-8480
IL	Darrell D. Dedic	320 Chaparral Circle, Elgin 60120	(847) 878-3114
IL	Phillip P. Speciale	39 W 249 CHISHOLM TRAIL ELGIN 60124	(630) 508-0069
IL	Steve M. Jones	14 N. 660 Engel Rd., Hampshire 60140	(847) 683-8665
IL	Michael E. Richardson	324 East First Street Kingston 60145	(815) 762-5520
IL	Dennis K. Douell	P.O. Box 373, LaFox 60147	(630) 222-7996
IL	Michael F. Mendrick	1360 Rosedale Ln., Hoffman Estates 60169	(847) 275-7222
IL	Raymond M. Bulick	17881 LOCUST, Lansing 60438	(708) 408-1244
IL	M&T Tool Distributors Ltd.	Theodore J. Kucaba - President 19849 Fiona Ave Mokena 60448	(708) 323-5072
IL	JOSEPH MATUK	404 Todd Street, Park Forest 60466	(708) 436-7994
IL	Kyle R. Lubash	4406 Klatt St, PLANO 60545	(630) 333-2161
IL	TRINITY TOOLS, L.L.C.	8820 Caton Farm Road, YORKVILLE 60560	(630) 553-7122
IL	John E. Covington	2117 COVINGTON LANE, Plainfield 60586	(815) 409-8159
IL	MARK K. McWAYNE	13054 South Mc Daniel ct Alsip 60803	(708) 243-6974
IL	Kevin R. Boyce	K+D Tools, 107 Bauer Ct Cissna Park 60924	(815) 457-2096

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
IL	Edward M. Nolan	9744 Prairie Lane, Belvidere 61006	(815) 222-2783
IL	Kurtis J. Flannery	BOX 86, Orangeville 61060	(815) 789-4267
IL	FOSTER, JEFF	5348 Tipple Road, Rockford 61102	(815) 289-8496
IL	Andrew W. Tarrant	1328 Vanstone Drive, Machesney Park 61115	(815) 543-8094
IL	David S. Carlson	11319 Ridgewood Rd, Milan 61264	(309) 292-0451
IL	Michael D. Koch	16625 2900 East Street PRINCETON 61356	(815) 303-1066
IL	STANLEY K. HERRON	168 215TH AVE, MONMOUTH 61462	(309) 337-2554
IL	G & J TOOLS INC	2040 W Raab Rd, Normal 61761	(309) 825-7117
IL	WILLIAM BOB STANTON	316 Canary, Godfrey 62035	(618) 466-6129
IL	Richard W. Rozycke	723 Oak Brook Drive, Freeburg 62243	(618) 539-0145
IL	Stephen Edge	5377 TAFT RD, Riverton 62561	(217) 652-8448
IL	Pauly's Bag of Tools, Inc.	2005 N 14th St, SPRINGFIELD 62702	(217) 789-7416
IL	Larimer, Christopher	809 DAVIS, JOHNSTON CITY 62951	(618) 922-1788
IN	THOMAS GORMAN	7402 S County Road 375 East, Clayton 46118	(317) 539-6885
IN	Randy R. Hess	402 S. 10th St, Chesterton 46304	(219) 395-4724
IN	John R. Whiteside	12513 Clark St., Crown Point 46307	(219) 663-7589
IN	Thomas R. Watta	3525 Orchid Dr., Dyer 46311	(219) 741-6947
IN	Wilbur D. Plotner	801 Tecumseh, LA PORTE 46350	(219) 363-3988
IN	Timothy M. Stewart	PO Box 688, LA PORTE 46352	(219) 716-3965
IN	Mark W. Downs	7265 Pepple Pkwy, Michigan City 46360	(219) 898-7510
IN	Jeffrey S. Randolph	59190 Clayton Ave, Elkhart 46517	(574) 202-8665
IN	Showbarker LLC	Lee A. Barker, Member, 58078 Windsong Dr ELKHART 46517	(574) 370-7037
IN	Joseph E. Lewis	58913 CR 19, Goshen 46528	(574) 903-6247
IN	Jason D. Bell	50770 Cherry Farm Trail, Granger 46530	(574) 261-8275
IN	S & C TOOL SALES INC.	804 RED ROBIN DR, NORTH LIBERTY 46554	(574) 276-5283
IN	Markiewicz, Frank W. Jr.	26055 STATE RO. 2, South Bend 46619	(574) 288-0829
IN	Gary L. Payne	755 N Clark St, Marikle 46770	(260) 443-2515
IN	NORTHEAST TOOL DISTRIBUTION LL	14019 US 24 East NEW HAVEN 46774	(260) 446-7879
IN	COOL TOOL INC.	5821 Woodheath Ave., FORT WAYNE 46809	(260) 466-1191
IN	WISSMAN LLC	4620 PineValley Drive, FORT WAYNE 46815	(260) 420-5999
IN	Wayne A. Kolyoord	3319 Water Wheel Run, Fort Wayne 46818	(260) 715-3545
IN	CHRISTOPHER S. ANTHONY	6225 BELLE ISLE LANE, FORT WAYNE 46635	(260) 804-2034
IN	Michael W. Bischoff	25584 Easy Way Dr., GUILFORD 47022	(513) 515-7375
IN	Ransdell, James K.	1006 Presidential Place, Jeffersonville 47130	(502) 417-5475
IN	Nelson C. Harmeyer	816 E Skaggs Ct, Greensburg 47240	(812) 662-5571
IN	Edward A. Ransdell	240 Spruce Lane., Hanover 47243	(612) 866-5954
IN	East Central Tools Inc.	BOBBY V. LACKEY, JR., PRES., 3033 WEST NATIONAL RD. Richmond 47374	(765) 277-1877
IN	TERRY PFAFF	8116 S. Ferdinand RD NW, Ferdinand 47532	(812) 367-1549
IN	James R. Case	9010 Whispering Tree Lane, Evansville 47711	(812) 401-8705
IN	RICH NORTON SALES, INC.	3730 Parkview Dr, Terre Haute 47803	(812) 239-5086
KS	James D. Hemmon	38053 W 159th St., Edgerton 56021	(913) 302-0089
KS	David W. Clark	2516 Stowe Dr., LAWRENCE 66049	(785) 766-7374
KS	Gary V. Souder	1942 Belle Ave., Topeka 66604	(785) 272-5286
KS	Samuel G. Rende	5330 SW Fairlawn Rd, Topeka 66610	(785) 213-0349
KS	Wayne F. Yoder	9020 N. Seneca, Valley Center 67147	(316) 648-4440
KS	Thompson, Bradley W. (#56779)	14490 202 Rd, Winfield 67156	(785) 650-3044
KS	Daryl D Beemer	Po Box 334, Chapman 67431	(785) 922-6328
KS	Jeffrey D. Beemer	PO BOX 53, Chapman 67431	(785) 922-7141
KS	Scott A. Koehn	1105 Glendale Rd, MCPHERSON 67460	(620) 899-9673
KS	Thompson, Bradley W. (#118048)	1586 ANTONINO ROAD, HAYS 67601	(785) 650-3044
KS	T-N-T Tools, LLC	427 K 25, Monument 67747	(785) 269-7231
KS	Shawn K. Stable	1109 N. Tulane, Liberal 67901	(620) 655-2267
KY	Ochsner, Charles J. - PASSWORD	3109 Bon Air Ave., Louisville 40205	(502) 458-7084
KY	Hannigan, Timothy W. - PASSWORD	910 Starite Court, Louisville 40207	(502) 896-1503
KY	Watkins Tools, LLC	Michael L. Watkins, Member, 4405 Taft Ct LOUISVILLE 40299	(502) 403-4348
KY	Craig A. Harbert	876 Borderlands Dr, Erlanger 41018	(513) 659-0293
KY	Jeffrey D. Callihan	212 Cardinal Rd, Russell 41169	(606) 922-7717
KY	Jerry Wayne Damron	537 Brushy Fork Rd, Jenkins 41537	(606) 639-6806
KY	Rollston, Paul T. - PASSWORD	3290 Dooms Chapel Road, Symsonia 42082	(270) 851-4404
KY	Joe B. Hardin	799 Coral Hill Lecta Rd, Glasgow 42141	(270) 646-8493
KY	Dan G. Robertson	345 Olive-Thomas Rd, Russell Springs 42642	(859) 563-4034
LA	Woodroy M. Wadenpohl	3416 LAKE VILLA, METAIRIE 70002	(504) 481-9708
LA	Muhoberac, Pierre L., Jr.	333 Carrollton Ave., Metairie 70005	(504) 831-1749
LA	Ron P. Wilson	1225 ORCHID DR, HARVEY 70058	(504) 427-3571
LA	LAWRENCE W. GOFORTH	11275 GENERAL OTT RD, HAMMOND 70403	(225) 294-3553
LA	Joe M. Cale	39329 Kisatchie, SLIDELL 70461	(985) 290-4209
LA	James W. Simonton	PO BOX 128, Church Point 70525	(337) 945-6209
LA	R. BRENT TYL	2218 SHUMARK TRAIL, BOSSIER CITY 71111	(318) 469-8665
LA	Terry L. Lasyone	805 Edwards Road, West Monroe 71292	(318) 381-7786
LA	Gary L. Lasyone	382 E. Puckett Lake Rd., West Monroe 71292	(318) 397-4151
LA	Jeffrey A. Rogers	41 Sayes Road, Pineville 71360	(318) 447-2657
MA	David T. Prime	380 West Mountain Road, CHESHIRE 01225	(413) 743-5973
MA	Jonathan D. Sargent	443 Greenwood St Millbury 01527	(774) 696-8211
MA	Jonathan E. Tremblay	100 N. Main St., Millbury 01527	(774) 276-1936
MA	ROBERT J. HOLT	16 SIMON-WILLARD ROAD, ACTON 01720	(978) 635-0630
MA	Glenn Fosberg	123 Warren Rd, Ashland 01721	(508) 881-9859
MA	Kenneth Palumbo - Ask Password	31 Governor Fuller Road, Billerica 01821	(617) 240-8644
MA	Bernard T. Dawley	6 Gov. Peabody Rd, Billerica 01821	(978) 502-1495

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
MA	Glenn Kimball	#1 Srybny Avenue, Haverhill 01830	(978) 521-4823
MA	John Thomas	474 S Main St, Haverhill 01835	(978) 373-3055
MA	Richard A. Yaffi	110 Eutaw Ave., Lynn 01902	(781) 593-6261
MA	BWTOOLS LLC	234 Union St, NORWOOD 02062	(781) 440-0895
MA	Richard J. Johnson	5 Bow St, CARVER 02330	(978) 886-6956
MA	STEVEN J. NUNES	2 HIGH STREET, P.O. BOX 125 NORTH CARVER 02355	(508) 400-5358
MA	Francis A. Perfetuo	40 Meadow Spring Dr., EAST SANDWICH 02537	(508) 776-4675
MA	Thomas M. McCarthy	71 Hope Street, Attleboro 02703	(508) 801-2051
MA	Donald W. McCleary	63 Sandalwood Dr, ATTLEBORO 02703	(508) 431-7175
MA	Paul D. DeGaetano	100 Ridge Street Fall River 02721	(508) 496-8576
MA	Francisco, George A. ASK4PASS	443 Gulf Rd West, South Dartmouth 02748	(508) 245-4091
MA	Brian C. Connors	305 Britton St Raynham 02767	(508) 454-7376
MA	Tavares, John A - ASK PASSWORD	212 Cross Street Seekonk 02771	(508) 761-9646
MD	Need-N-Tools, Inc.	Need-N-Tools, Inc/Thomas Purdy, 3900 Marvin Drive INDIAN HEAD 20640	(301) 643-3124
MD	Kirby, James E. Jr.	10630 DEACON ROAD, WHITE PLAINS 20695	(301) 643-0202
MD	Mike Offutt	13204 Old Chapel Rd., Bowie 20720	(301) 262-1828
MD	Terri L Offutt	13204 Old Chapel Rd, Bowie 20720	(301) 262-0543
MD	COHEN, BERNARD H ASK 4 PASSWOR	8748 Cardinal Forest Circle, Laurel 20723	(301) 490-8090
MD	Billy Mack Tools, Inc.	209 BRYANTS NURSERY ROAD, SILVER SPRING 20905	(240) 876-1490
MD	Verdonck, Albert Cyril	1720 Basil Way, Gambrills 21054	(410) 721-3278
MD	Steven E. Colvin	18 Robin Lynne Court, Perry Hall 21128	(443) 876-2890
MD	David D Cornwell	2499 Meredith Road, White Hall 21161	(717) 495-7711
MD	JACOBS TOOL SALES, INC.	Ronald P. Jacobs, President 11023 Hessong Bridge Rd Frederick 21701	(301) 471-5965
MD	Larry E. Welty	9234 Jordan Rd, Fairplay 21733	(301) 991-9234
MD	Tommy's Tool Truck, LLC	Thomas B. Smith, Member, 102 Bachtell Cir Smithsburg 21783	(240) 329-7667
MD	Rick Bryan Tools Inc.	1752 Old Elkneck Rd, Elkton 21921	(410) 441-4198
MD	Maurice P. DeBoy	6399 Lawyers Hill Rd., Elkridge 210755212	(410) 796-0731
ME	Jeffrey M. Larrabee	15 Gladys Rd, CAPE ELIZABETH 04107	(207) 749-1555
ME	Tyson L. Therrien	241 Wiley Rd, Greene 04236	(207) 330-0710
ME	Norma J. Girardin	9 Rachel Blvd, Lewiston 04240	(207) 577-4740
ME	Jerrett L. Shaffer	23 Trout Run, NEW GLOUCESTER 04260	(207) 415-5530
ME	Route 41 Sales, LLC	222 Route 41, WINTHROP 04364	(207) 557-9872
ME	Couturier, Robert J. Jr.	847 Stetson Rd, Kenduskeag 04450	(207) 212-2324
ME	Todd M. Brann	54 Bay Woods Road, Bristol 04539	(207) 837-7562
MI	James R. Bernard	31070 Sikon, New Baltimore 48047	(586) 596-8244
MI	Kutsick Enterprises LLC	John M. Kutsick, President, 32025 30 MILE ROAD Lenox 48050	(586) 933-7852
MI	Vester Don Dupree	75797 McKay Rd, Romeo 48065	(586) 336-4686
MI	SCOTT J. SERSCHEN	29907 Ruthdale St, go 2 blue trail on side of gar ROSEVILLE 48066	(248) 259-8325
MI	MRH ENTERPRISES, INC.	2700 Kimberly Road, ANN ARBOR 46104	(734) 732-0483
MI	MARSHALL, JOHN-ASK 4 PASSWORD	9181 RIDGEFIELD DRIVE, BRIGHTON 48114	(810) 227-9905
MI	Philip A. Pellerito	3520 Southfield, Dearborn 48124	(313) 562-4794
MI	Timothy W. Frank	1808 McLain, Lincoln Park 48146	(313) 388-1725
MI	Gary M. Blum	13145 SAWGRASS CT, Taylor 48180	(313) 292-8276
MI	SEF Enterprises, Inc.	Steven E. Frey-President, 24771 Champaign Taylor 48180	(313) 995-2276
MI	Jimmie L. Clinton	27124 Weddel, Brownstown 48183	(734) 818-7992
MI	Perelli, Michael P.	31275 Geraldine, Westland 48185	(734) 646-5296
MI	KURT B. MILLER	1872 Electric, Wyandotte 48192	(734) 284-8949
MI	Gagnon, Franz J. (Jay)	1251 Malcolm, Waterford 48327	(810) 310-0499
MI	Michael S. Wolf	Michael S. Wolf, 23696 Cora FARMINGTON HILLS 48336	(248) 420-3448
MI	Douglas M. Hiles	7300 Cade Rd, Brown City 48416	(810) 537-1198
MI	Robert L. Jean	10243 North Linden Road, Clio 48420	(810) 686-9348
MI	Harvey M. Workman III, LLC	Harvey M. Workman III, Member, 528 Warren Avenue Flushing 48433	(810) 569-6431
MI	Denis L. Schuman	768 E Snover Rd., Sandusky 48471	(810) 648-2623
MI	Mark A. Westendorf	4164 S Wayside Dr, Saginaw 48603	(989) 598-5379
MI	Darrin P. Gray	11585 Howe RD, Eagle 48822	(517) 626-7161
MI	David W Martin	511 Green Street, Grand Ledge 48837	(517) 881-2528
MI	JHK Tools, LLC	11931 Heintzelman Rd NE, GREENVILLE 48838	(616) 446-6099
MI	McCreight, Clayton A. (#70586)	ATTN: Alvin McQueen, 2600 W. Remus Rd. MOUNT PLEASANT 48858	(989) 621-7609
MI	McCreight Clayton A. (#117012)	2900 S Littlefield, MOUNT PLEASANT 48858	(989) 621-6038
MI	McCreight, Clayton A. (#70588)	2900 S. Little Dr., MOUNT PLEASANT 48858	(989) 772-4931
MI	Scott A. Ailes	8245 Ravine Ridge Rd, Kalamazoo 49009	(269) 362-4766
MI	VICTOR A. MAJOAN	1212 WEST D AVE, KALAMAZOO 49009	(269) 760-2320
MI	K & D TOOLS, LLC	Dennis Atteberry, 6860 Cypress Bay Dr. KALAMAZOO 49009	(269) 532-5942
MI	Michael P. Brown	4010 Fikes Road, RIVERSIDE 49084	(269) 849-3511
MI	Timothy C. Hyndman	10115 E T Ave, Vicksburg 49097	(269) 330-8439
MI	Gary K. Schlenther	997 Pine Valley Ct, NILES 49120	(574) 876-7307
MI	Thomas D. Fleming	6414 Hawkins Rd, JACKSON 49201	(517) 937-6135
MI	James A. Mestdagh	385 Grandview Ave, Homer 49245	(517) 937-4916
MI	TJ Marshall LLC	Thomas J. Marshall, Member, 10777 Michelle Ave Onsted 49265	(517) 270-4335
MI	DOUGLAS S. STERRETT	3805 NORTH PARMA ROAD, PARMA 49269	(517) 795-6710
MI	Douglas E. Engelbert	8485 East Paris SE, Caledonia 49316	(616) 891-0414
MI	DK Drost, LLC	2866 Timberlane SW, GRANDVILLE 49418	(616) 532-6888
MI	Russell W. Lindstrom	5280 140th Ave, HOLLAND 49424	(616) 886-6935
MI	EDWIN T. NICKERSON	5863 NORTON RD, GRAWN 49637	(231) 590-5303
MI	Thomas S. Garvin	8515 Cedar Run Road, Traverse City 49684	(231) 941-8491
MI	Anthony R. Taylor	P.O. Box 5014, Cheboygan 49721	(231) 627-4896
MI	George M. Holman	11042 Olds Rd, Elmira 49730	(231) 585-6185
MI	Marc Pelkey	PO BOX 1272, GAYLORD 49734	(989) 619-0232

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
MN	Anthony A. Wickham	1820 225TH AVE NE, East Bethel 55005	(651) 216-9236
MN	TERRY W. MCNAMARA	1022 217th Lane NE, East Bethel 55011	(763) 360-0032
MN	Joseph R. Seipel	9477 Harkness Ave., COTTAGE GROVE 55016	(651) 226-8112
MN	BRIAN'S TOOL BOX LLC	8026 Hyde Ave S, COTTAGE GROVE 55016	(651) 459-9990
MN	Southward LLC	David Southward 8642 Isle Ave S COTTAGE GROVE 55016	(651) 769-0011
MN	Stevens, Thomas H. Jr.	8094 Homell Ave, Cottage Grove 55016	(651) 208-6395
MN	APEX TOOLS LLC	3485 203RD ST W, Farmington 55024	(651) 747-6406
MN	James D. Ryan	29819 6th Street NE, Isanti 55040	(763) 444-0217
MN	Valley Performance Tools, Inc.	255 South Quinlan Ave., Lakeland Shores 55043	(651) 436-5651
MN	Correll, Charlie S. III	14836 CRESTVIEW AVE., ROSEMOUNT 55068	(651) 491-1499
MN	Joseph C. Hammel	8100 Groveland Road, MOUNDS VIEW 55112	(651) 308-3416
MN	Kevin J. Sanders	4730 Walden Dr, Eagan 55122	(651) 328-1350
MN	James E. Tenebrini	5839 Ellice Trail, Apple Valley 55124	(952) 432-0964
MN	John A. Frye	566 Kent Circle, Shoreview 55126	(651) 484-4942
MN	Chad A. Storbakken	16021 OSMIUM ST NW, RAMSEY 55303	(612) 210-8601
MN	Todd R. Cook	17359 Puma st, RAMSEY 55303	(612) 735-4553
MN	Richard A. Kulas	5163 108th St SE, Delano 55328	(612) 518-6573
MN	Dean J. Fenske	9769 Ingram Ave, S.W., Howard Lake 55349	(320) 543-3917
MN	AMR TOOLS INC	Anthony M Robb, 1471 84th St NE Monticello 55362	(763) 228-6555
MN	Fraguada Holdings, LLC	2288 Promise Ave., SHAKOPEE 55379	(651) 785-5286
MN	Loeschke, Lonny B.	L & T Tool Service, 15400 296th Avenue Northwest Zimmerman 55398	(763) 370-5129
MN	Andrew P. Johnson	4511 France Ave N, ROBBINSDALE 55422	(612) 325-4464
MN	John's Tools LLC	John P. Vasquez, Member, 4010 Regent Ave N Robbinsdale 55422	(612) 978-4834
MN	Lloyd A. Nevin	35 91st Avenue N.E., Blaine 55434	(763) 784-4724
MN	Dee.C. Walter	9914 CHESTNUT AVENUE NORTH, BROOKLYN PARK 55443	(763) 494-0042
MN	Phillip W. White	3017 84TH AVE N, BROOKLYN PARK 55444	(763) 560-6855
MN	Robbie J. Jamsa	680 E. Rangeline Rd., Bovey 55709	(218) 327-9620
MN	David S. Lundberg	1196 Robert St, Cloquet 55720	(218) 590-8049
MN	Michael Heinen	102 Main Street, P O BOX 402 Nicollet 56074	(507) 420-1575
MN	Wayne A. Thompson	42222 450th St, SAINT PETER 56082	(507) 317-9610
MN	Freese, Bradley J.(see#114635)	1030 60th Avenue Southeast, MAYNARD 56260	(320) 367-2451
MN	Timothy J. Whetston	21855 52nd Street NorthEast, New London 56273	(320) 354-4930
MN	Michael D. Stowe	23951 51st Ave., Saint Cloud 56301	(320) 252-3131
MN	Dennis D. Boeckers	305 Hendryx St SAUK CENTRE 56378	(320) 351-5066
MN	Thomas J. Wicker	32330 Adney Lake Rd, Crosby 56441	(218) 270-0360
MO	Mark T. Winka	5 Shady Hollow Trl, Eureka 63025	(636) 236-4528
MO	Chad G. Tesson	3250 Douglas Rd, Florissant 63034	(314) 839-8241
MO	Michael L. Rodery	72 Sandy Ridge Court, Saint Charles 63303	(636) 441-4328
MO	Ronald E. Douglas	325 Willow Pointe Drive, SAINT CHARLES 63304	(314) 578-3039
MO	MARK S. LORD	1558 MADRE DR, FORISTELL 63348	(636) 281-4897
MO	J & L Quality Tools, LLC	James R. Cavaness, Member, 5438 Highway T Poplar Bluff 63901	(573) 776-4905
MO	M & K SUPPLY LLC	219 County Road 367, HARVIELL 63945	(573) 989-6398
MO	WILLIAM F. HOLLAND	509 LONDON WAY, BELTON 64012	(816) 322-4220
MO	J & C Tools, L.L.C.	James E. Rosetti, Member, 1315 N.E. Quail Walk Blue Springs 64014	(816) 506-0049
MO	Zych, Lloyd D., Jr.	1716 Aspen Lane, Excelsior Springs 64024	(816) 547-4385
MO	SA & K Tools and Supply, Inc.	425 NW 1711 Rd, Kingsville 64061	(816) 726-6223
MO	COLGAN TOOLS, LLC	14721 Quail Run Dr, Smithville 64089	(816) 665-3782
MO	J & B Supply, Inc.	5522 Willow Avenue, Raytown 64133	(816) 863-7840
MO	Douglas E. Eldridge	4984 Southeast Atchison Rd, Lathrop 64465	(816) 309-5813
MO	Seagraves Tools, LLC	111 Sondra Ave, COLUMBIA 65202	(573) 881-0655
MO	Lanny R. Palmer	Palmer Tool & Supply, 1300 S. St. Fair Blvd. Sedalia 65301	(660) 826-0841
MO	Billy C. Lee	22530 Camelot Circle, Lebanon 65536	(417) 622-2345
MO	Timothy A. Daniels	36 Sunnybrook Circle, FAIR GROVE 65648	(417) 860-6815
MO	Don Carroll Tool Supply LLC	Donald Carroll, 15072 Airport Rd CABOOL 65689	(417) 926-9768
MO	Donnie M. Ellis	2516 Farm Rd 1100, Monett 65708	(417) 236-5100
MO	John T. Olinger	594 Mahogany Lane, Ozark 65721	(417) 725-4899
MO	John Charles Jones	534 N. Allen, Republic 65738	(417) 732-7740
MS	ROBERT S. STEWART	3358 County Rd 23, GREENWOOD 38930	(662) 897-7797
MS	Lott, Dewayne	1015 Longwood Place, Pearl 39208	(601) 939-5286
MS	Gary W. Hawkins	5407 W. 4th Street, Hattiesburg 39402	(601) 268-2601
MS	Paul L. Gatlin	1351 Somerset Road SouthEast Bogie Chitto 39629	(601) 757-2813
MT	Kurt J. Pilgeram	1884 HIGHWAY 221, Dutton 59433	(406) 788-4336
MT	Michael D. Taylor	304 Frontier Dr, Bozeman 59718	(406) 581-5505
MT	Zimmerman, Michael	13566 HARPERS BRIDGE ROAD, Missoula 59808	(406) 207-0283
MT	Edward H. Arkell	13256 Harpers Bridge Rd., Missoula 59808	(406) 546-9984
MT	FISHER, RON W.	212 Florence Acres Way, COLUMBIA FALLS 59912	(406) 261-6357
NC	Got 'Em Tool Sales Inc.	100 LYNNE AVE., King 27021	(336) 971-5773
NC	D'AMICO, PHILLIP G JR	167 PETER COTTON TRAIL, MOUNT AIRY 27030	(336) 710-2870
NC	Gerald W. Moore	360 Pine Rd., Eden 27288	(336) 627-4146
NC	Robert J. Tear	6502 Old Salisbury Road, LINWOOD 27299	(704) 603-6404
NC	Mark Steven Lovings	8552 Scoggins Road, Oak Ridge 27310	(336) 643-4686
NC	Michael L. Ludington	343 Roland Marsh Road, Siler City 27344	(336) 302-1045
NC	Berry D. Daughtry	206 Short Creech Rd., Smithfield 27577	(919) 965-5942
NC	Kenneth W. Jones	369 Eatmon Road, Zebulon 27597	(919) 279-8890
NC	Bobby H. Bass	6410 Elsie Court, Elm City 27822	(252) 236-3131
NC	David M. Brock	106 Natural Dr, Pikeville 27863	(919) 922-3365
NC	Richard Wayne Nail	10217 Pioneer Mill Rd, Concord 28025	(704) 455-6245
NC	Robert P. Cately	2204 Applegate Dr, Concord 28027	(704) 701-2559

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
NC	Hugh F. Austell	P. O. Box 99, Eari 28038	(704) 472-7401
NC	David A. Griffin	236 Beracah Place, MOORESVILLE 28115	(704) 651-1496
NC	Shelley, Gene F., Jr.	116 Crossbow Lane, MOORESVILLE 28117	(704) 258-3646
NC	Kiser Enterprises	232 Quail Hill Dr., Rutherfordton 28139	(828) 287-7852
NC	Glenn M. Beheler	200 Laren Rd, Shelby 28152	(704) 473-5846
NC	Michael L. Eastlick	7063 Ridgeway Road, Stanley 28164	(704) 804-1200
NC	Kevin N. Costner	110 Airport Road, STANLEY 28164	(704) 689-2901
NC	Tim Murphy, LLC	Timothy M. Murphy, Member, 5636 Plantation Ridge Rd Chariotte 28214	(704) 363-9330
NC	Elliott III, David E.	6506 Dwightware Blvd., Chariotte 28227	(704) 535-3693
NC	BENTON, ROBERT	3500 Beard Road, Chariotte 28269	(704) 547-0263
NC	Gray Brookshire	3600 Beard Rd., Chariotte 28269	(704) 547-0545
NC	Kevin P. Nicewonger	159 Hickman Court, RAEFORD 28376	(910) 742-5530
NC	WILSON, GEORGE	1375 Dove Dr. SW, Supply 28462	(910) 842-5118
NC	Raymond M. Wilson	1375 Dove Dr. SW, Supply 28462	(910) 842-5116
NC	Douglas R. McElhinny	1816 Tree Shore Circle, OCEAN ISLE BEACH 28469	(910) 431-0667
NC	Randy A. Duncan	328 Laurel Creek Road, Statesville 28625	(704) 876-1551
NC	John S. Brabson	8462 NC Highway 194 North, Lansing 28643	(336) 977-1381
NC	BC Tool Connection, Inc.	6170 Mill Pond Rd, Lenoir 28645	(828) 759-0992
NC	Jarrett, Kenneth D.	2729 Wesley Chapel Road, Nevrton 28658	(828) 381-1780
NC	Jerald M. Hatcher Corp(c 54834)	Attn Jacky King, 697 N Luther Road CANDLER 28715	(828) 371-7319
NC	Jerald M. Hatcher Corp(c103297)	210 BEASLEY MINE Road, FRANKLIN 28734	(828) 342-5600
NC	Jerald M. Hatcher Corp (c54834)	210 Beasley Mine Rd, Franklin 28734	(828) 371-2599
ND	Scot R. Genoch	114 Maple Drive, MAPLETON 58059	(701) 799-2362
ND	Dikoff, Lonell G. (see#80324)	506 1ST Ave. NW, West Fargo 58076	(701) 282-5481
ND	John R. Meyer	1010 16TH Ave. South, FARGO 58103	(701) 234-9651
ND	Leon McCann	1583 PHILLIPPI RD. PO Box 86, Marvel 58256	(701) 596-2559
ND	Dakota Tools & Equ(See#139308)	524 27TH ST NW, MINOT 58703	(701) 721-1255
ND	Dakota Tools & Equ (see#57520)	524 27th St. NW, MINOT 58703	(701) 852-1452
NE	Jerry L. Phipps	19402 MANDERSON CIRCLE, PUT BOXES IN FENCE ELKHORN 68022	(402) 763-9626
NE	CUTTLE TOOL AND SUPPLY, LLC	Albert J. Cuttler, 20307 Westridge Rd GRETNA 68028	(402) 699-9302
NE	Martin J. Miller	6619 N 110th Ave, Omaha 68164	(402) 290-2517
NE	Musil, David E. (see # 58598)	965 COUNTY ROAD 2000, CRETE 68333	(402) 826-4513
NE	Michael J. Dillon	106 Broadway, P.O. Box 103 Manley 68403	(402) 949-0223
NE	Todd R. Nelson	3409 Graham Ave., GRAND ISLAND 68803	(308) 258-2085
NE	Kip A. Lenhart	2312 11th St, CENTRAL CITY 68826	(308) 946-3125
NE	Fowler, Leonard L.	201 E 31 ST, Kearney 68847	(308) 236-7265
NH	Lance R. Bowler	153 Crescent Street Bristol 03222	(603) 744-9383
NH	Robert J. Duclos III	95 Ray Rd., Henniker 03242	(603) 219-9017
NH	Charles H. Fish	62 Gilmanton Rd, Loudon 03307	(603) 568-6090
NH	Daniel P. Smith	108 Sawtelle Rd., Jaffrey 03452	(603) 562-5034
NH	Mark F. LeBlanc	108 Old Jaffrey Rd, Rindge 03461	(978) 602-2141
NH	Christopher W. Cote	13 Sandhill Road, Walpole 03608	(603) 499-2256
NH	John D. Forsythe	32 Ela Mill Road, New Durham 03855	(603) 312-8525
NH	M W Grenier Enterprises LLC	Martin W. Grenier, Member, 163 Lowell St Rochester 03867	(603) 973-6173
NJ	Yunes, Jose	7509 Park Avenue, Apt 4, North Bergen 07047	(201) 467-9734
NJ	THOMAS K. MORRIS	7 DODIE DR, PARSIPPANY 07054	(973) 984-5959
NJ	Richard Springer	194 Willow Ave Ext, North Plainfield 07060	(908) 501-6250
NJ	Rick Gartland	8 Balmoral Lane, Scotch Plains 07076	(908) 296-3012
NJ	Privitera, Michael	23 Walter St, Old Tappan 07675	(201) 693-5200
NJ	Nicholas Ciccaglione	38 Boulevard, Westwood 07675	(201) 851-4880
NJ	TNT Tools, LLC	Joseph M. Olsavsky, Member, 274 Broad St Eatontown 07724	(732) 768-2314
NJ	SUPERIOR GOODS & SERVICES LLC	22 KIWI LOOP, Howell 07731	(732) 298-2014
NJ	Frederick K. Linkhart	28 Barbara Lane, Oakhurst 07755	(732) 870-8039
NJ	Kevin J. O'Malley	P.O. Box 393, 35 Whitfield Place Mount Tabor 07878	(973) 495-6182
NJ	Anthony J. Masiello	14 Brookfield Way, Morristown 07960	(973) 462-9037
NJ	Michael Bumbera, Inc.	Michael A. Bumbera, Jr., Pres, PO Box 321 COLUMBUS 08022	(609) 471-4115
NJ	G&C TOOLS LIMITED LIABILITY CO	666 Bismark Avenue, MANTUA 08051	(856) 264-9206
NJ	TIM MURRAY TOOLS, LLC	2151 Walnut Place, CINNAMINSON 08077	(609) 937-0851
NJ	R. TILLMAN SUPPLY LLC	Richard A Tillman, Sole Mmbr., 467 Jackson Rd. SEWELL 08080	(856) 464-0632
NJ	Norman H. Harper	404 Aurora Dr, Egg Harbor Township 08234	(609) 402-5042
NJ	Todd M. Murray	884 Elk Rd., Monroeville 08343	(609) 820-8680
NJ	Nicholas Russo	351 Colonial Dr., TOMS RIVER 08753	(908) 433-1117
NJ	Frank R. Wahl	6 Homestead Farm Rd, Milford 08848	(908) 996-7670
NM	William V. Gilliland	34 ASPEN RD, Edgewood 87015	(505) 270-3105
NM	Richard C. Walling	6915 Gutierrez, Albuquerque 87111	(505) 280-1770
NM	Kristopher E. Perea	7127 Avignon CT NW, ALBUQUERQUE 87114	(505) 480-5078
NM	Keith K. Wheeler	216 Chaparral Loop, RIO RANCHO 87124	(505) 577-3232
NM	Matthew J. Archuleta	1814 Cantera St, Rio Rancho 87124	(505) 401-0740
NM	Tonya L. Duke	303 W. 31st St, Farmington 87401	(505) 402-0045
NM	Douglas R. Duke	303 W 31ST ST, Farmington 87401	(505) 402-0044
NM	William W. Neeley	15740 Hwy 187, PO Box 88 Williamsburg 87942	(575) 430-7660
NV	David W. Dwyer	5834 Yerington Ave., Las Vegas 89110	(702) 338-9695
NV	Ralph M. Shields	1066 Aspen Breeze, Las Vegas 89123	(702) 480-7262
NV	Jeffrey E. Frank	8840 Fallon Ave., Las Vegas 89156	(702) 235-5323
NV	Vernon E. Engel	600 Oak Creek Dr., Reno 89511	(775) 851-0310
NV	George K. Cowan	6620 Broadridge Ct, Reno 89523	(775) 787-0234
NV	Jaria L. DeMore	624 Kimble Drive, Soring Creek 89815	(775) 340-2321
NY	Charles L. Cimino	605 Misty Hills Ln, Carmel 10512	(845) 612-6551

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
NY	Rinaldi, Robert J. (Jr.)	41 Woodland Trail, CARMEL 10512	(845) 392-1960
NY	Robert J. Rinaldi	41 Woodland Trail, Carmel 10512	(914) 649-4940
NY	John M. Houck	428 Union Valley rd, MAHOPAC 10541	(914) 573-6690
NY	Paul Novotny	15 Lainos Place, Mahopac 10541	(203) 410-1550
NY	Rinaldo Rossi	370 Bedford Rd., Pleasantville 10570	(914) 747-3130
NY	Bert J. Wolvers	5 Sherry Lane, Goshen 10924	(845) 294-2510
NY	Albert G. Batanjany	185-70 Street Brooklyn 11209	(917) 833-5236
NY	Daniel P. Hall	94 Bay Ridge Ave, Apt 1R Brooklyn 11220	(718) 930-1143
NY	Salvatore Corona	1867 West 5th St Brooklyn 11223	(917) 346-2415
NY	ROBERT J. SCHROEDER	99-59 FIRST ST, HOWARD BEACH 11414	(718) 641-8205
NY	IPPOLITO, ANTONIO	229 East Ave., Valley Stream 11580	(516) 561-9844
NY	Sal Ciand	114 Gannet Drive, Commack 11725	(516) 526-2428
NY	Martin Rosenthal	56 Juniper Street, Farmingdale 11735	(516) 249-3779
NY	Jerry Gobler	70 STONEHURST LN., Dix Hills 11746	(631) 858-1446
NY	Vincent D. Parente	188 West Drive, North Massapequa 11758	(516) 249-5459
NY	John-Paul R. Sabbagh	231 Alexander Ave, Nesconset 11767	(631) 681-1719
NY	Lawton, David	68 Nichols Rd, Nesconset 11767	(631) 979-7114
NY	Christopher R. Gaiser	231 ALEXANDER AVE., NESCONSET 11767	(631) 656-5305
NY	Steven L. Tirino	41 Pine Street PORT JEFFERSON STATI 11776	(631) 331-8496
NY	Muckle, Gary	36 17th Avenue, Ronkonkoma 11779	(631) 398-2942
NY	Daniel A. Grimm	16 N. Ingelore Ct Smithtown 11787	(631) 374-9867
NY	Scott A. Frank	4 Woodchuck Ct SHIRLEY 11967	(631) 495-0860
NY	Steven Kober	11 West Neck Rd, Southampton 11968	(631) 283-5028
NY	Peter J. Broderson	7 Trottingham Dr, Ballston Spa 12020	(518) 378-2906
NY	Ross Gerken	5 SOUTHSIDE DRIVE #210, CLIFTON PARK 12065	(518) 573-1892
NY	ANDREW W. BOWLES	156 WEBB RD, JOHNSTOWN 12095	(518) 853-8812
NY	Michael J. Kavoukian	74 Teliska Ave., Rensselaer 12144	(518) 505-3040
NY	Todd E. McClellan	167 Mosher Road, SAND LAKE 12153	(518) 894-5500
NY	O'LEARY TOOLS, INC.	5 Kinhead Lane, POUGHKEEPSIE 12603	(914) 489-1278
NY	Jason M. Wasyluk	69 Forest Pond Rd, Narrowsburg 12764	(845) 707-2420
NY	SCOTT, JODY E.	10 Norland Ct, Saratoga Springs 12866	(518) 858-0336
NY	Richards, David W. Jr	9836 State Route 9, Chazy 12921	(518) 569-1610
NY	Patrick M. Carrier	3901 State Route 281, PO Box 5013 Cortland 13045	(607) 351-3635
NY	FULLER, CHARLES D. JR.	6803 CREECH RD, CORTLAND 13045	(607) 423-0060
NY	KENNEITH YANKAUER "PASSWORD"	2503 St Rt 69, Parish 13131	(315) 427-8074
NY	Koch, John H., Jr.	8972 High Bridge Rd, Port Byron 13140	(315) 567-6656
NY	Side, Clifford L. Jr.	8391 Centerport Rd, PORT BYRON 13140	(931) 217-1439
NY	Daniel M. Bisbo	609 County Rte 11, West Monroe 13167	(315) 436-9660
NY	Peter L. Lewandowski	4109 W Seneca Turnpike, Syracuse 13215	(315) 256-2365
NY	Chris A. Ahles	3631 Graves Rd., Oneida 13421	(315) 264-5789
NY	Steven J. Clute	5148 Ostrander Rd, Verona 13478	(315) 335-1510
NY	Robert R. Reed	176 Miles Rd, HERMON 13652	(315) 322-1547
NY	T & K Tools, LLC	457 Echo Rd, VESTAL 13850	(607) 222-8387
NY	Thomas P. Surdel	2689 Bishop Rd, Appleton 14008	(716) 622-5908
NY	Thomas A. Neamon	6615 Java Lake Rd, Arcade 14009	(585) 492-0225
NY	Jason E. Conhiser	12183 County Line Rd., ARCADE 14009	(716) 983-4198
NY	Peter L. Boldt	9992 PIGEON HILL Delevan 14042	(716) 353-8637
NY	Sean P. Carison	6917 Revere Dr, DERBY 14047	(716) 698-4391
NY	RBN TOOL SALES LLC	7446 Townline Rd, Wheatfield 14120	(716) 864-5010
NY	Joshua L. Pangrazio	10 Bennett Ave, Oakfield 14125	(585) 750-7690
NY	Doug G. Fassl	4245 Upper Mountain Rd, Sanborn 14132	(716) 550-1287
NY	DANIEL J. DARCY	5801 ASHFORD HOLLOW RD, WEST VALLEY 14171	(716) 942-3494
NY	Kenneth E. Sterner	4945 Bigelow Rd, WEST VALLEY 14171	(585) 478-8223
NY	Dennis N. George	3139 Smith Road, Canandaigua 14424	(585) 394-8728
NY	KEITH L. SWIFT	8256 KYSORVILLE-BYERSVILLE RD, DANSVILLE 14437	(585) 335-8611
NY	VanAmeron Enterprises, Inc.	Jeremy E. Vanameron -President, 4807 Hall Rd Holley 14470	(585) 750-0543
NY	C.PARMELEE, INC.	Casey Parmelee, President 1886 Doran Road LIMA 14485	(585) 305-2834
NY	Shawn P. Kepler	3094 Garnsey Rd, PORT GIBSON 14537	(315) 573-5473
NY	Matthew N. Miller	2780 Blackhouse Rd, WARSAW 14569	(585) 409-3935
NY	Van Der Meid, James W.	C/O SONNY S SERVICE 5857215640, 3 MILL ST Wayland 14572	(585) 721-5640
NY	K & C Tools and Equipment, Inc.	Craig J. Starks, 277 Dickinson Road Webster 14580	(585) 455-7358
NY	MCMAHON, KENNETH C., JR.	81 Medfield Dr, Rochester 14609	(565) 654-9217
NY	Richard A. Delisanti	43 FOREST GLEN DR, Rochester 14612	(565) 723-8185
NY	Arnold L. Christensen	1042 Elmgrove Rd. Ext., Rochester 14624	(585) 729-0083
NY	Theodore Passarelli	27 Meadow Lane, Jamestown 14701	(716) 982-1667
NY	Brian R. Johnson	6752 Mill Valley Rd, EAST OTTO 14729	(716) 499-9831
NY	Nathan D. Hill	9443 East Otto Rd., East Otto 14729	(716) 679-8175
NY	Douglas M. Anthony	332 Drybrook Road, Waverly 14892	(607) 565-8799
OH	Ronald F. Wise	26115 CT RD 14, Danville 43014	(740) 599-6624
OH	STEPP ENTERPRISES LLC "PASSWD"	Nilburn T. Stepp, Manager, 7823 Priestley Dr REYNOLDSBURG 43068	(614) 864-6523
OH	Clyde Marcum	12282 Stockwell Road, Sunbury 43074	(740) 965-8854
OH	Clark W. Channell	617 N School St Clark W. Channell Amanda 43102	(205) 913-2813
OH	Bruce R. Bales	3780 Reynoldsburg-Baltimore Rd, Baltimore 43105	(740) 503-1207
OH	Hinkle, David B. **PASSWORD**	P.O. Box 14800, Columbus 43214	(614) 371-4892
OH	William Porter	14846 SR 68, Kenton 43326	(419) 673-8519
OH	Mark D. Spychata	9716 Independence Rd, Defiance 43512	(419) 439-3216
OH	AML Tools, LLC	Alan M. Lindsay, Member, 1517 Mayo Drive Defiance 43512	(419) 783-8103
OH	David J. Nussbaum	13416 Wilhelm Rd, Defiance 43512	(419) 576-8939

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
OH	Homolish, Donald C.	9760 Fox Meadow Lane, Chardon 44024	(440) 286-3809
OH	Michael R. Bierer	6240 Stoney Ridge Rd, North Ridgeville 44039	(440) 785-6414
OH	John Vanderschrier	36890 Law Road, Grafton 44044	(440) 926-3947
OH	Alvin E. Smith	9275 PINE NEEDLE DR, Mentor 44060	(216) 973-8665
OH	Pratt, Anthony E.	3375 S. Ridge Rd., Perry 44081	(440) 259-4397
OH	LJBlock, LLC	229 E 324th Street, WILLOWICK 44095	(440) 220-0206
OH	HERSHEY TOOL CORP.	4233 Siisby Rd, University Heights 44118	(216) 970-1787
OH	JSC Supply Ltd.	3295 Longwood Dr., NORTON 44203	(330) 245-6252
OH	M. Scott Manning	4814 MOGADORE RD., Kent 44240	(330) 677-1672
OH	O'Agati, John R., Jr.	PO BOX 2057, Streetsboro 44241	(330) 607-5531
OH	Gary W. Johnson	1875 Krumroy Rd, AKRON 44312	(330) 703-0438
OH	MICHAEL C. HERBERT	3457 MAIN ST, MINERAL RIDGE 44440	(330) 652-6981
OH	Daniel J. Styer	524 Buffalo Ridge Street Louisville 44641	(330) 232-6673
OH	David P. Cherry	1590 Hanville Corners Rd, Willard 44890	(419) 577-2907
OH	JOHN'S TOOLS, LLC	10021 Jamaica Rd., CARLISLE 45005	(937) 514-8369
OH	SMITTY'S TOOL TRUCK, LLC	4397 Hyacinth Road, MASON 45040	(513) 459-5662
OH	Poplin, Robert L., Jr.	206 Poplin Place, Trenton 45067	(513) 594-7321
OH	Gregory A. Collins	8297 Lytle Ferry Rd., WAYNESVILLE 45068	(937) 604-3708
OH	Greg A. Whitton	2651 Emerald Way, Waynesville 45068	(937) 885-3276
OH	Trent A. Ogden	131 Charles St., SARDINIA 45171	(937) 446-4297
OH	Tino, Samuel A., Jr.	2924 Willow Ridge Drive, Cincinnati 45251	(513) 519-9013
OH	Vandeman L. Steve	8275 Upper Lewisburg Salem Rd, Brookville 45309	(937) 604-8240
OH	Bruce A. Holsinger	15945 State Route 725, Germantown 45327	(513) 403-5184
OH	Jeff Wolfe	3377 Greenville-Nashville, Greenville 45331	(937) 547-3334
OH	Douglas E. Pennington	6460 S. Union Road, Miamisburg 45342	(937) 866-3622
OH	Ron T. Patton	13700 Kirkwood Road, Sidney 45365	(937) 467-9521
OH	Michael S. Collier	3667 US 35 East, Xenia 45385	(937) 572-1332
OH	JEFFREY J. POTTS	6740 Serrell Ln, DAYTON 45424	(937) 408-8871
OH	James H. Mitchell	PO Box 56, Haverhill 45636	(740) 550-0616
OH	KARL J. SCHOENHERR	1885 Siegrist/Jutte Rd, Fort Recovery 45846	(419) 375-2233
OH	Larry N. Bales	651 Township Rd. 102, McComb 45858	(419) 421-7838
OH	Jason C. Place	9149 Converse Roselm Rd, MIDDLE POINT 45863	(419) 234-7503
OH	Edward G. Rader	4978 Co. Rd. 24, Rawson 45881	(419) 963-5405
OK	Keith Upshaw	6512 N.W. 134th, OKLAHOMA CITY 73142	(405) 204-9734
OK	WATSON TOOLS INC.	1637 WESTOAK CR, ARDMORE 73401	(580) 223-5113
OK	TERRY D. WATSON	129 SW 68TH ST, LAWTON 73505	(580) 536-4142
OK	Jerald D. Hubert	716 NORTH SPURGEON, Altus 73521	(580) 301-1221
OK	Danny L. Stratton	1308 West Spruce, Enid 73703	(580) 237-0049
OK	Brian R. Hawbaker	1712 15th St Woodward 73801	(580) 334-8331
OK	Michael L. Lovelace	11922 N. 171 E. Ave., COLLINSVILLE 74021	(918) 371-5248
OK	Jimmy Gene's Tool Truck LLC	Jimmy E. Vogt, Member, PO Box 262 Kellyville 74039	(918) 698-3661
OK	James R. Fine	7804 North 122nd East Avenue, Owasso 74055	(918) 695-9187
OK	Clifford Johnston	PO BOX 1167, Skiatook 74070	(918) 277-2188
OK	Rodney R. Chastain	8308 VALLEY SPRINGS LANE, Stillwater 74075	(405) 714-5074
OK	Alif Tools, LLC	1810 West 64 Street TULSA 74132	(918) 607-3706
OK	Mark Milberger	8211 S. College Avenue, Tulsa 74137	(918) 402-8645
OK	Larry D. Romberg	18502 S. Rock Creek Road, SHAWNEE 74801	(405) 275-5032
OK	Rex L. Crabtree	3687 CR 1550, Ada 74820	(580) 320-0126
OR	Kerry T. Wilson	17474 SW Sarala St Beaverton 97007	(503) 970-7289
OR	OSCAR LUNDEEN INC	P.O. BOX 144, Boring 97009	(503) 522-4232
OR	Fadi A. Atiyeh	34315 SE Compton, BORING 97009	(503) 663-7109
OR	Lawrence T. Freeman	11220 SE 312th Drive, BORING 97009	(503) 663-1970
OR	Roger E. Sullivan	3191 7th St, Hubbard 97032	(503) 964-0079
OR	Adam L. Kozera	16923 CALLAHAN RD., MOLALLA 97038	(503) 829-2767
OR	Thomas W. Sondenaa	2105 SE Eagle, Gresham 97080	(503) 663-6397
OR	James T. Meiners	17015 Southeast Tong Road, Damascus 97089	(503) 658-8404
OR	Bob J. Perry	7673 SE Rosanne St E, PORTLAND 97267	(503) 737-4968
OR	Jeremy G. DiSenso	1458 Palace Drive NE, SALEM 97301	(503) 851-1602
OR	David E. Magnuson	3750 Empire St SE, Albany 97321	(541) 924-1079
OR	Peter M. Stanyk	34206 PARKWOODS DR, N.E., Albany 97322	(541) 327-9880
OR	Joseph N. Ostling	130 SE Salmon, PO BOX 1322 WALDPORT 97394	(541) 563-3735
OR	Michael Silva	P.O. Box 998, 38595 Wendling Marcola 97454	(541) 933-1810
OR	Jonathan W. Brower	572 W. Warren Ct, ROSEBURG 97471	(541) 672-4144
OR	David L. Joneikis	10501 Butte Falls Hwy, Eagle Point 97524	(541) 621-1088
OR	Ronald K. Shelton	12467 South West Red Cloud Rd, Powell Butte 97753	(541) 410-4169
PA	John J. Firetto	265 Ridge Ave., Freedom 15042	(724) 869-0711
PA	George E. Kistler	179 Fairfield Rd., Tarentum 15084	(724) 226-3686
PA	RICHARD J. STACK	15 TARA DRIVE, PITTSBURGH 15209	(412) 486-3015
PA	Larry A. Miller	18 West Grant St Houston 15342	(724) 344-7745
PA	Dennis S. Taylor	PO BOX 432, RICHEYVILLE 15358	(724) 344-5044
PA	G.L. TOOL DISTRIBUTOR LLC	412 Utopia Road, APOLLO 15613	(724) 422-4116
PA	Kevin R. Lastoria	454 Thomhill Drive, New Castle 16101	(724) 658-3045
PA	James E. Mahle	2366 REHOBETH ROAD, Strattanville 16258	(814) 227-8469
PA	Joseph P. Hurley	Joseph P. Hurley, 9060 Lake Pleasant Road ERIE 16509	(716) 860-6557
PA	Bradley W. Coakley	68 Telephone Lane, Beech Creek 16822	(570) 660-2355
PA	John R. Mansell	140 Beryl Street, Centre Hall 16828	(814) 364-9132
PA	STEVEN KENDALL	3482 ROARING RUN ROAD, GILLETT 16925	(607) 426-0408
PA	BRETT D. KENDALL	31 SAUNDERS LANE, GILLETT 16925	(607) 738-1473

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
PA	Thomas J. McMahan	402 Raymon Avenue, Boiling Springs 17007	(717) 258-5920
PA	Hess, Michael A (see #103287)	392 E. MT AIRY, Dillsburg 17019	(717) 502-1777
PA	Hess, Michael A. (See #424)	392 E. MT AIRY, Dillsburg 17019	(717) 574-5846
PA	Aric W. Glosser	940 Narrows Dr, Lebanon 17046	(717) 821-9924
PA	Jay L Hoover	183 Konhaus Rd, Mechanicsburg 17050	(717) 697-4496
PA	David L. Brubaker	205 Maben road, Thompsontown 17094	(814) 538-9905
PA	David H. Capp	434 West Main Street, Walnut Bottom 17266	(717) 532-7720
PA	Daniel L. Wildasin	43 Panther Dr., Hanover 17331	(717) 880-4147
PA	Dennis E. Stem	3567 Centennial Rd, Hanover 17331	(717) 465-5866
PA	Shawn M. Blum	400 Spring Hollow Rd, Windsor 17366	(717) 578-7277
PA	Donahower, William F. IV	P.O. Box 156, Hopeland 17533	(717) 666-4697
PA	Michael T. Gruber	329 NORTH MONTOUR ST, Montoursville 17754	(570) 974-9864
PA	Mack, Gerald L. (see #76153)	524 SOUTH FRONT STREET, SUNBURY 17801	(570) 336-0676
PA	Nathan D. Snyder	165 MEXICO RD, PINE GROVE 17963	(570) 847-2742
PA	LEO RESHLER	1473 Locksley Dr, Bethlehem 18018	(610) 657-8183
PA	Cari L. Smith	477 Rose Inn Ave, Nazareth 18064	(610) 759-6324
PA	Louis F. Sgro	3343 Spring Valley Rd, Slatington 18080	(610) 767-3839
PA	Michael T. Aleksich	RR 2 BOX 2460, Canadensis 16325	(570) 972-7934
PA	Evan E. Glass	713 High St Dickson City 18519	(570) 851-8337
PA	Victor M. Musmanno	833 Worthington Dr., WARMINSTER 18974	(267) 249-5586
PA	Robert E. Shreffler	435 Norma Rd, Ambler 19002	(267) 467-2334
PA	Joseph S. Olsheski	29 Curry Hill Rd, Levittown 19057	(215) 943-6148
PA	Brian P. Terrell	517 Lehann Circle, Springfield 19064	(610) 906-4993
PA	Jan K. Goodman	1417 Norman Rd., Havertown 19083	(610) 789-7742
PA	Paul Michael Welsh	4226 Tyson Ave., Philadelphia 19135	(215) 338-9721
PA	STEVEN BUCHHOLZ TOOLS INC	13 Diane Dr, Malvern 19355	(484) 614-4428
PA	Thomas D. Zummo	Zummo's Tool Sales, 420 Roberts Avenue Conshohocken 19428	(610) 636-2688
PA	Edward J. Fedeli	4009 Pine Lane, Schwenksville 19473	(610) 960-4866
PA	Harner, Ronald L. Jr.	2632 Plow Rd., Birdsboro 19508	(610) 858-9862
PA	James M. Valentino	605 Southern Dr., West Chester 193801046	(610) 696-4843
RI	John G. Iacchini	19 Magnolia Lane, COVENTRY 02816	(401) 821-2902
RI	Christopher D. Wood	43 Barnes St, Greenville 02828	(401) 241-4489
RI	David S. Elwell	324 Long Highway, Little Compton 02837	(508) 677-5846
RI	Mitchell R. Williams	110 Brentwood Ave., WARWICK 02886	(401) 580-6824
SC	John R. Griner	1098 West Shady Grove Road, Irmo 29063	(803) 407-3930
SC	Mark L. Sanford	1814 Pine Street, West Columbia 29170	(803) 260-0360
SC	Philip J. Patton	41 Lawrence St, LYMAN 29365	(864) 316-9738
SC	Timothy M. Hickman	792 Fort Johnson Road, CHARLESTON 29412	(843) 694-2466
SC	David Stasko	2840 Fox Lake Court, Charleston 29414	(843) 270-0778
SC	Donald E. Conroy, Jr	6810 Ingalsbe Dr, Ravenel 29470	(843) 810-2030
SC	G.L. Evans	804 MUSES BRIDGE RD, Florence 29501	(843) 662-6029
SC	HUGH BELLAMY	2167 Fowler Road, Loris 29569	(843) 756-7739
SC	John S. Barton	201 Bailey St., Greenville 29609	(864) 905-5112
SC	Rushton H. Demars	30 Bark Ct TRAVELERS REST 29690	(864) 350-2228
SC	Jonathan P. Swanger	240 LEDBETTER RD, Travelers Rest 29690	(864) 275-9519
SC	Larry Williford	5045 Hillcrest Drive, Catawba 29704	(803) 789-5185
SC	Black Tool Company, Inc.	3480 Meadow Creek Lane, Clover 29710	(704) 868-6245
SD	George C. Lampe	631 North Idaho, Salem 57058	(605) 425-2397
SD	David S. Wesselink	46927 Jordan Dr, Tea 57064	(605) 321-0742
SD	Gerard D. Gette	1405 E. 62nd St, Sioux Falls 57108	(605) 351-7085
SD	Larry Douglas Carson	1719 13th Ave SE, Aberdeen 57401	(605) 229-1027
SD	Duane C. Herman	521 Field View Drive, Rapid City 57701	(605) 716-9577
TN	Eugene C. Merriman	1020 Ferrell's Loop Rd., Beechgrove 37018	(931) 394-2116
TN	Jeffrey S. Boucher	5157 Murfreesboro Road, College Grove 37046	(615) 504-2652
TN	Eldon R. Furiong	1626 New Hope Rd, Joelton 37080	(615) 477-3717
TN	Charles T. Estess	262 W. Park Ct, SMITHVILLE 37166	(615) 347-5437
TN	Ingles, Wayne Kelly	Wayne Kelly Ingles, 423 Spry Road Morison 37357	(615) 765-7480
TN	Charles L. Russell	7357 Sutton Rd, Ooltewah 37363	(423) 802-4617
TN	Gholston, Richard T., Jr.	145 Bluff Dr., Chattanooga 37405	(423) 593-2755
TN	RTC TOOLS LLC	4702 Buckingham Dr, CHATTANOOGA 37421	(423) 894-3827
TN	JOHN E. LOOBEY	186 PEOPLES ROAD, BRISTOL 37620	(423) 646-2526
TN	D A S Tool Sales, LLC	Derrick A. Smith, Member, 405 Christie Lane JEFFERSON CITY 37760	(423) 736-3001
TN	QUALITY BUILDING CONCEPTS LLC	1404 Twin Oaks Rd, SEVIERVILLE 37876	(865) 696-2020
TN	M. Keith Williams	7745 Dan Lane, Knoxville 37938	(865) 688-4738
TN	Nicholas C. Smith	381 Lucy Kelly Rd, BRIGHTON 38011	(901) 581-9931
TN	DAN W. JOHNS	1801 Tate Road, Drummonds 38023	(901) 466-4292
TN	Donald E. Nelson	433 Elmer Cox Rd., Bethel Springs 38315	(731) 934-9344
TX	Neal A. Vetrano	4700 High Point Dr, Celina 75009	(214) 208-2198
TX	Paul S. Pang	533 Christi Lane, Coppell 75019	(214) 538-0708
TX	Vinson, Thomas David	1224 Oak Creek Circle, Flower Mound 75028	(214) 906-4666
TX	Turning Point Tools, LLC	John W. Post, Member, 1104 WOOD CREEK CIRCLE FLOWER MOUND 75028	(817) 897-8665
TX	David G. Leuschner	3139 HELMET STREET, IRVING 75060	(214) 356-1926
TX	Robert Eari Doyle	151 Skyline Drive, Murphy 75094	(972) 423-8527
TX	Jeremy Childress	101 NW CO RD 0017, Corsicana 75110	(903) 874-7553
TX	Steven P. McCabe	P.O. Box 562, Crandall 75114	(972) 740-0955
TX	Donald R. Free	1403 Windmill Lane, Mesquite 75149	(972) 289-3428
TX	Joseph F. Donovan	132 Rocky Ridge Road, Red Oak 75154	(214) 794-2449
TX	Jackie L. Eddy	3649 La Joya Drive, Dallas 75220	(214) 357-7636

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
TX	Justice B. Bates	1306 WILLOW OAK DRIVE, LONGVIEW 75601	(903) 736-9198
TX	Louis L. Halford	1230 San Salvador, Longview 75602	(903) 738-5374
TX	Justin A. Tutt	516 BEECHWOOD DRIVE, TYLER 75701	(903) 330-9052
TX	Michael J. Schumann	1536 Connally Terrace, Arlington 76010	(682) 553-5253
TX	Joshua P. Canal	224 Odessa Dr., HASLET 76052	(254) 592-1474
TX	Thompson, J.Randy 63061,46497	Attn Toby Wilhelm, 1945 F.M. 157 Unit # B 1 Mansfield 76063	(940) 390-3472
TX	JK Tools, Inc.	Jason K. Allen, 217 Brandi Ridge MIDLOTHIAN 76065	(682) 472-7126
TX	Siller, Santiago	PO# 560, VENUS 76084	(972) 841-4182
TX	George W. Karnes	7021 Oak Hills Ct., NORTH RICHLAND HILLS 76182	(817) 915-3606
TX	Stephan G. Evans	751 Country Club Road, BOWIE 76230	(940) 531-8750
TX	Brenton T. Riley	16556 Jasmine Spring Drive, JUSTIN 76247	(956) 279-0828
TX	Orlando, Edward P., Jr.	11839 OLD STONEY RO, PONDER 76259	(940) 479-0016
TX	Thompson, J.Randy 46497,111756	4190 Hobe Circle, Sanger 76266	(940) 231-1743
TX	Thompson, J.Randy 83061,111756	4190 Hobe Circle, Sanger 76266	(940) 390-3472
TX	Tunncliff, R. Mark	2701 Union Hill, Sanger 76266	(940) 391-8760
TX	Billy W. Madden	2608 N Main, Ste B133, BELTON 76513	(254) 368-0866
TX	Tony C. Warren	17424 W. Hwy 31, DAWSON 76639	(258) 578-1813
TX	L & K Sales, LLC	Lance E. Nelson. Member, 807 Dayton Dr Robinson 76706	(254) 723-8202
TX	Tom E. Embody	14622 St Cloud, Houston 77062	(281) 734-2943
TX	David H. Gardner	6624 Queensclub Dr, HOUSTON 77069	(832) 515-7915
TX	Alan L. Vincent	P.O. Box 38553, Suite #354 Houston 77238	(713) 252-0200
TX	Tom/Passwor W. Rotenbeny	24223 Whitesail, Huffman 77336	(281) 324-3356
TX	Moody, Thomas L.	334 LINNWOOD DRIVE, NO DM ORDERS!!! NEW CANEY 77357	(281) 389-7207
TX	Michael W. Short	3135 Felton Springs, SPRING 77386	(281) 844-7464
TX	HOLLYWOOD MIKE'S INTERESTS, INC	8414 London Way Dr, SPRING 77389	(281) 615-6290
TX	Darrell T. Moore	15415 Mueschke Rd, Cypress 77433	(281) 433-2370
TX	Leland J. Thurman	2706 East Pebble Beach Drive, Missouri City 77459	(713) 907-8335
TX	Michael K. Dansby	3306 McMahon Way, MISSOURI CITY 77459	(281) 776-1209
TX	THIERRY, ROBERT K. III	13923 EMERALD FOREST CT, SUGAR LAND 77498	(281) 242-3875
TX	FERNANDO CAMPOS	3820 Kaplan, Pasadena 77503	(281) 733-4237
TX	Marty R. Robinson	2126 County Road 486, DAYTON 77535	(936) 257-1572
TX	Grigg, Martha	235 CR 213, Caldwell 77836	(979) 575-3202
TX	Jason M. Hammack	186 Bent Oaks Dr, Inez 77968	(361) 761-0566
TX	Robert R. Mahaffey	1203 Lacey Dr, Bandera 78003	(830) 796-7188
TX	M L Chesnutt Enterprises LLC	Malcolm Chesnutt, 1541 Zion Hill Rd Lv bck porch SEGUIN 78155	(210) 315-4444
TX	KEVIN BIDDLE	2823 BURNING HILL STREET, SAN ANTONIO 78247	(210) 387-0533
TX	Theodore J. Basile	8014 Cooper Mill, San Antonio 78255	(630) 200-6304
TX	William H. Burton	1106 S.Paisano, Rockport 78382	(361) 729-9806
TX	Kenneth W. Kidd	1002 Howeth Dr, Suite 540, PFLUGERVILLE 78660	(512) 226-7879
TX	BURLEY, MARK	2061 Camino Alto, San Marcos 78666	(830) 964-4481
TX	Tom's Tool Company LLC	Thomas Thornhill, 10002 Jupiter Hills Drive AUSTIN 78747	(512) 568-8750
TX	Lafferty, Ty (see 116763)	106 MATHIS DR, Amarillo 79118	(806) 622-8057
TX	Frank T. Ford	5405 33rd, Lubbock 79407	(806) 559-9083
TX	J K. Higby	5806 Colgate, LUBBOCK 79416	(806) 473-7972
UT	Godfrey, Robert	766 North 540 West, American Fork 84003	(801) 763-0888
UT	Todd A. Smith	P.O. Box #113, Duchesne 84021	(435) 722-7038
UT	Ronald E. Hills	121 N. Main St, NORTH SALT LAKE 84054	(801) 706-5488
UT	MVR Tools, LLC	995 W 1340 N, OREM 84057	(801) 426-4992
UT	Gregory W. Park	1361 N 680 W, Pleasant Grove 84062	(801) 885-9506
UT	Maxwell, A Bruce	A Bruce Maxwell/Maxwell Tools, 2161 CAMINO WAY COTTONWOOD HEIGHTS 84121	(801) 558-9114
UT	Richard A. Snow	737 E 800 N, Spanish Fork 84660	(801) 360-0979
UT	Michael D. Dischbein	2045 West 5870 North, Saint George 84770	(435) 673-4158
VA	Billy G. Dixon	1847 Warrenton Rd, FREDERICKSBURG 22406	(540) 379-7270
VA	Jim E. Selman	15 Melvin Dr, Fredericksburg 22406	(540) 379-6765
VA	Paul E. Gould Jr.	455 Timberlakes Lane, Clear Brook 22624	(540) 662-3604
VA	Walter G. Embree	4769 Fort View Drive, Harrisonburg 22802	(540) 833-6911
VA	JEFF GRIFFIN	260 Beagle Gap Run, WAYNESBORO 22980	(540) 943-7858
VA	BRIAN L. HONEYCUTT	KYFHO TOOLS & EQUIP, INC, 13806 CITATION DRIVE MIDLOTHIAN 23112	(804) 647-4888
VA	Big Boy Tools, Inc.(see102243)	2716 Lake Drummond CSWY, CHESAPEAKE 23322	(757) 619-1313
VA	Big Boy Tools, Inc.(see127507)	2716 LAKE DRUMMOND CSWY, Chesapeake 23322	(757) 619-1313
VA	Austin S. King	901 St Gregory's Way, Virginia Beach 23452	(757) 340-1655
VA	DASH Inc.	DASH Inc., 441 Lake Havasu Virginia Beach 23454	(757) 642-0270
VA	BW Tools LLC	908 Southmoor Dr. Unit 204, VIRGINIA BEACH 23455	(757) 636-8465
VA	Joseph D. Carr	5129 Sammy St, Virginia Beach 23455	(757) 490-0724
VA	David A. Davis	18410 Chestnut Ridge Rd., Petersburg 23803	(804) 526-5813
VA	Philip Sodano	4753 SNOW CREEK RD, MARTINSVILLE 24112	(276) 638-4399
VA	Freddy L. Ashworth	6765 Overlook Ln, Fairawn 24141	(540) 230-5206
VA	Robert A. Jones	101 Tenance Circle, Bristol 24201	(276) 466-2131
VA	Richard Darrell Osborne	1709 Lee Highway, Bristol 24201	(276) 466-8635
VA	Craig M. Dorn	639 GRUBERT AVE, Staunton 24401	(540) 908-5693
VA	Davidson, Russell *ASK 4 PASS*	1041 Moreview Drive, Lynchburg 24502	(434) 832-0656
VA	Paul R. Moosman	5753 Hat Creek Rd., BROOKNEAL 24528	(434) 376-2431
VA	Richard C. Taylor	118 Twin Creek Terrace, Forest 24551	(434) 525-1952
VA	Rory D. Worley	4538 Roaring Run Road, Goode 24556	(540) 874-5140
VA	3POUT SPRING TOOL & EQUIP, LLC	2922 SALEM RD., Spout Spring 24593	(434) 426-5723
VA	Stephen D. Tickle	132 OLYMPIC DR, Tazewell 24651	(304) 320-0943
VA	Mark David Kropp	8211 Sunset Drive, Manassas 201103813	(703) 369-1990
VA	Keith A. Gmber	PO Box 508, McCoy 241110508	(540) 320-5956

STATE	DISTRIBUTOR NAME	FULL ADDRESS	PHONE #
VT	Travis J. Dubuque	6 Adams School Rd, Grand Isle 05458	(802) 316-6260
VT	Todd M. Jaro	75 Garvey Farm Rd., Hinesburg 05461	(802) 373-1661
VT	James W. Chalmers	8 Sammanikki Circle, Milton 05468	(802) 343-6174
VT	Michael W. Walsh	9 Brainerd Street Saint Albans 05478	(802) 363-9922
WA	Patrick J. Porter	20928 80th Ave. W., Edmonds 98026	(206) 419-4233
WA	Donald A. Johnson	23460 130th Ave S.E., Kent 98031	(206) 999-8010
WA	Patrick C. Allison	16806 SE 144th St, PUT IN BLACK BOX Renton 98059	(425) 255-0458
WA	Michael J. Piccolo	18045 NE 146 Way, Woodinville 98072	(425) 788-4165
WA	WOODCOCK, MARTIN	16006 SE 368TH ST, AUBURN 98092	(206) 856-8665
WA	Timothy K. Lyons	1508 California Ave SW Apt A, Seattle 98116	(206) 909-8330
WA	BRIAN J. DAVIS (PASSWORD)	16230 3RD DR NE, ARLINGTON 98223	(425) 327-5717
WA	SHON D. ABRAHAMSON	3323 Lake Dr, Lake Stevens 98258	(206) 679-6482
WA	Jay R. Lonneker	6602 64th Place NE, Marysville 98270	(425) 290-2603
WA	MICHAEL B. MEINERT	10813 DRAWBRIDGE LANE, MOUNT VERNON 96273	(360) 202-7352
WA	Jonathan M. Young	450 S.E. GLENCOE ST, OAK HARBOR 98277	(360) 632-1235
WA	Wayne Reed	PO Box 748, SEDRO WOOLLEY 98284	(360) 391-8500
WA	Mike Debus Distributing, Inc.	6407 135th ave se, Snohomish 98290	(425) 308-4026
WA	Russell W. Parker	917 22nd Street, Snohomish 98290	(425) 205-5468
WA	HOLT, HOWARD P. III	13011 65th Ave. SE, Snohomish 98296	(206) 304-2683
WA	Van Fossen, Alan L.	2887 Northlake Way, BREMERTON 98312	(360) 710-3101
WA	Toney, Doug	12214 238th Ave.E., Buckley 98321	(253) 381-4575
WA	Brett Cahill	731 Israel Road SW, Tumwater 98501	(360) 481-2414
WA	Michael R. Gallagher	3110 NE 127TH AVE, VANCOUVER 98682	(971) 226-7179
WA	NORTHWEST ENTERPRISES INT'L	16209 SE 18th Cir, VANCOUVER 98683	(360) 600-4334
WA	Brian L. Ward	P. O. Box 476, CHATTAROY 99003	(509) 939-6897
WA	TJ TOOL SUPPLY, LLC	Todd M. Eichinger, 13366 W. Greenfield Rd. NINE MILE FALLS 99026	(509) 434-6876
WA	Paul M. Doll	NORTH 6930 LYNDEN LANE, OTIS ORCHARDS 99027	(509) 939-9053
WI	Grob Tools and Equipment LLC	Randall S. Grob, W76 N1090 Wauwatosa Road CEDARBURG 53012	(262) 339-0615
WI	Hedrick, Dale E., Jr.	1495 Lake DR, Hubertus 53033	(414) 899-5106
WI	Dennis J. Loduha	N4677 DEHRING ROAD, OAKFIELD 53065	(920) 904-1622
WI	Corey S. Schmidt	W 4570 Garton Rd., PLYMOUTH 53073	(920) 912-5556
WI	SKI'S TOOL SALES, LLC	Jason C. Kuklinski, Member, 1001 FALLS PARC DR #2 Sheboygan FALLS 53085	(920) 627-3454
WI	Steve A. Row	11 BRIAN COURT, WATERTOWN 53094	(920) 901-0473
WI	Daniel L. Casey	4922 Highway Z, West Bend 53095	(262) 689-0761
WI	Christopher J. Chuppa	2044 S East Lane, New Berlin 53146	(414) 305-2453
WI	Rios Tools & Equipment LLC	1723 Arcturus, RACINE 53404	(262) 994-0867
WI	Lynford W. Tregoning	2512 White Oak Dr., Beloit 53511	(608) 362-1965
WI	Phillip J. Addison	105 Deanna Dr, Evansville 53536	(608) 751-4573
WI	Jason D. Dillman	10937 Donna Lane, EVANSVILLE 53536	(608) 576-0960
WI	THE PRO'S TOOL SOLUTION, LLC	2519 Plymouth Avenue, Janesville 53545	(608) 449-0224
WI	Douglas E. Roddy	4301 Hoya Lane, Janesville 53545	(608) 436-3211
WI	Robert A. Eisele	811 TEXAS ST, LINDEN 53553	(608) 778-7825
WI	Mellor, Craig L.	105 North Watson St., Livingston 53554	(805) 740-7970
WI	KURT D. STEBERL	4781 Eisenhower Street, Oregon 53575	(608) 576-7048
WI	Raphael B. Miller	7574 Fish Lake Road, Sauk City 53563	(608) 643-3713
WI	Russell D. Foster	103 Liberty Street, BEAVER DAM 53916	(920) 885-4619
WI	Charles J. Bille	609 West Spring Street, Waupun 53963	(920) 324-3565
WI	Arnold J. Arts	W 1910 County Tk JJ, Kaukauna 54130	(920) 687-1966
WI	Matthew L. Watt	432 Gray St, Green Bay 54303	(920) 634-5027
WI	Corey M. Olmsted	2495 Shortcut Rd., GREEN BAY 54313	(920) 676-8666
WI	Brandon S. Jaros	1206 IRIS LANE, WAUSAU 54401	(715) 595-3064
WI	Michael L. Whiteaker	3218 33RD ST SOUTH, LA CROSSE 54601	(608) 386-8743
WI	Randy C. Shepard	N7024 Elizabeth Drive, Holmen 54636	(608) 526-3573
WI	Kenneth L. Nuenke	2440 N 54th Ave, Eau Claire 54703	(715) 829-0244
WI	Tony R. Giesel	949 15th St., HILLSDALE 54733	(715) 418-0868
WI	James W. Koehn	N7540 Deer Path Rd., Fond Du Lac 54937	(920) 579-1004
WI	Peter M. Kern	W408 County Hwy H, Fremont 54940	(920) 716-1880
WI	O & B Distributors LLC	Dean R. Katch, 531 E. Peckham St NEENAH 54956	(920) 740-1290
WI	John M. Leonardelli	14331 West Brian Rd., New Berlin 531513800	(414) 491-5006
WA	Mark A. Hannan	1148 Summit Dr., ST. ALBANS 25177	(304) 993-6275
WV	Teny D. Styer	148 Wall Street MOUNT HOPE 25880	(304) 731-5978
WV	Brian J. Alt	HC 75 Box 147 C, New Creek 26743	(304) 813-0228
WY	Wayne L. Christensen	4770 Dome Rd, Laramie 82070	(307) 742-4114
WY	James K. Ray	450 N. Lowell St, Casper 82601	(307) 277-4384
WY	EARL J. FRENCH	106 Teak St, Gillette 82718	(307) 686-9299
WY	Sidwell, Ed	3561 Madison Drive, Rock Springs 82901	(307) 382-4110

EXHIBIT Y

GENERAL RELEASE OF ALL CLAIMS

This General Release of All Claims ("General Release") is made effective this ____ day of _____, 20____. As a requirement of and in consideration for the willingness on the part of Mac Tools, a Division of Stanley Black & Decker, Inc. ("Mac Tools"), to _____ the Franchise Agreement, dated _____ for the operation of a Mac Tools business on a designated route(s) with authorized stops ("Franchise Agreement") as requested by the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally RELEASES and DISCHARGES Mac Tools, any person acting by, through, under or on behalf of Mac Tools, and its past and present shareholders, officers, directors, employees, successors, assigns, agents, parent and affiliates from any and all liabilities, claims, damages, demands, costs, indebtedness, expenses, debts, indemnities, compensation, suits, controversies, covenants, contracts, actions and causes of action of any kind whatsoever, whether developed or undeveloped, known or unknown, fixed or contingent, regarding or arising out of the Franchise Agreement, any prior or existing franchise agreement, or any other agreement or document executed by any of the undersigned and Mac Tools (or any corporate affiliate of Mac Tools), the franchise relationship, or any other prior or existing business relationship between any of the undersigned and Mac Tools (or any corporate affiliate of Mac Tools) which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against Mac Tools (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims under the Sherman and Clayton Acts and the anti-trust laws or regulations of the United States, and claims arising from contract, written or oral communications, alleged misstatements of fact, indebtedness of any kind or nature, and acts of negligence whether active or passive. This General Release shall survive the assignment, expiration or termination of any of the franchise agreements or other agreements entered into by and between Mac Tools (or any corporate affiliate of Mac Tools) and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws. The undersigned acknowledges and agrees that certain of its obligations as provided in Article 10 and Article 11 of the of the Franchise Agreement, in addition to those other obligations of the undersigned which specifically or by their nature survive termination of the Franchise Agreement, shall continue after the transfer, expiration or termination of the Franchise Agreement.

WITNESS:

By: _____

Printed Name: _____

Title: _____

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If the Mac Tools Division of Stanley Black & Decker, Inc. offers you a franchise, Mac Tools must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or any affiliate in connection with the proposed franchise sale.

If the Mac Tools Division of Stanley Black & Decker, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency, if one is listed in Exhibit T of this disclosure document.

The name, principal business address and telephone number of each franchise seller offering the Mac Tools franchise are: Mac Tools, a Division of Stanley Black & Decker, Inc., 505 North Cleveland Avenue, Westerville, Ohio 43082, (614) 755-7000; and Brett Shaw, Vice President, Sales and Marketing, Michael Brubaker, Director of Sales, Lou Calabrese, Director of Sales, Monica Pignataro, Distributor Services Manager, Ian Ward, On-Boarding Manager, Clint Anderson, Fleet Supervisor, Matthew Fields, On-Boarding Specialist, Paul Rock, On-Boarding Specialist, Jeffery Hines, On-Boarding Specialist, and Andrew McGinty, Lead Generation, each having an address of 505 North Cleveland Avenue, Westerville, Ohio 43082, and a telephone number of (614) 755-7000. The name(s), principal business address(es) and telephone number(s) of additional franchise sellers, if any, are: _____

The issuance date of this disclosure document is August 11, 2011.

I received a disclosure document dated August 11, 2011, that included the following exhibits:

- A. Financial Statements for Stanley Black & Decker, Inc.
- B. Mac Tools Franchise Agreement
- C. Confidentiality Agreement and Acknowledgment of Ownership
- D. Conversion Addenda to Mac Tools Franchise Agreement
- E. Mac Tools Purchase Agreement
- F. Mac Tools Security Agreement
- G. Mac Tools Franchisee Business Entity Worksheet
- H. Certificates of Resolutions
- I. Guaranty of Payment and Performance of an Entity Mac Tools Franchisee
- J. Guaranty of Indebtedness of a Mac Tools Franchisee
- K. Insurance Loss Payee Form
- L. Mac Tools Pay By Phone Form
- M. Mobile Business Assistant Software License Agreement
- N. Mac Tools Government Franchise Agreement
- O. Mac Tools Direct Debit Authorization Agreement
- P. Mac Tools Extended Trade Program (ETP) Terms and Conditions Agreement
- Q. Rider to Mac Tools Franchise Agreement
- R. Investor Guarantor Acknowledgment
- S. List of Mac Tools Franchisees
- T. List of State Administrators
- U. List of Agents for Service of Process

- V. Acknowledgment of Receipt of FTC Consent Orders
- W. State Addenda
- X. List of Mac Tools Distributors
- Y. General Release of All Claims

Date: _____

Signature of Prospective Franchisee, Individually or
as an Officer, Partner or Member of

Please sign and return this Receipt as of the date you received the disclosure document. Please return the signed, dated Receipt to Mac Tools Division of Stanley Black & Decker, Inc., Attn: On-Boarding Manager, 505 North Cleveland Avenue, Westerville, Ohio 43082.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Date: _____

Signature of Prospective Franchisee, Individually or
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- (2) 14 calendar days before payment of any consideration that relates to the franchise relationship; or
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- (1) Ten business days before the signing of a binding agreement; or
- (2) Ten business days before the receipt of any consideration by Mac Tools.

If the Mac Tools Division of Stanley Black & Decker, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency, if one is listed in Exhibit T of this disclosure document.

The name, principal business address and telephone number of each franchise seller offering the Mac Tools franchise are: Mac Tools, a Division of Stanley Black & Decker, Inc., 505 North Cleveland Avenue, Westerville, Ohio 43082, (614) 755-7000; and Brett Shaw, Vice President, Sales and Marketing, Michael Brubaker, Director of Sales, Lou Calabrese, Director of Sales, Monica Pignataro, Distributor Services Manager, Ian Ward, On-Boarding Manager, Clint Anderson, Fleet Supervisor, Matthew Fields, On-Boarding Specialist, Paul Rock, On-Boarding Specialist, Jeffery Hines, On-Boarding Specialist, and Andrew McGinty, Lead Generation, each having an address of 505 North Cleveland Avenue, Westerville, Ohio 43082, and a telephone number of (614) 755-7000. The name(s), principal business address(es) and telephone number(s) of additional franchise sellers, if any, are: _____

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- X. List of Mac Tools Distributors
- Y. General Release of All Claims

Date: _____

Signature of Prospective Franchisee, Individually or
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In Michigan, if Mac Tools offers you a franchise, Mac Tools must provide this disclosure document to you by the earlier of

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In Rhode Island, if Mac Tools offers you a franchise, Mac Tools must provide this disclosure document to you by the earlier of

- (1) The first personal business meeting with us which is held for the purpose of discussing the sale or possible sale of a franchise; or
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- O. Mac Tools Direct Debit Authorization Agreement
- P. Mac Tools Extended Trade Program (ETP) Terms and Conditions Agreement
- Q. Rider to Mac Tools Franchise Agreement
- R. Investor Guarantor Acknowledgment
- S. List of Mac Tools Franchisees

- T. List of State Administrators
- U. List of Agents for Service of Process
- V. Acknowledgment of Receipt of FTC Consent Orders
- W. State Addenda
- X. List of Mac Tools Distributors
- Y. General Release of All Claims

Date: _____

Signature of Prospective Franchisee, Individually or
as an Officer, Partner or Member of

Please sign and return this Receipt as of the date you received the disclosure document. Please return the signed, dated Receipt to Mac Tools Division of Stanley Black & Decker, Inc., Attn: On-Boarding Manager, 505 North Cleveland Avenue, Westerville, Ohio 43082.

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The issuance date of this disclosure document is August 11, 2011, with an effective date in the State of Virginia of _____.

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